May 17, 2010

VIA HAND DELIVERY

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Southwest Power Pool, Inc., Docket No. ER10-____
Submission of Revisions to Open Access Transmission Tariff to
Incorporate Integrated Transmission Plan

Dear Secretary Bose:


I. INTRODUCTION AND OVERVIEW OF PROPOSED TARIFF CHANGES

In order to streamline, modernize, and improve SPP’s transmission planning procedures, an extensive stakeholder process over the past 16 months resulted in the development of the Tariff revisions proposed in this filing. In combination with the recently-filed “Highway/Byway” cost allocation proposal, the ITP reflects a fundamental change in the manner by which new transmission projects will be identified, developed,
and priced within the SPP footprint. Upon Commission approval of the enclosed Tariff revisions, SPP’s existing planning framework will give way to a more contemporary, regionally-focused, paradigm that is more adaptable to current and future markets. Consistent with today’s operational, legislative and regulatory realities, the ITP recognizes that transmission need not be limited to facilitating energy use and trading, but can be an enabler of new and varied benefits. The expectation is that by adopting a broader perspective, focused on longer term, regional and potentially national needs, the ITP will produce enduring transmission solutions and meaningful reliability and economic benefits to the market.

As more fully described below and in the accompanying testimony of Mr. Bruce Rew, SPP’s Vice President of Engineering, the ITP is an iterative planning process that includes 20-Year, 10-Year, and Near Term Assessments. For the longer-term planning horizons, the ITP focuses on higher-voltage facility solutions – i.e., 300 kV and above for 20-Year Assessments; 100 – 300 kV for 10-Year Assessments. The primary emphasis of the ITP’s Near Term Assessment is meeting reliability needs and continued compliance with North American Electric Reliability Corporation (“NERC”) standards. The 20-Year and 10-Year Assessments will be initiated every three years, while the Near Term Assessment will be performed annually.

Additional details of the ITP study process, including the development of study scopes for each Assessment, the parameters for evaluating facility alternatives, the criteria for assessing cost effectiveness, and the role of SPP stakeholders and state regulators, are described below and in Mr. Rew’s testimony. Beyond these implementation details, however, are broader policy considerations that explain and support the proposed ITP. In short, the continued growth of SPP’s Transmission System and markets, as well as the challenges and opportunities presented by changing federal and state energy and environmental regulations, growing NERC compliance requirements, and the potential for efficiencies for the generation interconnection procedures and the Aggregate Transmission Service Study process demand the adoption of more progressive, forward-thinking, planning principles that could effectively address the diverse, ever-changing needs across and beyond SPP’s service territory.

The ITP was developed against this backdrop. Upon implementation, the ITP will optimize access to the abundant resources existing within the SPP footprint, including natural gas, coal, nuclear, hydro, wind, and solar, while ensuring and improving system reliability. The ITP strikes a reasonable balance between planning for long-term transmission needs, on the one hand, and managing congestion costs to SPP customers, on the other. The ITP brings a more contemporary perspective to SPP’s existing transmission planning framework by changing the focus from least-cost to cost-effective solutions and increasing the focus on extra high voltage (“EHV”) facilities that will provide benefits beyond maintaining compliance with NERC Standards. The approach incorporated in the ITP is consistent with the transmission planning principles of Order
No. 890\(^2\) and comports with the Commission’s goals of promoting infrastructure investment and modernizing the nation’s transmission network. Finally, the development of the proposed ITP is consistent with the Commission’s encouragement that SPP implement “further refinements and improvements to [its] planning processes as SPP and its customers and other stakeholders gain more experience through actual implementation of [the processes].”\(^3\) For these reasons, the Commission should promptly approve the ITP.

II. BACKGROUND

A. Description of SPP

SPP is a Commission-approved Regional Transmission Organization (“RTO”). It is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. SPP currently has 58 Members in nine states and serves more than 5 million customers in a 370,000 square-mile area. Its Members include 14 investor-owned utilities, 9 municipal systems, 11 generation and transmission cooperatives, 4 state agencies, 7 independent power producers, 10 power marketers, and 3 independent transmission companies.

As an RTO, SPP is a Transmission Provider currently administering Transmission Service over 57,575 miles of transmission lines covering portions of Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, and Texas. Relevant to this filing, SPP annually develops an SPP Transmission Expansion Plan (“STEP”) in accordance with Attachment O of the SPP Tariff, which includes upgrades needed to satisfy reliability criteria, as well as upgrades that provide economic benefits, including those developed as part of a “Balanced Portfolio” or projects resulting from high priority studies (including EHV Overlay studies), upgrades sponsored and funded by an SPP

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stakeholder ("Sponsored Upgrades"),\(^4\) and upgrades identified through SPP’s generation interconnection and Aggregate Transmission Service Study processes.

**B. SPP’s Existing Transmission Planning Processes and EHV Overlay Strategic Plan**

As discussed in more detail in Mr. Rew’s testimony, SPP has developed and implemented separate transmission planning and study processes for generation interconnection, Transmission Service, reliability purposes, and economic transmission expansion.\(^5\) SPP has also developed a strategic plan for building a backbone of transmission projects to facilitate the economic transfer of power and reduce congestion across SPP’s Transmission System ("EHV Overlay"). Each of these processes identify transmission solutions to address the discrete issues of that particular process. The transmission solutions resulting from the ITP process will address the same issues, but with better integrated, longer-term solutions. To provide context, below is a brief description of the current processes in place and the issues associated with each process.

1. **Reliability Assessment**

SPP’s Commission-approved transmission planning process is outlined in Attachment O of its Tariff. Pursuant to Attachment O, SPP performs an annual review of its transmission expansion needs over a 10-year planning horizon for the reliable delivery of currently committed Transmission Service and develops its annual STEP.\(^6\) The STEP consists of a comprehensive listing of all approved or endorsed transmission projects in SPP for the 10-year planning horizon.\(^7\) The primary goal of the STEP is to ensure compliance with applicable NERC Reliability Standards, SPP’s Criteria implementing the NERC Standards, and local planning criteria, while coordinating planning activities with neighboring entities. The STEP typically focuses on near term, least-cost solutions with the lowest common denominator reliability standards, which often precludes the construction of high voltage facilities that serve SPP’s long-term needs.

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\(^4\) A Sponsored Upgrade is a Network Upgrade requested by a Transmission Customer or other entity that does not meet the definition of any other category of Network Upgrade under SPP’s Tariff. See SPP Tariff at Section 1.42a1.

\(^5\) See Prepared Direct Testimony of Bruce Rew, Exhibit No. SPP-1 at 8.

\(^6\) See SPP Tariff at Attachment O, Section VII.

\(^7\) See id.
2. Balanced Portfolio

In 2008, SPP implemented a Balanced Portfolio approach to: (1) evaluate the benefits of a portfolio of economic upgrades\(^8\) to be included in the STEP; and (2) allocate the costs of the upgrades included in the portfolio on a regional basis. The Balanced Portfolio approach requires that the benefits of the portfolio realized by each SPP zone must equal or exceed the costs allocated to the zone (resulting in a benefit-to-cost ratio of 1 or greater). The Balanced Portfolio process permits SPP to reallocate a portion of a zone’s pre-existing (or planned) zonal revenue requirements regionally\(^9\) or include upgrades in a portfolio that would not otherwise qualify,\(^10\) to achieve a balance across all SPP zones. The Balanced Portfolio approach also requires SPP to monitor for unintended consequences\(^11\) and recommend reconfiguration of a portfolio to the Markets and Operations Policy Committee (“MOPC”) and the SPP Board of Directors when warranted.\(^12\) While SPP’s Balanced Portfolio process resulted in a 2009 Balanced Portfolio of economic transmission upgrades totaling over $700 million in new transmission investment, SPP and its stakeholders have observed that developing a set of projects to meet the requirements for a Balanced Portfolio without the necessity of large transfers is difficult.

3. Sponsored Upgrades

SPP’s current transmission planning process allows any entity to request that a Sponsored Upgrade be built for purposes outside of those identified in the RTO planning processes.\(^13\) SPP evaluates the reliability impact of Sponsored Upgrades and identifies any necessary mitigation.\(^14\) The entity requesting the Sponsored Upgrade must be willing

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\(^8\) Economic upgrades are transmission upgrades that provide customers access to generation options such that the potential energy savings exceed the cost of the proposed transmission upgrade(s). See id. at Attachment O, Section IV.

\(^9\) See id. at Attachment O, Section IV.7.

\(^10\) See id. at Attachment O, Section IV.7.b.

\(^11\) Unintended consequences include: (i) the cancellation of an upgrade that is part of an approved Balanced Portfolio; (ii) unanticipated decreases in benefits or increases in the costs of the upgrades that are a part of an approved Balanced Portfolio; and (iii) significant unanticipated changes in the Transmission System. See id. at Attachment J, Section IV.B.1.

\(^12\) See id. at Attachment J, Section IV.B.4.

\(^13\) See id. at Attachment O, Preamble and Section V.

\(^14\) See id.
to assume the cost of the upgrade and any related study and mitigation costs. Due to the potential high cost to the sponsoring entity, the Sponsored Upgrade option has resulted in the development of few EHV Sponsored Upgrades.

4. Generation Interconnection Process

Pursuant to Order No. 2003, SPP utilizes a standardized generation interconnection process to determine the transmission expansion necessary to connect new resources to the grid, which includes grouping interconnection requests into clusters for study. While SPP’s generation interconnection cluster study procedures allow SPP to process interconnection requests in a relatively efficient manner, they have not generally resulted in the construction of EHV facilities that can support the interconnection of new generation resources due, in part, to the generation interconnection’s focus on least-cost transmission solutions that do not take into account the long-term needs of SPP’s Transmission System.

5. Aggregate Transmission Service Study Process

In 2005, SPP implemented its Aggregate Transmission Service Study process to evaluate long-term Transmission Service requests, which evaluates all new long-term Transmission Service requests for Long-Term Firm Point-To-Point Transmission Service and Network Integration Transmission Service received over a four-month “open season” and identifies any Network Upgrades required to provide the requested service.

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15 See id.


17 See SPP Tariff at Attachment V (Generator Interconnection Procedures including Generator Interconnection Agreement).

18 See SPP Tariff at Attachments J and Z1.

19 See id. at Attachment Z1, Sections II and III. Until January 31, 2011, SPP will combine each subsequent pair of consecutive open seasons for analysis in one Aggregate Transmission Service Study. See id. at Attachment Z1, Section III.a.
Transmission Service. SPP’s Aggregate Transmission Service Study process has resulted in cost-effective transmission expansion on SPP’s system. However, certain limitations have led to a backlog in the processing of requests.

6. High Priority Studies (Including EHV Overlay Studies)

In addition to SPP’s transmission planning process, SPP has developed a strategic plan for building an EHV transmission backbone of transmission projects to facilitate the economic transfer of power and reduce congestion across SPP’s Transmission System. This EHV Overlay is an assessment by SPP, using stakeholder-approved scenarios, of the EHV transmission needed by SPP within the next 20 years or more looking beyond SPP’s geographic borders and its traditional 10-year planning horizon to establish a long-range, region-wide vision for transmission expansion delivering economic value and enhanced reliability to the SPP Transmission System. The need for the EHV Overlay is driven by many factors, including the potential for large renewable resource development in the western portion of the SPP Region and the need for diverse resource options in the load centers in the eastern portion of SPP and neighboring systems. SPP has produced two EHV Overlay studies, but for these particular studies, agreement has not yet been reached on critical study assumptions and SPP has yet to adequately analyze the integration of a potential EHV Overlay system with the existing lower voltage Transmission System within the SPP Region. However, after a thorough vetting through the stakeholder process, SPP has been able to accomplish approval of a Balanced Portfolio of transmission projects and a group of Priority Projects, both of which are comprised of primarily EHV facilities and that could serve as the framework for a future EHV Overlay.

III. JUSTIFICATION FOR ITP TARIFF REVISIONS

A. Development of the ITP

1. Synergistic Planning Project Team Involvement and Recommendations

In January 2009, in response to SPP annual stakeholder surveys from previous years and anticipated changes in federal energy policy, the SPP Board of Directors established the Synergistic Planning Project Team (“SPPT”) to recommend

See id. at Attachment Z1, Section III.

The SPPT was created by the SPP Board of Directors in January 2009 to recommend improvements to SPP’s regional transmission planning process and cost allocation methodology. The SPPT is comprised of: two State Commissioners; one representative each from the investor-owned utility, transmission-dependent utility, and marketer segments of the SPP membership; an outside investor; an industry consultant; and a senior SPP staff member.
improvements to SPP’s regional transmission planning process and cost allocation methodology. Based on its analysis of the changing needs of the SPP Region, the SPPT issued a report and recommendations for reforming SPP’s transmission planning and cost allocation processes, including, among other things, adopting an “Integrated Planning Process” (“IPP”) process, establishing a Highway/Byway cost allocation methodology for the SPP Region, and identifying and recommending a list of “Priority Projects” within six months for approval by the Board of Directors.

In making its recommendations, the SPPT observed that SPP’s staff and Members “have become frustrated in managing the complexity of the many different planning processes that have evolved over the past several years.” The SPPT analyzed each of SPP’s current transmission planning processes and discussed the issues associated with each process. The SPPT recommended that SPP’s Board of Directors direct SPP’s staff to implement an IPP to “facilitate the creation of a robust, flexible, and cost-effective transmission network in the SPP footprint.” The SPPT identified several goals for the IPP based on the evolving needs of the SPP Region, including (among other things): (a) integrating west to east portions of the SPP grid to enable renewable resources located primarily in the west to reach load centers located mostly in the east; (b) providing support for the Aggregate Transmission Service Study process; (c) providing relief to the generation interconnection queue; and (d) relieving known congestion. To transition to the IPP, the SPPT also recommended that SPP evaluate and recommend to the Regional State Committee (“RSC”) a list of “Priority Projects” for approval by the Board of Directors.

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23 The IPP is now referred to as the ITP.

24 See id. at 1-2.

25 Id. at 6.

26 See id. at 6-9.

27 Id. at 9.

28 See id. at 11, 16.

29 The RSC is comprised of one designated commissioner from each State Commission having jurisdiction over an SPP Member. Southwest Power Pool, Inc., Bylaws, Original Volume No. 4 § 7.2 (“Bylaws”).
The RSC unanimously endorsed the SPPT Report on April 27, 2009 and, on April 28, 2009, the SPP Members Committee voted unanimously in favor, and the Board of Directors adopted the SPPT Report.

Based on the recommendations of the SPPT, SPP’s Transmission Working Group (“TWG”) and Economic Studies Working Group (“ESWG”) held numerous joint meetings and conference calls to develop an ITP Process Document, which describes the ITP and how it will be implemented. On October 1, 2009, the TWG and ESWG referred the ITP Process Document to the MOPC for its approval, which the MOPC

30 See id. at 16-17.


32 The Members Committee consists of up to 19 representatives of the Transmission Owning Member and Transmission Using Member sectors of SPP’s Membership. This committee provides input to and assists SPP’s Board of Directors with the management and direction of the general business of SPP. See Bylaws § Section 5.1.


34 The TWG is responsible for planning criteria to evaluate, among other things, transmission additions, oversight of coordinated planning efforts, and oversight of transmission contingency evaluations. The TWG also coordinates the calculation of SPP’s Available Transfer Capability for commerce maintaining regional reliability, while ensuring SPP’s study procedures and criteria are updated to meet SPP’s regional needs. In addition, the TWG is responsible for publication of seasonal and future reliability assessment studies on SPP’s transmission system.

35 The ESWG advises and assists SPP staff, working groups, and task forces in the development and evaluation principles for economic studies, including ensuring the proper regional data sets and economic methodology, parameters, and metrics to be used in economic studies. The ESWG also provides technical support for the development and application of economic studies and reviews the economic planning processes for adherence with sound economic metrics methods, among other duties.

unanimously granted on October 14, 2009. On October 27, 2009, SPP’s Members Committee\(^{37}\) unanimously voted in favor of the ITP Process Document, and the Board of Directors approved the ITP Process Document with a directive that Tariff language be developed and filed after the required approvals.

2. Stakeholder Development of Tariff Language to Implement ITP

Based on the policy directives of the SPPT and guided by the ITP Process Document, the Regional Tariff Working Group (“RTWG”) met frequently from February through April 2010 to develop Tariff language to implement the ITP, approving revisions to the SPP Tariff on April 29, 2010. On May 6, 2010, the MOPC reviewed the RTWG’s proposed Tariff revisions and voted to recommend to the SPP Board of Directors that the revisions be approved. Finally, on May 13, 2010, SPP’s Members Committee voted in favor of the proposed Tariff revisions, and the Board of Directors granted final approval to the Tariff revisions submitted in this filing.

Clean and redlined Tariff sheets reflecting the stakeholder-approved ITP revisions are attached as Exhibit Nos. SPP-3 and 4, respectively.\(^{38}\) While SPP recognizes that stakeholder approval does not by itself cause a filing to be just and reasonable, SPP requests that the Commission extend appropriate deference to the wishes of its stakeholders, consistent with Commission precedent.\(^{39}\)

\(^{37}\) The Members Committee consists of up to 19 representatives of the Transmission Owning Member and Transmission Using Member sectors of SPP’s Membership. This committee provides input to and assists SPP’s Board of Directors with the management and direction of the general business of SPP. See Bylaws § Section 5.1.

\(^{38}\) The Tariff sheets included in this filing contain language that is pending before the Commission in other dockets. This particular language is indicated in italics. To the extent language changes due to Commission orders in these other proceedings, SPP will reflect such language changes in a subsequent filing.


(continued . . .)
3. Revisions to Attachment O of SPP’s Tariff

SPP’s proposed ITP Tariff provisions are located in Section III of SPP’s modified Attachment O. The ITP will be conducted over a 3 year period, with the 20-Year Assessment conducted during the first half of the triennial cycle, the 10-Year Assessment conducted during the second half of the triennial cycle, and the Near Term Assessment conducted annually. SPP will conduct transmission planning forums with its stakeholders, which will define the study scope for each Assessment. SPP will incorporate into its planning studies the specific policy, reliability, and economic inputs appropriate for the Assessment being performed, as well as any upgrades identified through SPP’s Transmission Service and generation interconnection processes. SPP will analyze transmission alternatives for the 20-Year, the 10-Year and the Near Term Assessments. SPP will also study various alternatives proposed by stakeholders as well as non-transmission solutions, and will determine the cost effectiveness of each option. SPP will present its preferred solutions to its stakeholders and solicit feedback. After SPP has reviewed and considered the results of the cost effectiveness analysis and feedback received in the review process, SPP will prepare a draft list of projects for review and approval by SPP’s MOPC and Board of Directors.

(continued)


40 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section III.

See id. at Attachment O, Sections III.3-5; see also id. at Attachment O, Section I, Figure 2 (illustrating triennial cycle of ITP).

42 See id. at Attachment O, Section III.2.

43 See id. at Attachment O, Sections III.3-5.

44 See id. at Attachment O, Section III.6.

45 See id. at Attachment O, Section III.7.

46 See id. at Attachment O, Section III.8.

47 See id.

48 See id.
a. Triennial 20-Year Assessment

The first phase of the ITP process is the 20-Year Assessment, which will be used to develop an EHV backbone network of 300 kV and above facilities that will be required by year 20.\(^\text{49}\) SPP will use a diverse array of power system and economic analysis tools to study its Transmission System thoroughly to identify cost-effective backbone projects needed to provide a grid sufficiently flexible to accommodate possible changes characterized by the various scenarios.\(^\text{50}\) Because the degree to which the power transmission landscape will change over this time frame is not currently known, the expansion of SPP’s Transmission System will be designed with flexibility in mind.\(^\text{51}\) The projects identified as a result of the 20-Year Assessment will be expected to provide benefits to the region across multiple scenarios.\(^\text{52}\)

The 20-Year Assessment will be initiated every 3 years and generally in the first half of each 3-year cycle.\(^\text{53}\) SPP will work with its stakeholders to identify the appropriate year(s) to study in developing the Assessment study scope, which will specify the methodology, criteria, assumptions, and data to be used.\(^\text{54}\) SPP will develop the Assessment study scope with input from its stakeholders, which will consider the input requirements specified in Attachment O, Section III.6.\(^\text{55}\) SPP will finalize the

\(^\text{49}\) See id. at Attachment O, Sections III.3.a, b. The 20-Year Assessment will be used to develop an EHV backbone network. See ITP Process Document, Exhibit No. SPP-2 at 10. However, the 20-Year Assessment is not intended to review each consecutive year in the planning horizon. See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section III.3.b.

\(^\text{50}\) See ITP Process Document, Exhibit No. SPP-2 at 10.

\(^\text{51}\) See id.

\(^\text{52}\) See id.

\(^\text{53}\) See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section III.3.a; see also id. at Attachment O, Section I, Figure 2.

\(^\text{54}\) See id. at Attachment O, Sections III.3.b, e.

\(^\text{55}\) See id. at Attachment O, Sections III.3.b, d. In addition to the input requirements that were included in SPP’s STEP Reliability Studies, SPP will also consider SPP Criteria and transmission-owner specific planning criteria, demand management programs, congestion within SPP, renewable energy standards, fuel price forecasts, energy efficiency requirements, relevant environmental or government mandates, and other input requirements identified during the stakeholder process. See id. at Attachment O, Section III.6.
Assessment study scope in consultation with its stakeholder working groups, post it on the SPP website, and include it in the published annual STEP report. As detailed below, SPP will use the process set forth in Section III.8 to analyze potential solutions in accordance with the Assessment study scope. The 20-Year Assessment shall assess the cost effectiveness of proposed solutions over a forty-year time horizon.

b. Triennial 10-Year Assessment

The second phase of the ITP process is the 10-Year Assessment, which will be used to identify 100 kV and above solutions to issues not resolved in the 20-Year Assessment that will be required by year 10. The 10-Year Assessment will be utilized to meet such needs as: a) elimination of criteria violations; b) mitigation of known or projected congestion; c) improved access to markets; d) backbone expansion staging; and e) improved interconnections. The 10-Year Assessment will narrow the scenarios considered in the 20-Year Assessment to consider more short-term solutions, and will employ economic and reliability analyses to refine further and establish the timing of the projects identified in the 20-Year Assessment. It is anticipated that many of the ITP projects identified through the combination of the 20-Year and 10-Year Assessments will eliminate or significantly defer the need for some reliability driven projects on SPP’s underlying Transmission System by strengthening the system with a more robust backbone.

Like the 20-Year Assessment, the 10-Year Assessment will be initiated every 3 years, generally in the second half of the triennial planning cycle. The 10-Year Assessment will be conducted in a manner similar to the 20-Year Assessment, and will

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56 See id. at Attachment O, Sections III.3.f, g.
57 See id. at Attachment O, Section III.3.h.
58 See id. at Attachment O, Section III.3.c.
59 See id. at Attachment O, Sections III.4.a, b. The 10-Year Assessment is not intended to review each consecutive year in the planning horizon. See id. at Attachment O, Section III.4.b.
61 See id.
62 See id.
63 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section III.4.a; see also id. at Attachment O, Section I, Figure 2.
64 See id. at Attachment O, Sections III.4.b-h.
include the upgrades from the most recent 20-Year Assessment that were approved by SPP’s Board of Directors.  

\[\text{c. Annual Near Term Assessment}\]

The third and final phase of the ITP process is the Near Term Assessment, which will be performed annually on a rolling window to be defined in the ITP study scope document.  

The Near Term Assessment will be performed on a shorter planning horizon than the 10-Year Assessment, and will focus primarily on analyzing SPP’s Transmission System for solutions to violations of NERC Reliability Standards while incorporating individual planning requirements of SPP’s Transmission Owners.  

The Near Term Assessment will further narrow the assumptions used in the 20-Year and 10-Year Assessments, to ensure continuous adherence to NERC Reliability Standards while allowing the ITP process as a whole to focus on the creation of a robust Transmission System that meets SPP’s long-term needs.

Similar to the 20-Year and 10-Year Assessments, SPP will: (a) develop and finalize with its stakeholder groups the study scope for the Near Term Assessment, which will specify the methodology, criteria, assumptions, and data to be used to develop the list of proposed near term upgrades; (b) finalize with its stakeholder working groups the Assessment study scope, which will consider the input requirements specified in Section III.6; and (c) post the Assessment study scope on the SPP website and include it in the published annual STEP report.  

In accordance with the Near Term Assessment study scope, SPP will analyze potential solutions, including the upgrades from the most recent 20-Year and 10-Year Assessments that were approved by SPP’s Board of Directors.

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65 See id. at Attachment O, Section III.4.h.

66 See id. at Attachment O, Section III.5.a; see also id. at Attachment O, Section I, Figure 2.

67 See id. at Attachment O, Section III.5.b.

68 See id. at Attachment O, Sections III.5.c-d.

69 See id. at Attachment O, Section III.5.d.

70 See id. at Attachment O, Section III.5.e.

71 See id. at Attachment O, Section III.5.f.
d. Process to Analyze Transmission Alternatives for each Assessment

For the 20-Year, 10-Year, and Near Term Assessment studies, SPP will perform the required studies to analyze the potential alternatives for improvements to its Transmission System proposed by SPP and its stakeholders, using the final Assessment study scope developed by SPP and its stakeholders. This analysis will consider the current and anticipated future needs of the SPP Region within the parameters of the study scope, as well as the value brought to the SPP Region by incremental changes to the proposed solutions. The ITP studies will accommodate and model the requirements of Transmission Customers and Generation Interconnection Customers no later than when the relevant Transmission Service and interconnection agreements are accepted by the Commission. SPP will also continue to review all potential alternatives provided by the stakeholders and determine whether there is a more comprehensive regional solution to address the reliability and economic needs identified in the specific Assessment. In addition to recommended upgrades, SPP will consider, on a comparable basis, any alternative proposals that could include, but would not be limited to, generation options, demand response programs, “smart grid” technologies, and energy efficiency programs. All potential solutions will be evaluated based on a comparison of their relative effectiveness of performance and economics.

SPP will assess the cost effectiveness of each of the proposed solutions in accordance with the Integrated Transmission Planning Manual, which will be developed by SPP in consultation with its stakeholders, approved by SPP’s MOPC, and posted on SPP’s website. The financial modeling time frame for SPP’s cost-effective analysis

72 See id. at Attachment O, Section III.8.a.
73 See id.
74 See id. at Attachment O, Section III.7.c.
75 See id. at Attachment O, Section III.8.b.
76 See id. at Attachment O, Section III.8.c; see also Sw. Power Pool, Inc., 127 FERC ¶ 61,171, at P 54 (2009) (“Second SPP Compliance Order”) (requiring SPP to consider alternatives including transmission, generation, and demand resources on a comparable basis).
77 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section III.8.c; see also Second SPP Compliance Order at P 54 n.54 (“Tariff language could, for example, state that solutions will be evaluated against each other based on a comparison of their relative economics and effectiveness of performance.”).
78 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section III.8.d.
will be 40 years (with the last 20 years provided by a terminal value). The analysis will include quantifying the benefits resulting from dispatch savings, loss reductions, avoided projects, applicable environmental impacts, reduction in required operating reserves, interconnection improvements, congestion reduction, and other benefit metrics as appropriate. SPP’s analysis will also identify and quantify, if possible, the benefits related to any proposed transmission upgrade that is required to meet any regional reliability criteria.

The analysis scope will include different scenarios developed by SPP in consultation with its stakeholders to analyze sensitivities to load forecasts, wind generation levels, fuel prices, environmental costs, and other relevant factors.

The analysis will also assess the net impact of SPP’s overall transmission plan on a typical residential customer within the SPP Region and on a $/kWh basis. The results of the analysis will be reported on a regional, zonal, and state-specific basis.

SPP will make a comprehensive presentation of the preferred potential solutions and the results of its analysis to the stakeholder working groups and at a planning summit meeting or web conference. SPP’s presentation will include a discussion of the alternatives considered and reasons for choosing the particular preferred solutions, and SPP will solicit feedback on the solutions from its stakeholder working groups and planning summit attendees, as well as feedback received through other meetings, teleconferences, web conferences, and via email or secure web-based workspace. Stakeholders may also propose any combination of demand resources, transmission, or generation as alternative solutions to identified reliability and economic needs.

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79 See id. at Attachment O, Section III.8.e.i.
80 See id. at Attachment O, Section III.8.e.ii.
81 See id. at Attachment O, Section III.8.e.iii.
82 See id. at Attachment O, Section III.8.e.iv.
83 See id. at Attachment O, Section III.8.e.vi.
84 See id. at Attachment O, Section III.8.e.v.
85 See id. at Attachment O, Section III.8.e.v.
86 See id. at Attachment O, Section III.8.f.
87 See id.
88 See id.; see also Second SPP Compliance Order at P 55 (requiring SPP to clarify that stakeholders may submit request for SPP to study potential upgrades or other necessary investments to integrate any resource, whether transmission, generation, or demand resources, identified by the stakeholder).
Finally, after SPP reviews and considers the results of the cost-effectiveness analysis and feedback received in the subsequent review process, SPP will prepare a draft list of projects for review and approval by SPP’s MOPC and Board of Directors in accordance with the STEP approval process in Section V of Attachment O of SPP’s Tariff. Once the ITP is reviewed by the MOPC and approved by the Board of Directors, projects identified in the STEP will be constructed in accordance with Section VI of Attachment O of SPP’s Tariff, which provides, in part, that SPP shall direct the appropriate Transmission Owner(s) to begin implementation of a project for which financial commitment is required prior to approval of the next update of the STEP. At the discretion of the SPP Board of Directors, SPP also may direct the appropriate Transmission Owner(s) to begin implementation of approved or required transmission projects for which financial commitment is not required prior to approval of the next STEP.

B. Transition to ITP

As described in Mr. Rew’s testimony, the first iteration of the ITP process will be performed on a compressed timeline, with plans to present a recommended 20-year transmission plan as a component of the STEP to SPP’s MOPC and Board of Directors in January 2011 and a recommended 10-year transmission plan as a component of the STEP in January 2012. SPP will then move to the triennial schedule set forth in the Tariff.

89 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section III.8.h. If SPP’s Board of Directors approves a list of ITP Upgrades, upgrades within Balanced Portfolios, or high priority upgrades other than those recommended by the MOPC, the explanation for the deviation will be included in the STEP. See id. at Attachment O, Section V.3.c.

90 See id. at Attachment O, Section VI.4.

91 See id.

92 See id. While not in the Tariff, in practice, SPP issues a Notification to Construct (“NTC”) for approved projects within the 4-year financial commitment horizon and under the ITP may issue an Authorization to Plan (“ATP”) for projects identified in the ITP that are needed beyond the 4-year financial horizon. Projects subject to an ATP notice will be included in all future study models. See ITP Process Document, Exhibit No. SPP-2 at 19. All NTC and ATP projects will be reviewed annually during each cycle of the ITP process to verify the continued need for such projects and to confirm the required in-service date. See id.

93 See Prepared Direct Testimony of Bruce Rew, Exhibit No. SPP-1 at 9.

94 See id.
C. Justification for ITP

As discussed above and in its recent Highway/Byway Filing, SPP’s Transmission System needs have evolved from maintaining reliability on a local basis to promoting reliability and economic opportunities for stakeholders across the SPP footprint. The Zone-by-Zone planning and cost allocation paradigm that governed in the days before SPP became a Commission-approved RTO has given way to a need to address reliability and economic issues comprehensively on a region-wide basis, a need that the Commission recognized in promulgating Order No. 890.

The ITP is SPP’s second step in transforming its cost allocation and planning processes to respond to the changing needs of its Transmission System in an innovative and effective manner. As Mr. Rew testifies, the ITP builds upon SPP’s existing Commission-approved and Order No. 890 compliant transmission planning processes by focusing on the benefits of large-scale, regional facilities and the development of a robust Transmission System to address varied stakeholder and customer needs on a cost-effective basis. The ITP will also allow SPP’s stakeholders to maximize opportunities presented by the rich renewable resource potential in the SPP Region through the development of a robust regional transmission network.

Mr. Rew also explains how the ITP will enhance SPP’s transmission planning process. Because it will allow SPP to determine the transmission facilities necessary to both maintain reliability and provide economic benefits to the SPP Region in both the near- and long-term, the ITP will foster a new era of planning that is both forward-looking and proactive while creating efficiencies for SPP’s generation interconnection procedures and Aggregate Transmission Service Study process. The ITP will allow SPP to meet both the short-term and long-term needs of its Transmission System by cost-effectively accommodating the variability of numerous transmission planning scenarios. Through the collaborative efforts of staff and stakeholders, a robust, flexible, and cost-effective Transmission System can be designed and constructed.

In addition to the myriad benefits that will result from the ITP, the ITP is consistent with Commission policy and complies with the transmission planning

95 See Highway/Byway Filing at 12-14.
96 See Prepared Direct Testimony of Bruce Rew, Exhibit No. SPP-1 at 13-14.
97 See id.
98 See id.
99 See id. at 14.
principles and requirements adopted by the Commission in Order No. 890, as discussed in detail below. In developing the Tariff revisions necessary to adopt the ITP, SPP and its stakeholders retained and reorganized existing Commission-approved Tariff language to the extent possible, and modified existing provisions only as necessary to implement the ITP.

1. Coordination

The coordination principle requires transmission providers to provide customers and other stakeholders the opportunity to participate fully in the planning process.\(^{100}\) While the ITP modifies how SPP determines what transmission facilities are needed to maintain reliability and provide economic benefits to the SPP Region in both the near- and long-term, the ITP does not alter the Attachment O provisions that the Commission accepted in compliance with the coordination principle.\(^{101}\) SPP’s stakeholder working groups will continue to provide technical advice, assistance, and oversight for all aspects of the STEP, including the ITP.\(^{102}\) SPP’s stakeholder groups will continue to meet at least quarterly, with additional meetings and telephone or web conferences scheduled as needed.\(^{103}\) SPP will continue to manage and coordinate its planning summit meetings to permit participation by all interested entities.\(^{104}\) Moreover, SPP will continue to coordinate with adjacent transmission providers by sharing system plans and identifying enhancements to relieve inter-regional congestion or integrate new resources.\(^{105}\)

2. Openness

The openness principle requires that transmission planning meetings be open to all affected parties, including but not limited to all transmission and interconnection customers, state authorities, and other stakeholders.\(^{106}\) Transmission providers must also develop mechanisms to manage confidentiality and critical energy infrastructure information (“CEII”) concerns, such as confidentiality agreements and password protected access to information.\(^{107}\) SPP’s modified STEP continues to comply with this

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\(^{100}\) See First SPP Compliance Order at P 12.

\(^{101}\) See id. at P 16.

\(^{102}\) See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section II.2.a.

\(^{103}\) See id. at Attachment O, Section II.2.e.

\(^{104}\) See id. at Attachment O, Section III.2.

\(^{105}\) See id. at Attachment O, Section VIII.1.

\(^{106}\) See First SPP Compliance Order at P 17.

\(^{107}\) See id.
principle. All meetings of the stakeholder working groups, planning summit meetings, and sub-regional planning meetings will remain open to all entities, including any regulatory agency having jurisdiction over the utility rates or services of a SPP Member. Notice of stakeholder working group meetings and planning summit meetings will continue to be posted on SPP’s website and distributed via email to distribution lists. In addition, SPP has retained the CEII and confidentiality provisions that were accepted by the Commission in the First SPP Compliance Order.

3. Transparency

The transparency principle requires transmission providers to reduce to writing and make available the basic methodology, criteria, and processes used to develop transmission plans to ensure that standards are consistently applied. To that end, each transmission provider must describe in its planning process the methods it will use to disclose the criteria, assumptions, and data that underlie its transmission system plans. The modified STEP complies with this principle because SPP’s Attachment O “adequately reduces to writing and makes available the basic methodology, criteria, and processes used to develop [SPP’s] transmission plans.” For each planning cycle in the ITP, SPP will develop the Assessment study scope with input from stakeholders including the methodology, criteria, assumptions, and data to be used to develop the list of potential solutions. Attachment O also adequately describes the methodology that SPP will use to disclose the criteria, assumptions, and data that underlie its Transmission System plans and information regarding the status of upgrades that are identified in its plan. Specifically, SPP proposes language in this filing requiring it to describe the details regarding expansion planning methodology, criteria, assumptions, and data in the STEP

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108 See id. at P 19 (finding that SPP’s Attachment O complies with the openness principle).

109 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Sections II.2.b, III.2.a.ii.

110 See id. at Attachment O, Sections II.2.e, III.2.a.v.

111 See id. at Attachment O, Sections VII.7-8; see also First SPP Compliance Order at PP 19, 32.

112 See First SPP Compliance Order at P 20.

113 See id.

114 Id. at P 25.

115 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Sections III.3-5.
Manual, which will be posted on SPP’s website. In addition, Section V.2(b) provides that the related study results, criteria, assumptions, cost-effectiveness analysis results, and underlying data used to develop the proposed ITP upgrades, the list of upgrades within proposed Balanced Portfolios, and proposed high priority upgrades will be posted on the SPP website, with password protected access if required to preserve the confidentiality of the information. Similarly, Section V.6 states that SPP will track the status of planned system upgrades to ensure that projects are built in time or that acceptable mitigation plans are in place and will, on at least a quarterly basis, report to the MOPC, the SPP RSC, and the SPP Board of Directors on the status of the upgrades identified in the STEP and post the status of the upgrades on SPP’s website.

4. Information Exchange

The information exchange principle requires transmission providers, in consultation with their customers and other stakeholders, to develop guidelines and a schedule for the submittal by transmission customers of information concerning projected loads and resources, receipt and delivery points, any projections of needs for service over the planning horizon. The modified STEP continues to comply with this principle because it “provides clear guidelines and schedules for submittal of customer information as required by Order No. 890.” Specifically, Section VII of SPP’s Attachment O provides detailed data requirements and procedures for all entities, including Transmission Owners, generation owners, Transmission Customers, and neighboring transmission providers, to submit and/or exchange data in order to conduct their annual transmission planning processes.

5. Comparability

The comparability principle requires transmission providers, after considering the data and comments supplied by customers and other stakeholders, to 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

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116 See id. at Attachment O, Section II.1(g).
117 See id. at Attachment O, Section V.2(b).
118 See id. at Attachment O, Section V.6.
119 See First SPP Compliance Order at P 26.
120 Id. at P 32.
121 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section II.2.e.
native load) comparably in transmission system planning.\textsuperscript{122} SPP’s modified STEP complies with this planning principle because SPP’s “transmission-owning members and customers have equal access to each phase of the planning process.”\textsuperscript{123} Specifically, at the beginning of each calendar year, SPP will notify all stakeholders on its website and by email as to which part(s) of the ITP cycle will take place during that year and the approximate timing of activities required to develop the STEP.\textsuperscript{124} In addition, throughout the year, the transmission summit meetings, stakeholder meetings, and sub-regional meetings will be noticed and are open to all entities.\textsuperscript{125} Moreover, as discussed above, the STEP provides not only for upgrades needed for reliability purposes, but also for those that provide economic benefits to its Members and customers.\textsuperscript{126}

The modified STEP also specifies that SPP will evaluate a variety of types of proposed alternative solutions, and details how SPP will select from among competing proposed alternatives.\textsuperscript{127} Section III.6(p) of SPP’s Attachment O provides that the studies used to develop the long-term capacity forecasts will reflect on a comparable basis generation and demand response resources capable of providing any of the functions assessed in the SPP planning process and that can be relied upon on a long-term basis.\textsuperscript{128} Section III.8(c) of SPP’s Attachment O provides that in addition to recommended upgrades, SPP will consider, on a comparable basis, alternative proposals that could include generation options, demand response programs, “smart grid” technologies, and energy efficiency programs, among other proposals, and that such solutions will be evaluated against each other based on a comparison of their relative effectiveness of performance and economics.\textsuperscript{129} In addition, the ITP allows sponsors of transmission,

\textsuperscript{122} See First SPP Compliance Order at P 33.

\textsuperscript{123} Id. at P 39.

\textsuperscript{124} See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section III.1.

\textsuperscript{125} See id. at Attachment O, Sections II.2(b), III.2(a)(ii), III.2(a)(v), III.2(b)(iii), III.2(a)(vii).

\textsuperscript{126} See id. at Attachment O, Section II.1(c) (SPP will perform transmission planning studies to assess the reliability and economic operation of its transmission system in accordance with the ITP); id. at Attachment O, Section III.6 (specifying policy, reliability and economic input requirements to planning studies).

\textsuperscript{127} See Second SPP Compliance Order at P 54 (requiring SPP to “identify in Attachment O how it will evaluate and select from among competing alternative solutions such that all types of resources are considered on a comparable basis.”).

\textsuperscript{128} See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section III.6(p).

\textsuperscript{129} See id. at Attachment O, Section III.8(c).
generation, and demand resources to propose alternative solutions to any reliability or economic needs identified by SPP in its transmission planning process. SPP’s modified STEP also allows stakeholders to request high priority studies, including the ability to request that SPP study potential upgrades or other investments necessary to integrate any combination of resources, whether demand resources, transmission, or generation, identified by the stakeholders.

6. Dispute Resolution

The dispute resolution principle requires transmission providers to identify a process to manage disputes that arise from the planning process. The modified STEP continues to comply with this principle. Any disputes regarding the planning process, including the ITP, will be resolved using the Commission-accepted procedures set forth in Section 12 of SPP’s Tariff.

7. Regional Participation

The regional participation principle provides that, in addition to preparing a system plan for its own control area on an open and nondiscriminatory basis, each transmission provider is required to coordinate with interconnected systems to: (a) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data; and (b) identify system enhancements that could relieve congestion or integrate new resources. SPP’s modified STEP continues to comply

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130 See id. at Attachment O, Section III.8(g) (allowing stakeholders to propose any combination of demand resources, transmission, or generation as alternative solutions to identified reliability and economic needs); see also Second SPP Compliance Order at P 54 (requiring SPP to allow “sponsors of transmission, generation, and demand resources [to] propose alternative solutions to any needs identified by SPP in its transmission planning process.”).

131 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section IV.2(c); see also Second SPP Compliance Order at P 55 (requiring SPP to allow a stakeholder to “submit a request for SPP to study potential upgrades or other investments necessary to integrate any resource, whether transmission, generation or demand resources, identified by the stakeholder.”).

132 See First SPP Compliance Order at P 43.

133 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section XI; see also First SPP Compliance Order at P 45 (determining that this provision complies with the dispute resolution principle).

134 See First SPP Compliance Order at P 46.
with these requirements because it retains the Tariff provisions accepted by the Commission.  

Specifically, SPP will coordinate any studies required to assure the reliable, efficient, and effective operation of its Transmission System with, at a minimum, first-tier adjacent interconnected systems. SPP will also undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed in Addendum 1 to Attachment O. In addition, SPP will annually review the ongoing planning activities under the agreements specified in Addendum 1 to Attachment O to determine the need for any additional inter-regional studies, and will share this review with the stakeholders at a planning summit and solicit input regarding additional inter-regional studies that should be initiated by SPP.

8. Economic Planning Studies

The economic planning studies principle requires transmission providers to account for economic, as well as reliability, considerations in the transmission planning process. As noted above, the modified STEP incorporates upgrades that provide economic benefits to its Members and customers. Section II.1(c) provides that SPP will perform transmission planning studies to assess both the reliability and economic operation of its Transmission System in accordance with the ITP. Section III.6 specifies the economic input requirements that SPP will incorporate into its ITP planning studies.

In addition, SPP has retained its Commission-approved Balanced Portfolio provisions allowing for a portfolio of economic upgrades. Specifically, Section IV.3 describes how SPP will solicit input from stakeholders on combinations of potential economic upgrades to be evaluated as potential Balanced Portfolios. Section IV.3 further details the criteria an economic upgrade must satisfy to be included in a Balanced Portfolio, how SPP will determine the costs and benefits of each potential Balanced Portfolio, and how SPP will solicit input from stakeholders on combinations of potential economic upgrades to be evaluated as potential Balanced Portfolios.

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135 See id. at P 49; Second SPP Compliance Order at PP 63-66.
136 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section VIII.1.
137 See id. at Attachment O, Section VIII.2.
138 See id. at Attachment O, Section VIII.3.
139 See First SPP Compliance Order at P 50.
140 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section II.1(c).
141 See id. at Attachment O, Section III.6.
142 See id. at Attachment O, Section IV.3.a.
Portfolio, and the conditions a potential Balanced Portfolio must satisfy. In developing a potential Balanced Portfolio, SPP will timely publish a report, including but not limited to the study input assumptions, the estimated costs included in the potential Balanced Portfolio, and the expected economic benefits of the potential Balanced Portfolio. In addition, Section IV.4 of SPP’s Attachment O specifies how SPP will achieve a Balanced Portfolio when there are deficient zones.

Moreover, SPP has retained the Tariff provisions allowing stakeholders to request that SPP conduct high priority studies of potential upgrades or other investments necessary to integrate any combination of resources, whether demand resources, transmission, or generation, identified by the stakeholders. Potential Balanced Portfolios will also be considered to be high priority studies.

9. Cost Allocation

The cost allocation principle requires that transmission providers address in their planning process the allocation of costs of new facilities that do not fit within existing rate structures. The modified STEP continues to comply with this principle because SPP has retained the cost allocation provision that was accepted by the Commission in the First SPP Compliance Order. Pursuant to Section X of SPP’s Attachment O, the costs associated with new or upgraded transmission facilities will be allocated in accordance with Attachment J to the Tariff.

As noted above, the ITP is designed to work in conjunction with the Highway/Byway cost allocation methodology. As discussed in the Highway/Byway Filing, SPP’s proposed methodology will allocate the costs of future transmission

143 See id. at Attachment O, Sections IV.3.b-e.
144 See id. at Attachment O, Section IV.3.f.
145 See id. at Attachment O, Section IV.4.
146 See id. at Attachment O, Section IV.2.
147 See id. at Attachment O, Section IV.2.b; see also First SPP Compliance Order at P 51 (requiring all transmission providers to develop procedures to allow stakeholders to identify a certain number of high priority studies annually and a means to cluster or batch requests to streamline processing).
148 See First SPP Compliance Order at P 56.
149 See id. at P 62.
150 See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section X.
facilities based on the voltage level of the particular facility, with the cost of EHV facilities (operating at or above 300 kV) allocated 100% to the regional rate, the cost of mid-tier facilities (operating above 100 kV and below 300 kV) allocated on a one-third/two-thirds, regional to zonal basis, and the cost of low voltage facilities (operating at or below 100 kV) allocated entirely to the zonal rate.\footnote{151} By allocating costs in this manner, the Highway/Byway methodology provides a Tariff mechanism that appropriately allocates the costs of projects developed in a comprehensive regional planning process. SPP demonstrates in the Highway/Byway Filing how its proposed methodology is just and reasonable.\footnote{152}

10. Recovery of Planning Costs

Order No. 890 directed transmission providers to work with other participants in the planning process to develop cost recovery proposals in order to determine whether all relevant parties, including state agencies, have the ability to recover the costs of participating in the planning process.\footnote{153} SPP has retained the cost recovery provision that the Commission determined is consistent with the requirements of Order No. 890.\footnote{154} Specifically, Section IX details how SPP’s costs associated with its various planning processes will be recovered.\footnote{155}

11. SPP Transmission Owner Local Planning

Order No. 890 required all RTOs and ISOs to indicate how all participating transmission owners within their footprints will comply with the Commission’s planning requirements.\footnote{156} SPP’s modified Attachment O retains the provisions that the Commission determined in the Second SPP Compliance Order comply with Order No. 890’s local planning requirements.\footnote{157} Specifically, any local plans incorporated into SPP’s STEP will continue to be developed pursuant to Commission-approved processes.\footnote{158} SPP has also retained the processes by which all Transmission Owners,

\footnote{151}{See Highway/Byway Filing at 2.}
\footnote{152}{See id. at 12-19.}
\footnote{153}{See First SPP Compliance Order at P 63.}
\footnote{154}{See id. at P 65.}
\footnote{155}{See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section IX.}
\footnote{156}{See First SPP Compliance Order at P 66.}
\footnote{157}{See Second SPP Compliance Order at PP 71-72.}
\footnote{158}{See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment O, Section II.1(e).}
including those relying solely on SPP to satisfy their local planning obligations under Order No. 890, will provide the criteria to be used by SPP in developing the STEP, including opportunities for stakeholders to review and comment on that criteria.\textsuperscript{159}

In addition, every Transmission Owner, whether or not it has a separate Commission-approved local transmission planning process, must continue to provide SPP with company-specific planning criteria by April 1 of each year.\textsuperscript{160} The individual planning criteria will continue to be used by SPP when determining whether a reliability violation exists in its annual assessment.\textsuperscript{161} SPP will make these planning criteria available via an electronic link on SPP’s website and incorporate it into the criteria SPP uses in performing each assessment.\textsuperscript{162} SPP will then incorporate into its planning studies, as appropriate for the assessment being performed, the Transmission Owner-specific planning criteria.\textsuperscript{163}

D. Revisions to Attachment J of SPP’s Tariff

In addition to the Tariff revisions to Attachment O, SPP submits in this filing the following proposed revisions to Attachment J of its Tariff.

1. Waiver for Dual-Voltage Transformers

In its Highway/Byway Filing, SPP proposes to add language to Attachment J of SPP’s Tariff specifying that a load-carrying element within a Base Plan Upgrade that is connected at two different voltage levels will be considered to have a nominal operating voltage of its lower voltage level (excluding any tertiary windings), and its costs will be allocated in accordance with the rules governing the lower voltage level in SPP’s Attachment J.\textsuperscript{164} SPP incorporated this language into Attachment J because the Highway/Byway cost allocation methodology determines regional and zonal costs based upon the nominal operating voltage of the Base Plan Upgrade, and the RTWG decided to allocate transformers and similar dual-voltage facilities at the lower voltage level.\textsuperscript{165} During the development of the Highway/Byway Tariff provisions, SPP also developed

\textsuperscript{159} See id. at Attachment O, Section II.5.

\textsuperscript{160} See id. at Attachment O, Section II.5(ii).

\textsuperscript{161} See id. at Attachment O, Section II.5(iv).

\textsuperscript{162} See id. at Attachment O, Section II.5(iii).

\textsuperscript{163} See id. at Attachment O, Section III.6(c).

\textsuperscript{164} See SPP Highway/Byway Filing at 24.

\textsuperscript{165} See id.
language allowing entities developing such transformers to seek a waiver to use the transformer’s higher voltage level instead of the lower voltage level for the purposes of cost allocation. However, the RTWG was not able to finalize this provision in time to be included in SPP’s Highway/Byway Filing.

Therefore, SPP includes the proposed revision in this filing. The provision allows entities developing a dual-voltage transformer to seek a waiver to use the transformer’s higher voltage level instead of the lower voltage level for the purposes of cost allocation based on the anticipated utilization of the transformer.\footnote{166} Such a request must be made in writing and submitted to SPP not later than 180 days following the inclusion of the transformer in an approved STEP.\footnote{167} SPP will make a recommendation to accept or deny the waiver, on a non-discriminatory basis, to the MOPC.\footnote{168} The MOPC will consider the waiver request and SPP’s recommendation, and will provide its own recommendation (along with SPP’s recommendation) regarding such waiver to SPP’s Board of Directors.\footnote{169} Barring unusual circumstances, the recommendation to approve or reject such waiver request will be submitted to the SPP Board of Directors within 120 days following the receipt of the waiver request.\footnote{170}

While the proposed Tariff language appropriately sets forth a cost allocation rule for dual-voltage transformers, because SPP’s Highway/Byway cost allocation methodology determines regional and zonal costs based upon the nominal operating voltage of the Base Plan Upgrade, sometimes a waiver may be necessary. Thus, SPP’s proposed language is necessary to provide flexibility concerning how the costs of dual-voltage transformers are allocated. SPP’s proposal is consistent with the Commission’s determination that “SPP must have some degree of flexibility in making cost allocation determinations and that therefore, the existence of a waiver process is appropriate.”\footnote{171} Moreover, SPP’s proposed waiver process is substantially similar to SPP’s current effective waiver process for facilities that do not satisfy the Base Plan Upgrade criteria in

\footnote{166}{See Redlined Tariff Sheets, Exhibit No. SPP-4 at Attachment J, Section III.1.} \footnote{167}{See id.} \footnote{168}{See id.} \footnote{169}{See id.} \footnote{170}{See id.} \footnote{171}{Sw. Power Pool, Inc., 111 FERC ¶ 61,118, at P 57, order on reh’g, 112 FERC ¶ 61,319 (2005).}
SPP’s Attachment J, which the Commission determined to be just and reasonable.\(^{172}\) Therefore, SPP’s proposal warrants Commission approval.

2. Revisions to Unintended Consequences Provisions

The Highway/Byway Filing modified the provisions of Attachment J of SPP’s Tariff requiring SPP to review the reasonableness of the Base Plan regional and zonal cost allocation factors, as well as the cost allocation impacts of Base Plan Upgrades to each Transmission Customer within the SPP Region, for unintended consequences.\(^{173}\) As described in the Highway/Byway Filing, the unintended consequences Tariff language approved by the RTWG on April 6, 2010 was not filed because SPP’s MOPC did not approve the language.\(^{174}\) As a result, SPP submitted in the Highway/Byway Filing the unintended consequences revisions approved by the Board of Directors on March 31, 2010.\(^{175}\)

Subsequent to the Highway/Byway Filing, the stakeholders developed and approved additional revisions to the filed unintended consequences language. The Tariff revisions included in this filing include several clarifying modifications to the unintended consequences provisions proposed in the Highway/Byway Filing that were developed by the RTWG. Specifically, the reference in Section III.D.2 triennial reviews has been removed, and language has been added specifying that such reviews will be conducted in accordance with Section III.D.1. These revisions better accommodate Section III.D.1, which states that SPP’s unintended consequences review will occur at least once every three years, and generally describes how SPP’s review will be conducted.\(^{176}\) SPP’s modifications to Section III.D.2 further provide that SPP determination of the zonal cost allocation impacts of Base Plan Upgrades will only include such upgrades with NTCs issued after June 19, 2010. This revision is necessary so that SPP does not compare Base Plan Upgrades that were issued NTCs prior to the implementation of the Highway/Byway methodology with Base Plan Upgrades issued NTCs after the methodology has been implemented. Such a comparison is similar to comparing apples to oranges, and would not result in an accurate picture of the Base Plan Upgrade zonal cost allocation impacts. Finally, SPP’s modified Section III.D.2 states that SPP and the RSC will determine the

\(^{172}\) See SPP Tariff at Attachment J, Section III.C; see also Sw. Power Pool, Inc., 111 FERC ¶ 61,118, at P 57 (accepting SPP’s Base Plan Upgrade waiver Tariff language).


\(^{174}\) See id. at 11.

\(^{175}\) See id.

\(^{176}\) See id. at Exhibit No. SPP-3 at Attachment J, Section III.D.1.
cost allocation impacts utilizing the analysis specified in Section III.e of Attachment O and the results produced by the analytical methods defined pursuant to Section III.D.4(i) of Attachment J. This language better accommodates Section III.D.4(i), which details how the analytical methods will be defined.

Section III.D.4(i) has been modified to specify that the RSC, not the RSC’s Cost Allocation Working Group, will work with SPP’s MOPC to define the analytical methods to be used to report under Section III.D of SPP’s Attachment J. This revision ensures greater consistency with other provisions in Section III.D of Attachment J, which refer specifically to the RSC. In addition, language has been added to Section III.D.4(ii) of Attachment J clarifying that Member companies may seek relief from a perceived imbalanced cost allocation through SPP’s MOPC starting in 2015 and at anytime thereafter. Additional language specifies that the MOPC’s recommendation, if any, will be forwarded with the request for relief to the RSC and SPP’s Board of Directors for review. These changes clarify when Member companies may seek such relief and how such requests will be handled.

Finally, SPP has incorporated a clarifying change to Section III.D.5, which now provides that the actions of SPP’s Board of Directors will be consistent with the RSC’s recommendations.

These revisions are merely clarifying in nature, and were developed by SPP’s RTWG in an effort to accommodate the general desire of SPP’s Members to refine the unintended consequences language submitted in the Highway/Byway Filing. As such, SPP’s proposed revisions are just and reasonable.

E. Administrative Revisions Necessary to Accommodate the ITP

SPP has incorporated several minor revisions to its Tariff necessary to accommodate the ITP. Specifically, Section 1.3b, as well as several provisions of Attachments J and V, have been modified to reference the correct provisions of Attachment O. In addition, the definition of Base Plan Upgrades in Section 1.3g has been modified to include a reference to ITP Upgrades approved for construction by SPP’s Board of Directors. Also, a new Section 1.15a has been added, which defines ITP Upgrades as those upgrades identified and analyzed through the ITP process described in Section III of Attachment O.

See Redlined Tariff Sheets, Exhibit No. SPP-4 at Section 1.3b; id. at Attachment J, Sections IV.A, IV.A.1, IV.A.2, IV.B.1.ii, IV.B.2.i and ii, and VII.D.2.ii; id. at Attachment V, Section 12.3; id. at Attachment V, Appendix 6, Article 11.3; id. at Attachment V, Appendix 8, Article 11.3.

See id. at Section 1.3g.
IV. ADDITIONAL INFORMATION

A. Information Required by Section 35.13 of the Commission’s Regulations, 18 C.F.R. § 35.13:

1. Documents submitted with this filing:

In addition to this transmittal letter, the following exhibits are included in this filing:

Exhibit No. SPP-1 Prepared Direct Testimony of Bruce Rew
Exhibit No. SPP-2 ITP Process Document
Exhibit No. SPP-3 Clean Tariff Sheets
Exhibit No. SPP-4 Redlined Tariff Sheets
Exhibit No. SPP-5 Service List

2. Effective Date:

As discussed in this filing, SPP requests that the Commission accept the proposed Tariff revisions with an effective date of July 17, 2010.

3. Service:

SPP has served a copy of this filing on all its Members and Customers. A complete copy of this filing will be posted on the SPP web site at www.spp.org, and is also being served on all affected State Commissions.

4. Requisite Agreements:

SPP’s Board of Directors approved this filing at its meeting on May 13, 2010.

179 Because the revisions to the SPP Tariff submitted in this filing do not involve any change in rates, the use of the abbreviated filing procedures as set forth in 18 C.F.R. § 35.13(a)(2)(iii) is appropriate.
5. Specifically assignable facilities installed or modified:

There are none.

B. Communications:

Correspondence and communications with respect to this filing should be sent to, and SPP requests the Secretary to include on the official service list, the following:

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V. CONCLUSION

For all of the foregoing reasons, SPP respectfully requests that the Commission accept the Tariff revisions submitted in this filing, with an effective date of July 17, 2010. SPP further requests a waiver of any additional Commission regulations that the Commission may deem applicable.

Respectfully submitted,

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EXHIBIT No. SPP-1

Prepared Direct Testimony of Bruce Rew
UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Southwest Power Pool, Inc. ) Docket No. ER10-____-000

PREPARED DIRECT TESTIMONY

OF

BRUCE REW
VICE PRESIDENT OF ENGINEERING
SOUTHWEST POWER POOL, INC.

ON BEHALF OF SOUTHWEST POWER POOL INC.

MAY 17, 2010
Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Bruce Rew. My position is Vice President of Engineering at Southwest Power Pool, Inc. (“SPP”), the Regional Transmission Organization (“RTO”) responsible for planning and operation of the bulk power system in the region comprising all or part of the states of Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, and Texas, often referred to as the SPP Region. SPP is located in the Plaza West Building at 415 North McKinley, Suite 140, in Little Rock, Arkansas 72205-3020.

Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. My duties include the overall management of transmission planning and engineering. These duties include overall responsibility for transmission planning functions, which include transmission service, generation interconnections, and long-term transmission expansion planning. I also direct contractual responsibilities for services provided to non-members.
Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I am a graduate of Louisiana Tech University holding a Bachelor’s degree in Electrical Engineering and a Master’s degree in Operations Management from the University of Arkansas. I have been employed at SPP since 1990 in several engineering and management positions and was promoted to Vice President of Engineering in 2009. Prior to joining SPP, I served in the United States Air Force on a nuclear missile launch crew. Also, I am a registered Professional Engineer in the state of Arkansas and a graduate of Harvard’s Advanced Management Program.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to summarize and provide justification for SPP’s modified transmission planning process, the Integrated Transmission Plan (“ITP”), and its integration into the annual SPP Transmission Expansion Plan (“STEP”). As more fully described below, the proposed ITP is an iterative analysis that includes 20-Year, 10-Year, and Near Term Assessments of SPP’s near- and long-term transmission needs. The purpose of my testimony also is to emphasize that in order to further the defined goals of the SPP Synergistic Planning Project Team (“SPPT”) as confirmed by SPP’s Regional State Committee (“RSC”) and Board of Directors, and as SPP’s Transmission System and markets continue to evolve, SPP needs a comprehensive approach to regional transmission planning that encourages the development of integrated regional solutions to address multiple needs across the SPP Transmission System. Additionally, changing federal and state energy and environmental policies provide both challenges and opportunities for SPP to
Exhibit No. SPP-1
Page 3 of 15

maximize abundant resources within its footprint to deliver environmental and
economic benefits both within and beyond its borders in a reliable and cost effective
manner.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. Section I of my testimony summarizes SPP’s proposed ITP and how it affects SPP’s
current transmission planning methodologies. Section II discusses the stakeholder
process used to develop the ITP proposed in this filing. Section III discusses SPP’s
reasons for adopting the ITP.

I. SUMMARY OF PROPOSED INTEGRATED TRANSMISSION PLAN

Q. WHY IS SPP CHANGING ITS PLANNING PROCESS?

A. SPP currently has a planning process that includes five major assessments: reliability, Balanced Portfolio, high priority studies, generation interconnection, and
the Aggregate Transmission Service Study. SPP has also developed a strategic plan
that proposes building an extra high voltage (“EHV”) backbone of transmission
projects to facilitate the economic transfer of power and reduce congestion across
SPP’s Transmission System (“EHV Overlay”). Each of these assessments is
independent from the others, often resulting in transmission solutions that address
discrete, localized issues. This approach does not facilitate the comprehensive
consideration of broader impacts and solutions that would optimize SPP’s long-term
transmission needs. The ITP will combine many of these processes by effectively
merging the foundational aspects of the Balanced Portfolio, high priority studies, and
reliability assessment processes. This will enhance SPP’s existing planning efforts and provide better coordination of reliability assessments, economic analyses and long-term transmission evaluations. While no specific changes are proposed with respect to the existing generation interconnection and transmission service processes, these processes will nonetheless be improved as a result of the streamlined and coordinated ITP proposal.

Q. PLEASE DESCRIBE MORE FULLY THE IMPROVEMENTS THAT THE INTEGRATED TRANSMISSION PLAN WILL BRING TO THE SPP PLANNING PROCESS.

A. The ITP is an important step in recognizing the long-term values and needs of the Transmission System and will improve the Transmission System by implementing a planning process that considers the broader needs of future scenarios. Specifically, the ITP will allow SPP to evaluate the reliability and economic benefits of the Transmission System in a single process, to identify regional needs, and to deliver system improvements in a way that will enable SPP Members to optimize the use of available resources and assets within the RTO.

Q. PLEASE DESCRIBE HOW THE PROPOSED INTEGRATED TRANSMISSION PLAN WILL BE IMPLEMENTED.

A. The ITP is an iterative process that includes 20-Year, 10-Year, and Near Term Assessments. The ITP seeks to target a reasonable balance between long-term transmission investment, reliability needs, and congestion costs to customers. The 20-Year Assessment identifies the transmission improvements, generally above 300 kV, and is expected to result in a grid flexible enough to provide benefits to the
region across differing scenarios. The 10-Year Assessment focuses on solutions, generally 100 kV and above, to meet the system needs in the 10th year. The 20-Year and 10-Year Assessments will be initiated every 3 years, and SPP will work with its stakeholders to identify the appropriate modeling year(s) to assess in the study scope.

The Near Term Assessment is completed annually and assesses the system upgrades, at all applicable voltage levels, required in the near term planning horizon, i.e., the next 5 to 7 years.

Q. **HOW WILL THE STUDY SCOPES FOR EACH ASSESSMENT BE DEVELOPED?**

A. SPP will develop each assessment study scope with input from its stakeholders, including state regulators. The study scopes will specify the methodology, criteria, assumptions, and data to be used, and will consider current regulatory policy and reliability and economic input requirements specified in proposed Section III.6 of SPP’s Attachment O. SPP will finalize the assessment study scope, post it on the SPP website, and include it in the published annual STEP report.

Q. **PLEASE DESCRIBE HOW SPP WILL ANALYZE TRANSMISSION ALTERNATIVES FOR EACH ASSESSMENT.**

A. SPP will perform the required studies to analyze the potential alternatives for improvements to its Transmission System. This analysis will consider the current and anticipated future needs of the SPP Region within the parameters of the study scope, as well as estimates of the value brought to the SPP Region by incremental changes to the proposed solutions. SPP will also review potential alternatives proposed by the stakeholders attempting to determine whether there may be a more comprehensive,
cost effective regional solution to address the needs identified in the specific assessment. In addition to recommended upgrades, SPP will consider, on a comparable basis, alternative proposals that could include, but would not be limited to, generation options, demand response programs, “smart grid” technologies, and energy efficiency programs. Potential solutions will be evaluated based on a comparison of their relative effectiveness of performance and economics.

Q. WILL SPP EVALUATE THE COST EFFECTIVENESS OF THE PROPOSED SOLUTIONS?

A. Yes. SPP will assess the cost effectiveness of each of the proposed solutions in accordance with the Integrated Transmission Planning Manual, which will be developed by SPP in consultation with its stakeholders, approved by SPP’s Markets and Operations Policy Committee (“MOPC”), and posted on SPP’s website. SPP’s analysis will include quantification, when possible and practical, of the benefits resulting from evaluations such as dispatch savings, loss reductions, avoided projects, applicable environmental impacts, reduction in required operating reserves, interconnection improvements, congestion reduction, and other benefit metrics developed through the SPP stakeholder process. The analysis scope will include different scenarios to analyze sensitivities to load forecasts, renewable generation levels, fuel prices, environmental costs, and other relevant factors.
Q. WILL SPP’S STAKEHOLDERS HAVE AN OPPORTUNITY TO COMMENT ON THE PREFERRED POTENTIAL SOLUTIONS AND ITS UNDERLYING ANALYSIS?

A. Yes. SPP will make a comprehensive presentation of the preferred potential solutions, including the results of the cost effectiveness analysis detailed above. These solutions will be presented to the stakeholder working groups at planning summit meetings and/or web conferences. SPP’s presentation will include a discussion of all the alternatives considered and reasons for recommending the particular preferred solutions. SPP will solicit feedback on the solutions from its stakeholder working groups. This feedback will be received through various planning summits, working group meetings, teleconferences, web conferences, and via email or secure web-based workspace.

Q. PLEASE DESCRIBE THE PROCESS THROUGH WHICH ITP UPGRADES ARE APPROVED AND CONSTRUCTED.

A. Upon consideration of the results of the cost effectiveness analysis and feedback received in the subsequent review process, as is done for the STEP today, SPP will prepare a draft list of projects for review and approval by SPP’s MOPC and Board of Directors in accordance with the STEP approval process in Section V of Attachment O of SPP’s Open Access Transmission Tariff (“Tariff”). This information is always subject to the review of the RSC. Once the ITP is reviewed by the MOPC and approved by the Board of Directors, ITP projects will be constructed in accordance with Section VI of Attachment O of SPP’s Tariff.
Q. HOW WILL THE IMPLEMENTATION OF THE ITP AFFECT SPP’S CURRENT TRANSMISSION PLANNING METHODOLOGIES?

A. SPP has developed and implemented separate transmission planning and study processes for generation interconnection, transmission service (the Aggregate Transmission Service Study process), reliability purposes (the STEP reliability assessment), and economic transmission expansion (the Balanced Portfolio and high priority studies, including EHV Overlay studies). SPP has also developed a strategic plan that proposes building an EHV transmission backbone of transmission projects to facilitate the economic transfer of power and reduce congestion across SPP’s Transmission System. Each of these processes is independent from the others, often resulting in transmission solutions that address identified issues within that assessment without being able to consider fully all issues that would optimize SPP’s long-term transmission needs.

SPP’s ITP will create synergies by integrating the Balanced Portfolio, high priority studies (including EHV Overlay studies), and reliability assessment processes with an analysis of upgrades that provide reliability and economic benefits to the SPP Transmission System. SPP will continue to produce a STEP report on an annual basis, which will include a comprehensive listing of all transmission projects in the SPP Region. While SPP’s generation interconnection and Aggregate Transmission Service Study Processes will not be replaced by the ITP, the ITP’s forward-looking and proactive design will result in investments in SPP’s Transmission System that provide more robust capacity to meet SPP’s current obligations and future needs, creating efficiencies for SPP’s generator interconnection procedures and Aggregate
Transmission Service Study process. In addition, SPP’s stakeholders retain the ability to request that a high priority study be conducted, and the process for requesting a Sponsored Upgrade remains unchanged.

Q. WILL SPP RETAIN ITS BALANCED PORTFOLIO PROCESS?
A. Yes. SPP has retained its Balanced Portfolio Tariff provisions to allow Balanced Portfolios that have been approved by SPP’s Board of Directors to be completed. In addition, SPP’s stakeholders may continue to propose economic upgrades that are not included in an approved ITP for inclusion in a Balanced Portfolio.

Q. HOW WILL SPP TRANSITION FROM ITS CURRENT TRANSMISSION PLANNING METHODOLOGIES TO THE ITP?
A. SPP will perform the first iteration of the ITP on a compressed timeline and present to SPP’s MOPC and Board of Directors in January 2011 a recommended 20-year transmission plan as a component of the STEP, and a recommended 10-year transmission plan as a component of the STEP in January of 2012. SPP will then move to the normal triennial schedule.

II. STAKEHOLDER PROCESS TO DEVELOP THE ITP – THE SYNERGISTIC PLANNING PROJECT TEAM

Q. PLEASE EXPLAIN THE ORIGIN AND PURPOSE OF THE SYNERGISTIC PLANNING PROJECT TEAM.
A. In response to SPP annual stakeholder surveys from previous years as well as anticipated changes in federal energy policy and their implications for the region’s
significant renewable resources, the SPP Board of Directors established in January 2009 the SPPT, comprised of two State Commissioners, one representative each from the investor-owned utility, transmission-dependent utility, and marketer segments of the SPP Membership, an outside investor, an industry consultant, and a senior SPP staff member, to develop recommendations to improve SPP’s regional transmission planning processes and cost allocation methodology.

Q. PLEASE DESCRIBE THE FINDINGS AND RECOMMENDATIONS OF THE SPPT RELATED TO IMPROVING TRANSMISSION PLANNING AND COST ALLOCATION.

A. On April 23, 2009, the SPPT issued a report and recommendations that would reshape transmission planning and cost allocation for the SPP Region. The SPPT recommended that:

1. SPP adopt new planning principles to establish its new vision for an Integrated Planning Process (“IPP”);
2. SPP implement the IPP, as described in the report, to facilitate the creation of a robust, flexible, and cost-effective transmission network in the SPP footprint;
3. The Board of Directors/Members Committee develop a plan to monitor the approved IPP facilities to ensure construction;

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2 The IPP is now referred to as the ITP.
(4) The RSC establish a “Highway/Byway” regional transmission upgrade cost allocation methodology for the SPP Region;

(5) SPP staff and jurisdictional utilities work with their respective state commissions to establish the appropriate method for rate recovery of regionally allocated transmission costs;

(6) As an interim measure, SPP evaluate and recommend to the RSC a list of Priority Projects within six months for approval by the Board of Directors, along with selecting either an existing cost allocation methodology or a new Highway/Byway cost allocation methodology for the approved Priority Projects; and

(7) The Board of Directors set timelines, as set forth in the SPPT Report, for implementing the recommendations and assign a group to shepherd the effort through the SPP stakeholder process.

Q. WHICH SPPT RECOMMENDATIONS ADDRESS TRANSMISSION PLANNING?

A. Recommendations one (1), two (2), and three (3) of the SPPT Report address establishing and implementing the ITP, as well as monitoring the approved ITP facilities to ensure construction.

Q. WHAT ACTIONS HAVE BEEN TAKEN TO FULFILL THE SPPT TRANSMISSION PLANNING RECOMMENDATIONS?

A. Based on the recommendations of the SPPT, SPP’s Transmission Working Group (“TWG”) and Economic Studies Working Group (“ESWG”) held numerous joint meetings and conference calls to develop an ITP Process Document, which describes
the ITP and how it will be implemented. On October 1, 2009, the TWG and ESWG
approved the proposed ITP design and sent the ITP Process Document to the MOPC
for its consideration. On October 14, 2009, the MOPC unanimously approved the
ITP Process Document. On October 27, 2009, SPP’s Members Committee
unanimously voted in favor of the ITP Process Document, and the Board of Directors
approved the ITP Process Document and directed that Tariff language be developed
by January 2010 and filed after the required approvals.\(^3\)

Subsequent to the development of the ITP Process Documents, SPP’s
Regional Tariff Working Group (“RTWG”) met frequently from February through
April 2010 to develop Tariff language to implement the ITP, and approved revisions
to the SPP Tariff on April 29, 2010. On May 6, 2010, the MOPC reviewed the
RTWG’s proposed Tariff revisions and voted to recommend to the SPP Board of
Directors that the revisions be approved. Finally, on May 13, 2010, SPP’s Members
Committee voted in favor of the proposed Tariff revisions and the Board of Directors
granted final approval to the Tariff revisions submitted in this filing.

III. REASONS FOR ADOPTING THE ITP PROCESS

Q. WHY IS SPP PROPOSING TO CHANGE ITS TRANSMISSION PLANNING PROCESS AT THIS TIME?

A. SPP is proposing to change its transmission planning process in response to developing needs and events in the region. SPP’s current transmission planning methodologies are independent from one another, with the transmission network upgrades identified by each serving primarily the purpose of the specific process. While these processes have served their purpose, the expansions that have resulted have generally addressed distinct issues of fairly limited geographic scope, without fully considering regional impacts or SPP’s long-term transmission needs. The ITP offers a more progressive approach that is better suited to today’s regulatory market and operational conditions. It shifts the focus of SPP transmission planning to long-term regional solutions designed to address multiple reliability and economic needs. At the same time, the ITP will promote greater access to competitive resources in the region and facilitate the development of a robust transmission network.

Q. HOW WILL THE ITP IMPROVE SPP’S TRANSMISSION PLANNING ABILITY?

A. The ITP greatly enhances SPP’s transmission planning process, because it will allow SPP to determine the transmission facilities necessary both to maintain reliability and provide economic benefits to the SPP Region in the near- and long-term. The ITP will foster a new era of planning that is both forward-looking and proactive while creating efficiencies for SPP’s generation interconnection procedures and Aggregate
Transmission Service Study Process. The ITP will allow SPP to meet both the short-
term and long-term needs of its Transmission System in a cost effective manner by
accommodating the variability of numerous transmission planning scenarios.
Through the collaborative efforts of SPP staff, state regulators and stakeholders, a
robust, flexible, and cost-effective Transmission System can be designed and
constructed.

Q. IS SPP’S DEVELOPMENT AND IMPLEMENTATION OF THE ITP
CONSISTENT WITH COMMISSION POLICY?

A. Yes. The Commission has encouraged SPP to make “further refinements and
improvements to [its] planning processes as SPP and its customers and other
stakeholders gain more experience through actual implementation of [the
processes].”\(^4\) SPP’s development and implementation of the ITP is a direct result of
the experience SPP and its stakeholders have gained with SPP’s current transmission
planning methodologies, and the ITP greatly enhances SPP’s long-term transmission
planning capability. In addition, SPP’s modified STEP continues to comply with
each of the transmission planning principles adopted by the Commission in Order No.
890.

Q. WHAT CONCLUSIONS CAN YOU OFFER?

A. The issue of expanding the nation’s electric transmission system has taken a
prominent place in the national debate over energy policy. Transmission expansion is
being promoted by federal and state governments as well as private companies for a
variety of reasons, including meeting increased customer demand for renewable

energy, promoting economic growth, reducing our nation’s dependence on imported oil, reducing carbon dioxide emissions, and fostering greater competition in the electric industry. SPP believes that the transmission system should be an enabler to provide for robust, reliable, and economic grid operation. While SPP’s current transmission planning processes have functioned well in promoting expansion to the SPP transmission system in response to identified needs and requests for service, such expansion has yet to develop fully the EHV transmission facilities necessary to achieve SPP stakeholder goals and address the SPP Region’s long-term transmission needs. SPP’s development and implementation of the ITP will enable SPP and its stakeholders to pursue such facilities more effectively, which will provide regional customers improved access to the diverse generation resources in SPP’s region, as well as provide SPP flexibility to meet its future needs. Moreover, the ITP is consistent with Commission policy and orders addressing transmission planning. SPP’s proposed ITP marks an important advancement in the manner by which new facilities will be developed in the region and should therefore be promptly approved by the Commission.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.
AFFIDAVIT OF BRUCE REW

Bruce Rew, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled Prepared Direct Testimony; that said testimony was prepared by him and under his direction and supervision; that if inquiries were made as to the facts in said testimony, he would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of his knowledge, information, and belief.

Bruce Rew

Subscribed and sworn to before me this 17th day of May, 2010.

CHERYL E. ROBERTSON
Notary Public

My Commission expires: December 31, 2013
EXHIBIT No. SPP-2

ITP Process Document
Integrated Transmission Planning

Process Document

PUBLISHED: 10/29/2009
MOPC Accepted 10/14/2009
SPP BOD Approved 10/27/2009
LATEST REVISION: 10/29/2009
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Overview

The Integrated Transmission Plan (ITP) is SPP’s new approach to planning what transmission is needed to maintain reliability and provide economic benefits to the SPP region in both the near- and long-term. Implementing the ITP will enable SPP and its stakeholders to better facilitate the development of a robust transmission grid that will give regional customers improved access to the SPP region’s diverse resources. Development of the ITP was driven by the Synergistic Planning Project Team (SPPT) and the planning principles it developed, including the need to develop a transmission backbone large enough in both scale and geography to provide flexibility to meet SPP’s future needs.

The ITP will create synergies by integrating three existing processes: the Extra High Voltage (EHV) Overlay, the Balanced Portfolio, and the SPP Transmission Expansion Plan (STEP) Reliability Assessment. By integrating these processes, additional efficiencies are expected to be realized in the Generation Interconnection (GI) and Aggregate Transmission Service Request (AS) study processes. The ITP will work in concert with SPP’s existing sub-regional planning stakeholder process, and will continue in parallel with the NERC TPL Reliability Standards compliance process.

The ITP is an iterative three-year process that includes 20-Year, 10-Year, and Near-Term Assessments. The process seeks to target a reasonable balance between long-term transmission investment and congestion costs to customers. Study assumptions will include fuel and emissions costs, load and generation forecasts, types and locations of new generation, generation retirements, market structures, and wind profiles. Analysis must also encompass a plausible collection of assumptions for each specific model run, including varying levels of Renewable Electricity Standards, demand response, fuel prices, and governmental regulations. The Economic Studies Working Group will develop the metrics and process for qualifying and quantifying the projects for the ITP, including Adjusted Production Cost, impact on losses, reliability and environmental impacts, capacity margins, and operating reserves.

ITP plans that are reviewed by the MOPC and approved by the BOD will allow staff to issue Notification to Construct (NTC) letters for approved projects needed within the four-year financial commitment horizon. An Authorization to Plan (ATP) will be issued for projects needed beyond the four-year financial horizon. Once an NTC or ATP is issued, the project will be reviewed annually to ensure the continued need for the project and the required in-service date.

Beginning in January 2010, SPP will perform its planning duties in accordance with the ITP process. Evaluation of future scenarios that may affect the ITP will occur during the first half of 2012 for the 20-Year Assessment and during the second half of 2013 for the 10-Year

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1 EHV refers to voltage levels of 345kV and higher
2 The cost of transmission congestion, assuming that demand is fixed and must be met, is the net cost of the replacement power that must be supplied by other means (e.g., from generators located closer to the loads to be served) to make up for deliveries that cannot be executed as requested (October 2003, In Electricity Transmission Congestion Costs: A Review of Recent Reports, Retrieved July 24, 2009 from http://certs.lbl.gov/pdf/54049.pdf).
Assessment. The 20-Year Assessment will begin in year one and be completed in year two. The 10-Year Assessment will begin during year two and be completed in year three. The Near-Term Assessment will be performed each year to ensure reliability and to incorporate local planning requirements.

Successful implementation of the ITP will result in a list of transmission expansion projects and completion dates that facilitate the creation of a robust, flexible, and cost-effective transmission network in the SPP footprint.
Synergistic Planning Project Team and Principles

Synergy is defined as, “The interaction of two or more agents or forces so that their combined effect is greater than the sum of their individual effects.” In January 2009 the SPP Board of Directors (BOD) created the SPPT to address gaps and conflicts in SPP’s transmission planning processes; to develop a holistic, proactive approach to planning that optimizes individual processes; and to position SPP to respond to national energy priorities. The SPPT consists of a cross section of SPP stakeholders including representatives from Arkansas Electric Cooperative Corp., the Arkansas Public Service Commission, Dogwood Energy, the Public Utility Commission of Texas, Prudential Capital Group, Westar Energy, and SPP staff.

The SPPT recommended the organization adopt a new set of planning principles; develop and implement an Integrated Transmission Plan (ITP); develop a plan to monitor the construction of projects approved through the ITP process; and identify Priority Projects that continue to appear in system reviews as needed to relieve congestion on existing flowgates and connect SPP’s eastern and western regions. The SPPT recommended that the Regional State Committee establish a “highway-byway” cost allocation methodology for approved projects.

The SPPT created the following principles to drive development of the ITP:

- Focus on regional needs, while considering local needs as well; long range plans (both 20-year and 10-year) are to be updated every three years while near-term plans are to be updated annually.

- Plan the backbone Transmission System to serve SPP load with SPP resources in a cost-effective manner. The transmission backbone should:
  - Enhance interconnections between SPP’s western and eastern regions
  - Strengthen existing ties to the Eastern Interconnection.
  - Provide options for planning and coordination to the Western Electricity Coordinating Council and the Electric Reliability Council of Texas grids in the future.

- Incorporate a 20-year physical modeling and 40-year financial analysis timeframe.

- Better position SPP to proactively prepare for and respond to national priorities while providing flexibility to adjust expansion plans.

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3 http://dictionary.reference.com/browse/synergy
Transitioning Existing Processes into the ITP

**EHV Overlay, Balanced Portfolio, and Reliability Assessment**

The EHV Overlay is a strategic plan for building an extra high voltage transmission backbone, using stakeholder-approved scenarios that look ahead 20 years or more. Although SPP has produced three EHV Overlay studies, these studies have remained a strategic effort to provide long-term planning guidance. The EHV Overlay provided a blueprint for expansion planning which was incorporated into the STEP Reliability Assessment and SPP Tariff study processes.

The Balanced Portfolio was a strategic initiative to develop a cohesive group of economic transmission upgrades that benefit the SPP region, and to allocate the cost of those upgrades regionally. Creating the Balanced Portfolio required extensive commitment from stakeholders and staff; multiple scenarios were analyzed, and consensus had to be reached regarding study assumptions, achieving benefit balance among all revenue zones, and establishing final cost transfers between zones required to achieve balance. The Balanced Portfolio of projects totaling over $700 million was approved by the BOD in April 2009.

The STEP Reliability Assessment is an annual review of transmission expansion needs over a 10-year horizon for reliable delivery of currently committed transmission service. The process typically focuses on near term, least-cost solutions necessary to meet NERC Reliability Standards. While the Reliability Assessment covers a 10-year study horizon, only those projects within a four-year financial commitment period receive Notification to Construct (NTC) letters and are included in the GI and AS study models. The historical assessment process requires a significant amount of staff and stakeholder effort.

Although the ITP is designed to integrate these planning processes, it is imperative that the new process capture the original goals of each. The EHV Overlay and Balanced Portfolio plans focus on economic projects that benefit the SPP region and beyond through congestion relief, utilization of the area’s large renewable resources, and expansion of markets. The STEP Reliability Assessment aims to ensure compliance with applicable NERC Reliability Standards, SPP Criteria, and local planning criteria while coordinating planning activities with neighboring entities.

**Generation Interconnection and Aggregate Study Processes**

The GI process determines transmission expansion necessary to connect new resources to the grid. The GI process includes sequential evaluation of requests to connect generation. With the significant number of requests for interconnecting wind generation, the GI process has also included cluster studies that aggregate these requests into groups. When cluster studies were performed, it became clear that Network Upgrades to add substantial amounts of renewable energy are not simple attachments or lower voltage upgrades, but require the addition of EHV facilities, including many that were designated in the EHV Overlay project.
The AS study process evaluates new transmission service requests over three open queue windows annually to ensure SPP’s ability to serve the requested load(s) within SPP as well as exports from SPP through Point-to-Point Transmission Service. These requests are evaluated simultaneously to provide for more cost-effective transmission expansion.

The GI and AG study processes will not be replaced by the ITP. However, through the forward-looking and proactive approach of the ITP, it is expected that investments in the Transmission System will allow greater and timelier access to lower-cost resources across the grid. In addition, identifying solutions that provide more capacity than that which is necessary to simply “keep the lights on” will actually enable more generator interconnection and transmission service requests to be accommodated. Staff will continuously monitor the effect the ITP has on these processes and seek additional avenues for improvement.

**Local Area (Sub-Regional) Planning**

While the ITP process will incorporate local area planning criteria in its reliability analysis, it is not intended to supplant, but rather work in concert with the existing sub-regional planning stakeholder process. The quarterly meetings scheduled by SPP, review of local planning criteria, and local area studies will still be performed, as well as any special high priority studies requested by local area stakeholders. As with the GI and AS Study processes, staff will maintain an awareness of opportunities where the ITP process and sub-regional planning efforts will benefit each other.

**NERC TPL Reliability Standards Compliance and Reliability Assessment**

As a NERC Regional Entity (RE), SPP will continue to serve as a Planning Authority and perform various analyses to support SPP’s compliance with NERC TPL Reliability Standards. This effort includes near-term, long-term and stability mitigation analysis using base line models (i.e. SPP Model Development Working Group models).

In addition, staff will provide seasonal (summer/winter) and Long-Term Reliability Assessments (LTRA) of the SPP region as required of each Regional Entity on an annual basis. These assessments include discussions of system adequacy, key issues, and future trends that could impact reliability of the bulk electric system.

Both the SPP NERC TPL Reliability Standards compliance process, as well as the LTRA, will continue in parallel with the ITP and will not be replaced by the ITP process. Results of the annual NERC TPL Reliability Assessment will be taken into consideration as a part of the ITP process, and ITP results may be discussed in the NERC LTRA report.

The ITP reliability assessment will consist of, but not be limited to, the traditional N-1 assessment to identify thermal and voltage violations as done in a traditional NERC compliance assessment, but is not intended to replace the SPP NERC TPL Reliability Assessment for compliance reporting purposes.
ITP Design

The ITP process is a component of the STEP and is an iterative three-year process that includes 20-Year, 10-Year, and Near-Term Assessments. As illustrated below, the process seeks to target a reasonable balance between long-term transmission investment and congestion costs to customers. As appropriate investments in new transmission are made, the amount of congestion costs to which customers are exposed decreases. Finding the appropriate investments is dependent on the assumptions used to represent possible future outcomes. The size of the circles illustrates the amount of variability that must be studied to identify the appropriate transmission expansion projects. This targeted approach is both forward-looking and proactive by designing with an end in mind of having a robust, flexible, and cost-effective transmission network which adheres to the ITP principles and also keeps the FERC “Nine Planning Principles” in the forefront.

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4 The cost of transmission congestion, assuming that demand is fixed and must be met, is the net cost of the replacement power that must be supplied by other means (e.g., from generators located closer to the loads to be served) to make up for deliveries that cannot be executed as requested (October 2003, In Electricity Transmission Congestion Costs: A Review of Recent Reports, Retrieved July 24, 2009 from http://certs.lbl.gov/pdf/54049.pdf).

**Development of Assumptions**

Assumptions used in the ITP will be developed during the first and second year of each three-year ITP cycle for the 20-Year and 10-Year Assessments, respectively, and annually for the Near-Term Assessment. Assumptions will include those needed for economic studies, reliability studies, and scenario\(^6\) development. Once developed, staff will present the assumptions to stakeholders within an ITP study scope document for approval by the Economic Studies Working Group (ESWG), Transmission Working Group (TWG), Markets and Operations Policy Committee (MOPC), and Regional State Committee (RSC) as appropriate. The ITP study scope will be revisited during each three-year cycle of the ITP.

The ESWG will guide the development of the assumptions used in the economic assessments. Assumptions needed for these assessments include, but are not limited to: fuel and emissions costs, load and generation forecasts, types and locations of new generation, generation retirements, market structures, hurdle rates, wind profiles, etc. These are important assumptions that must be decided by stakeholders for inclusion in the modeling for the ITP process.

The analysis must also encompass a plausible collection of assumptions for each specific model run including, but not limited to, varying levels of the following:

- Renewable Electricity Standards
- Load growth
- Demand response
- Energy efficiency
- Fuel prices
- Environmental and governmental regulations

The TWG will guide the development of the assumptions for the reliability impact assessments. The TWG will need to consider what transactions are modeled, when projected generation is allowed into the models, and how projects identified from the AS and GI processes are considered in the ITP.

Once the scenarios have been developed and the levels of imports/exports have been decided for each scenario, they will be submitted for approval through the MOPC and RSC. Consideration of these alternative scenarios will allow the ITP to take into account a great deal of variability by considering the economic, environmental, governmental, and technological changes likely to affect the electric industry. Initiatives such as plug-in hybrid electric vehicles, smart grid, Renewable Electricity Standards, energy storage and conversion applications, and other future technologies will change the way the electric grid is utilized. How SPP plans, directs construction of, and recovers the costs for electric grid expansion must also evolve to meet these initiatives.

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\(^6\) “Scenario” refers to the collection of assumptions used in a model run to represent different possible future outcomes that may affect transmission planning.
Model Development

With oversight from the TWG, MDWG, and ESWG, staff will construct the study models for the 20-Year, 10-Year, and Near-Term Assessments by utilizing the Model-On-Demand (MOD) tool to capture the most accurate load, generation, and topology for each entity. The models for each assessment will be consistent with the time horizon being studied, e.g. the 20-Year Assessment will include a subset of models that span 20 years, the 10-Year Assessment will include a subset of models that span 10 years, and the Near-Term Assessment will include a subset of models that span a shorter timeframe. The exact models used in the analysis will be outlined in the ITP study scope document. It is expected that the models will explicitly represent the entire SPP Transmission System.

Triennial 20-Year Assessment

The first phase of the ITP process is the 20-Year Assessment, which will be used to develop an EHV backbone network. This value-based planning assessment will use a diverse array of power system and economic analysis tools to thoroughly study the Transmission System to identify cost-effective backbone projects needed to provide a grid flexible enough to reasonably accommodate possible changes characterized by the various scenarios. Because the degree to which the power transmission landscape will change over this time frame is not currently known, Transmission System expansion will be designed with flexibility in mind. The projects identified as a result of the 20-Year Assessment will be expected to provide benefits to the region across multiple scenarios.

1. The 20-Year Assessment will be initiated every three years.

2. The scenarios to be studied and the assumptions to be used in the studies must be developed through the various stakeholder groups (Cost Allocation Working Group (CAWG), ESWG, TWG, RSC) and approved through the MOPC and BOD.

3. Economic models will be developed through the ESWG, and power flow models will be developed through the existing SPP planning model process via MDWG using the assumptions developed previously.

4. Staff will perform a system constraint assessment by identifying additional flowgates using an appropriate software tool to perform a transfer analysis and determining which 100 kV and above facilities are impacted by 345 kV and above outages within SPP and first-tier neighbors. The analysis will help determine which 345kV and above alternatives relieve or reduce impact to the 100kV and above facilities. The transfer analysis will consider transfers involving SPP to and from the north, south, east and west, and first-tier neighbors. Any

7 SPP’s 1st Tier Transmission Owners include Western Area Power Administration – Upper Great Plains East (WAUE), MidAmerican Energy Company (MEC), AmerenUE (AMMO), Associated Electric Cooperative, Inc (AECI), Entergy (EES), Cleco Corp, Electric Reliability Council of Texas (ERCOT), Public Service of New Mexico (PNM), and El Paso Electric (EPE).
flowgates identified in addition to the current list of flowgates would be posted for stakeholder review.

5. An appropriate economic study tool will be used to analyze all identified flowgates and the points of congestion on the SPP Transmission System. This will be done using security constrained unit commitment and economic dispatch (SCUC/ED) over 8,760 consecutive hours for each model.

6. A limited ITP reliability assessment consistent with the applicable NERC Reliability Standards will be performed on the EHV system to help identify the solutions that provide the most cost-effective, robust backbone. The purpose of this assessment is strictly to test the robustness of the Transmission System and is not intended to be a test for NERC Reliability Standards requirements.

7. 345 kV and above solutions to the criteria violations and/or congested facilities will be identified with input from stakeholders. Staff will request suggested solutions from stakeholders and develop alternative plans for the EHV system. As an initial screening, staff will compare Adjusted Production Cost benefits among the plans to help determine the best combination of projects that would be used in the detailed cost benefit analysis. During this phase, staff will coordinate solutions with the AS and GI processes to best accommodate the high-demand areas for the SPP footprint. Issues identified that are not resolved with 345 kV and above solutions will be deferred to the 10-Year and Near-Term Assessments.

8. A follow-up analysis will be performed by repeating the steps above on the identified solutions to validate the solutions and check for any additional criteria violations and/or congested facilities that may have been created.

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8 Adherence to NERC Reliability Standards will continue to be checked through a separate NERC Reliability Compliance Assessment.
20-Year Assessment Process

- Coordinate with Stakeholders to Implement Previous ITP
- Scenarios Development
  - High Wind, Nuclear, Fuel Prices, Etc.
  - ESWG/TWG/CAWG/RSC
- Stakeholder Approval of Study Scope Document
  - ESWG/TWG
- Model Development
  - Will go through ESWG
- Define Additional Flowgates
  - Monitor 100kV+, Outage 345 kV+
- Security Constrained Unit Commitment and Economic Dispatch (SCUC & ED) Analysis
- Perform Applicable AC Contingency Analysis
- Develop Solutions to Congestion and/or Criteria Violations,
  - Coordinate with AG/GI, and Compare Alternatives
  - 345kV+
- Validate Solutions and Check for Additional Issues by repeating Analysis
- Cost Benefit for Identified Projects/Interactions
  - 345kV+
  - Over 40 years
- Stakeholder Review, RSC Review and Recommendation, BOD Approval

Year 1
- January
- June
- July
- December
- January
- June
- January

Year 2
Triennial 10-Year Assessment

The second phase of the ITP process is the 10-Year Assessment. The 10-Year Assessment is a value-based planning approach that will analyze the Transmission System and identify 100 kV and above solutions to issues not resolved in the 20-Year Assessment. The middle circle of the “target” diagram represents this portion of the assessment because the assumptions used to develop the scenarios will be narrower.

Because of the narrower focus, the 10-Year Assessment will be utilized in integrating the 100 kV and above facilities into the EHV backbone and to meet such needs as: a) elimination of criteria violations; b) the mitigation of known or projected congestion; c) improved access to markets; d) backbone expansion staging; and e) improved interconnections. In the 10-Year Assessment the scenarios considered in the 20-Year Assessment will be narrowed to consider a combination that are determined to be most likely in the shorter time frame.

Economic and reliability analysis will be utilized to further refine and establish the timing of the projects identified in the 20-Year Assessment. The 10-Year Assessment will be reviewed annually taking into account the results of the annual NERC TPL Reliability Assessment. It is anticipated that many of the ITP projects identified through the combination of the 20-Year and 10-Year plans will eliminate or significantly defer the need for some reliability driven projects on the underlying Transmission System by strengthening the system with a more robust backbone.

1. The 10-Year Assessment will be initiated every three years.

2. The scenarios will be narrowed and assumptions refined through the stakeholder process within the boundaries of the previously-approved scenarios in the 20-Year Assessment.

3. The economic models will be developed through the ESWG using the assumptions developed above. The power flow models used in this analysis will include a summer peak for each scenario and an off-peak case, and will be developed through the existing SPP planning model process via MDWG.

4. Staff will perform an initial analysis using applicable NERC Reliability Standards on scenario power flow models that represent the applicable load profiles and generation dispatch from each scenario. All facilities (including but not limited to 69 kV) identified in the models will be monitored for this analysis in consideration of 100 kV and above solutions to the problems identified.

5. Staff will concurrently identify additional congested facilities using an appropriate software tool by performing a transfer analysis and monitoring all modeled facilities and outaging the 100 kV and above facilities within SPP and first tier neighbors.

6. An appropriate software tool will be used to analyze all identified congested facilities on the SPP Transmission System. This will be done using SCUC/ED over 8,760 consecutive hours.
for each model. This analysis will help identify projects required since the new flowgates would identify congestion on the Transmission System.

7. 100 kV and above solutions to criteria violations and/or congested facilities will be identified with input from stakeholders. Staff will request suggestions for solutions from stakeholders and perform a preliminary assessment of benefits to determine the solution to be presented in the final ITP. During this phase, staff will coordinate solutions with the AS and GI processes to best accommodate the high-demand areas for the SPP Transmission System footprint. 100 kV and above solutions will be evaluated for lower voltage facilities criteria violations or congestion. Issues identified that are not resolved with 100 kV and above solutions will be deferred to the Near-Term Assessment for resolution.

8. A check will be performed to determine if projects identified in the 20-Year Assessment will eliminate or defer any projects identified in the 10-Year Assessment. This check will be performed by replacing lower voltage solutions with the higher voltage solutions identified in the 20-Year Assessment and rerunning the economic and previously run contingency analysis.

9. A follow-up analysis will be performed by staff repeating the steps above on the identified solutions to validate the solutions and check for any additional criteria violations and/or congested facilities that may have been created. Staff will also perform a stability analysis on these results.
10-Year Assessment Process

Coordinate with Stakeholders to Implement Previous ITP

Scenarios Narrowed Fewer Scenarios More Models

Stakeholder Approval of Study Scope Document ESWG/TWG

Model Development Will go through ESWG/TWG

Define Additional Flowgates Monitor All Facilities, Outage 100kV+

Security Constrained Unit Commitment and Economic Dispatch (SCUC & ED) Analysis

Perform Applicable AC Contingency Analysis

Develop Solutions to Congestion and/or Criteria Violations, Coordinate with AG/GI, and Compare Alternatives 100kV+

Receive 20 Year Assessment Solutions

Determine if 20-Year Projects Solve Problems

Validate Solutions and Check for Additional Issues by Repeating Analysis Perform Stability Analysis

Cost Benefit for Identified Projects/Interactions 345kV+

Stakeholder Review & BOD Approval

July

December

January

June

Year 2

Year 3
Annual Near-Term Assessment

The third and final phase of the ITP process is the annual Near-Term Assessment, which will be performed annually on a rolling window to be defined in the ITP study scope document. Similar to the existing STEP Reliability Assessment process, this assessment will analyze the Transmission System for solutions to violations of NERC Reliability Standards while incorporating individual Transmission Owner planning requirements. The assumptions for this assessment will be narrowed further than those for the 20-Year and 10-Year Assessments, as illustrated by the “target” diagram. This narrower focus is intended to ensure continuous adherence to NERC Reliability Standards while allowing the ITP process as a whole to focus on the creation of a Transmission System that meets the ITP planning principles.

1. The assumptions for the assessment will be developed through the TWG.

2. The power flow models will be developed through the existing SPP planning model process via MDWG using the assumptions developed in step one (1).

3. Staff will perform an analysis using applicable NERC Reliability Standards and Transmission Owner local planning requirements to check for reliability issues.

4. Staff will solicit stakeholder input on solutions through an open stakeholder forum.

5. A list of proposed solutions will be developed by staff through collaboration with stakeholders. During this phase, staff will coordinate solutions with the other ITP assessments, AS, and GI processes to identify the most preferred regional solutions. The local area planning meetings will provide input into the solution development.

6. A follow-up analysis will be performed to check for any additional reliability issues.
Near-Term Assessment Process

1. SPP Model Development Through MDWG
   - 1st Quarter: Local Area Planning Meeting
   - 2nd Quarter: Local Area Planning Meeting
   - 3rd Quarter: Local Area Planning Meeting
   - 4th Quarter: Local Area Planning Meeting

2. SPP Planning Model Updates
   - January
   - March
   - June
   - October
   - Repeats Each Year

3. Perform Applicable Reliability Assessment

4. Stakeholder Input through Open Forum

5. Develop Solutions and Coordinate with AG/GI

6. Check for Additional Reliability Issues

7. Stakeholder Review & BOD Approval

- January
Cost-Effectiveness Analysis

The ESWG will develop the metrics and process for qualifying and quantifying the projects for the ITP. The ITP should use a screening process to identify projects for the various 20 and 10 Year Assessments. The ITP should use a decision analysis approach where the requirements (legal, regulatory, NERC reliability, etc.) are met, and other objectives (enhanced deliverability, increased wholesale competition, environmental concerns, west to east transfer, local economic benefits, etc.) are also considered. The benefits of this type of analysis provide stakeholders an encompassing view of the tangible and intangible benefits of the ITP in a logical format. The metrics and their importance are dynamic and may change over time. The ITP should incorporate different perspectives on the importance of projects that cannot be captured on a mathematical basis as part of the metrics. The ESWG will be developing and refining this process and these techniques as part of the continuing ITP. Metrics included in the analysis may include, but are not limited to the following:

1. Adjusted Production Cost
2. Impact on losses
3. Environmental impacts
4. Reliability impact
5. Capacity margin
6. Operating reserves
7. Transmission Service
8. Deliverability of capacity and energy to load

Coordination with Neighboring Systems

Transmission expansion within SPP inevitably has an impact on other entities outside the SPP footprint. It will be critical to coordinate potential transmission development with these entities and determine shared and individual system benefits. Beyond reliability benefits, there will be opportunities to accomplish long-term resource access objectives in a collaborative manner and improve economic efficiencies between systems. At a minimum, situations will arise where additional upgrades between SPP and neighboring systems will need to be coordinated to most efficiently integrate ITP projects.

SPP currently has Joint Operating Agreements (JOA’s) with Associated Electric Cooperative, Inc. and the Midwest ISO that facilitate coordinated planning and operations, and discussions are underway to establish agreements with other entities. Staff recognizes the critical need to coordinate SPP’s planning efforts and cost allocation policies with its neighbors, and recognizes the challenges associated with that coordination. A comprehensive list of agreements and their status will be maintained on the Engineering Planning section of SPP.org.
ITP Review and Approval

A list of projects from the assessment(s) performed throughout the year will be presented to stakeholders for discussion and review at the annual fall planning summit. Staff will then make any necessary adjustments to the ITP based on stakeholder feedback. The final plan will be included as a component of the STEP report and presented to the MOPC and the BOD at their January meetings for approval.

NTC and ATP Process

Once the ITP is reviewed by the MOPC and approved by the BOD, staff will issue NTC letters for approved projects that are needed within the four-year financial commitment horizon. An NTC is the official SPP document directing designated Transmission Owner(s) to construct approved Network Upgrades to meet SPP Open Access Transmission Tariff (OATT) requirements.

An Authorization to Plan (ATP) will be issued for projects identified in the ITP that are needed beyond the four-year financial horizon. SPP will inform the appropriate parties that an ITP project is likely to be needed and will need to be included in all future study models, including the AS and GI study models. Current STEP 10-Year Reliability Assessments, GI, and AS models do not include projects needed beyond the four-year financial commitment horizon, so the ATP represents a significant change regarding modeling for the planning processes.

Once an NTC or ATP is issued for a project, it will be reviewed annually during each cycle of the ITP process to ensure the continued need for the project and the required in-service date. Modifications to previously approved NTC or ATP will be presented to the MOPC and BOD at their next regularly scheduled meeting for approval as necessary to issue a letter of NTC/ATP modification.
Transition to ITP

The final iteration of the current STEP 10-Year Reliability Assessment process will be in 2009 or 2010, pending Tariff language approval for the ITP. Beginning in January 2010, SPP will perform its planning duties in accordance with the ITP process. The first iteration of the ITP process will be performed on a compressed timeline with a recommended plan being presented to the MOPC and BOD in January 2011 as a component of the STEP. For this to be accomplished, the scenarios and assumptions to be studied must be developed through stakeholder groups prior to January 2010 for staff to begin the ITP.

To help transition between the two processes, the SPPT encouraged staff to consider Priority Projects that demonstrate a near-term need to relieve flowgate congestion and to improve interconnections between western and eastern sections of the region. Staff is currently assessing projects submitted by stakeholders and projects identified in previous studies for consideration in the Priority Project process. The list of Priority Projects will be submitted to the MOPC and the BOD for approval consideration in October 2009.
Schedule

The ITP is a three-year iterative process, and staff will continually work with stakeholders on implementation of the approved ITP from the previous iteration. Evaluation of the various future scenarios that may affect the ITP will occur during the first half of year one (2012) for the 20-Year Assessment and during the second half of year two (2013) for the 10-Year Assessment. The 20-Year Assessment will begin in year one and be completed in year two. The 10-Year Assessment will begin during year two and be completed in year three. The Near-Term Assessment will be performed each year to ensure reliability and to incorporate local planning requirements. At the end of each year the ITP, as a component of the STEP, will be presented to the MOPC and BOD for approval consideration. If drastic changes occur in the economic, regulatory, or environmental landscape, the ITP projects could be re-evaluated or re-timed at any stage of the process.

![ITP Schedule Diagram](image)
Stakeholder Input

There will be opportunities for stakeholder involvement throughout the ITP process. As with all SPP processes, the ITP is designed to be an open and transparent assessment of what investments are needed to build the grid of the future. Its implementation can only be successful through the commitment of SPP members, regulators, and other stakeholders. Input and support will be needed on issues including:

- What should the backbone of the Transmission System look like?
- Where should the on and off ramps be?
- Development of the plausible scenarios and modeling assumptions.
- Reviewing the list of proposed ITP projects.
- Following through with project construction.

Conclusion

The ITP is a regional instrument for solving region-wide issues which include local area planning issues. The integration of SPP’s existing EHV Overlay, Balanced Portfolio, and STEP Reliability Assessment processes will not only be easier to manage, but will also foster a new era of planning that is both forward-looking and proactive while also creating efficiencies for the AS and GI processes. For the SPP Transmission System to become an enabler to meet both short-term and long-term needs, the proposed ITP will be based on the plan that most cost-effectively accommodates the variability of a number of most likely scenarios. Through the collaborative efforts of staff and stakeholders, a robust, flexible, and cost-effective Transmission System can be designed and constructed.
EXHIBIT No. SPP-3

Clean Tariff Sheets
1.3b Balanced Portfolio: A set of transmission upgrades that provides economic benefits across the SPP Region that meet the requirements in Sections IV.3 and IV.4 of Attachment O.

1.3c Balanced Portfolio Region-wide Annual Transmission Revenue Requirement: The annual transmission revenue requirement for an approved Balanced Portfolio determined in accordance with Attachment J to this Tariff.

1.3d Balancing Authority: The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

1.3e Balancing Authority Area: The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

1.3f Base Plan Region-wide Annual Transmission Revenue Requirement: The sum of the annual transmission revenue requirement for each Base Plan Upgrade and of the Accredited Revenue Requirement(s), if any, that are allocated to the SPP Region in accordance with Attachment J to this Tariff.
1.3g **Base Plan Upgrades:** Those upgrades included in and constructed pursuant to the SPP Transmission Expansion Plan in order to ensure the reliability of the Transmission System. Base Plan Upgrades shall also include: (i) those Service Upgrades required for new or changed Designated Resources to the extent allowed for in Attachment J to this Tariff, (ii) ITP Upgrades that are approved for construction by the SPP Board of Directors, and (iii) high priority upgrades, excluding Balanced Portfolios, that are approved for construction by the SPP Board of Directors. For Zones 1 through 15, all such upgrades shall specifically exclude planned Transmission System facilities identified in the SPP Transmission Expansion Plan that are: (i) placed in service during the 2005 calendar year or (ii) required to be in service to meet the SPP Criteria and the NERC Reliability Standards for the summer of 2005. For Zones 16, 17, and 18, all such upgrades shall specifically exclude planned Transmission System facilities in those zones identified in the SPP Transmission Expansion Plan Report (2009 – 2018) that are required to be in service to meet the SPP Criteria and the NERC Reliability Standards for the summer of 2008 or which are in operation prior to January 1, 2009, except for those upgrades that are in service prior to January 1, 2009 and are components of Phase 1 of the NPPD 345kV Norfolk to Lincoln (ETR) project or OPPD Sub 1255/3455 Transformer project. Network Upgrades that are components of Phase 1 of the NPPD 345kV Norfolk to Lincoln (ETR) project or OPPD Sub 1255/3455 Transformer project that are in service prior to January 1, 2009 will be Base Plan Upgrades, however, the Zonal component of the costs shall be 100% allocated to the respective host zone.

1.3h **Base Plan Zonal Annual Transmission Revenue Requirement:** For each Zone, the sum of the annual transmission revenue requirement for each Base Plan Upgrade and of the Accredited Revenue Requirement(s), if any, that are allocated to the Zone in accordance with Attachments J and S to this Tariff.
1.3i **Base Plan Zonal Charge:** Zonal component of the charge assessed by the Transmission Provider in accordance with Schedule 11 to recover the revenue requirement of facilities classified as Base Plan Upgrades.

1.3j **Base Plan Zonal Load Ratio Share:** Ratio of a Network Customer's or Transmission Owner’s Resident Load in a Zone to the total load in that Zone.
the extent that provision of service under the Tariff would not satisfy such
Member’s obligation under state law. These agreements are set forth on the list
which is Attachment W to this Tariff. Umbrella service agreements are
specifically not Grandfathered.

1.15 **Interruption:** A reduction in non-firm transmission service due to economic
reasons pursuant to Section 14.7.

1.15a **ITP Upgrades:** Those upgrades identified and analyzed through the integrated
transmission planning process described in Section III of Attachment O.

1.16 **Load Ratio Share:** Ratio of a Transmission Customer’s Network Load in a Zone
to the total load in that Zone computed in accordance with Sections 34.4 and 34.5
of the Network Integration Transmission Service under Part III of this Tariff and
calculated on a calendar year basis, for the prior calendar year.

1.17 **Load Shedding:** The systematic reduction of system demand by temporarily
decreasing load in response to Transmission System or area capacity shortages,

system instability, or voltage control considerations under Part III of the Tariff.

1.18 **Long-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point
Transmission Service under Part II of the Tariff with a term of one year or more.

1.18a **Long-Term Service:** Long-Term Firm Point-To-Point Transmission Service or
Network Integration Transmission Service of one year or longer.

1.18b **Market Participant:** An entity that generates, transmits, distributes, purchases,
or sells electricity or provides Ancillary Services with respect to such services (or
contracts to perform any of the foregoing activities) within, into, out of, or
through the Transmission System. Market Participant expressly includes:
(a) Transmission Owner(s) and any of their Affiliates including Transmission
Owners providing transmission service to: (i) bundled retail load for which such
Transmission Owners are taking neither Network Integration Transmission
Service nor Firm Point-To-Point Transmission Service under this Tariff; and (ii)
load being served under Grandfathered Agreements for which such Transmission
Owners are taking neither Network Integration Transmission Service nor Firm
Point-To-Point Transmission Service under this Tariff.

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Issued on: May 17, 2010 

Effective: July 17, 2010
ATTACHMENT J

Recovery Of Costs Associated With New Facilities

I. Direct Assignment Facilities

Where a System Impact and/or Facilities Study indicates the need to construct Direct Assignment Facilities to accommodate a request for Transmission Service, the Transmission Customer shall be charged the full cost of such Direct Assignment Facilities. Such costs shall be specified in a Service Agreement.

II. Network Upgrades

Where applicable the costs of completed Network Upgrades shall be allocated as specified in Sections III, IV and V of this Attachment. The revenue requirements of Base Plan Upgrades and approved Balanced Portfolios will be recovered through Schedule 11, subject to filing such rate or revenue requirements with the Commission, and where applicable Directly Assigned Upgrade Costs. These costs may be recovered in whole or in part through the Base Plan Zonal Charge, Base Plan Region-wide Charge, and/or a direct assignment charge. The cost allocable to each of these charges shall be determined in accordance with Section III of this Attachment. The revenue requirements for other Network Upgrades may be recovered by Transmission Owners through Schedules 7, 8, and 9 subject to their filing such rate or revenue requirements with the Commission.

III. Base Plan Upgrades

A single Base Plan Upgrade is comprised of any upgrade or group of upgrades required to be made to a single transmission circuit, where a transmission circuit is comprised of all load carrying elements between circuit breakers or the comparable switching devices. A load carrying element within a Base Plan Upgrade that is connected at two different voltage levels (e.g. a 345kV/138kV transformer) shall, for the purposes of this Attachment J, be considered to have a nominal operating voltage of its lower voltage level (excluding any tertiary windings) and its costs shall be allocated in accordance with the rules governing the lower voltage level in this Attachment J. A waiver may be requested to use a transformer’s higher voltage level instead of the lower voltage level for the purposes of cost allocation under this Attachment J based on the

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anticipated utilization of the transformer. Such request must be made in writing and submitted to
the Transmission Provider not later than one hundred eighty (180) days following the inclusion
of the transformer in an approved SPP Transmission Expansion Plan. The Transmission
Provider shall make a recommendation to accept or deny the waiver, on a non-discriminatory
basis, to the Markets and Operations Policy Committee. The Markets and Operations Policy
Committee will consider the waiver request and the Transmission Provider’s recommendation,
and will provide its own recommendation (along with the Transmission Provider’s
recommendation) regarding such waiver to the SPP Board of Directors. Barring unusual
circumstances, the recommendation to approve or reject such waiver request will be submitted to
the SPP Board of Directors within one hundred twenty (120) days following the receipt of the
waiver request.

A. Allocation of Base Plan Upgrade Costs Eligible for Cost Allocation

1. If the cost of a Base Plan Upgrade is less than or equal to $100,000, the
annual transmission revenue requirement associated with such Base Plan
Upgrade shall be allocated to the Base Plan Zonal Annual Transmission
Revenue Requirement of the Zone in which the Base Plan Upgrade is
located.
2. For each review conducted in accordance with Section III.D.1, the Transmission Provider shall determine the cost allocation impacts of the Base Plan Upgrades with Notifications to Construct issued after June 19, 2010 to each pricing Zone within the SPP Region. The Transmission Provider in collaboration with the Regional State Committee shall determine the cost allocation impacts utilizing the analysis specified in Section III.e of Attachment O and the results produced by the analytical methods defined pursuant to Section III.D.4(i) of this Attachment J.

3. The Transmission Provider shall review the results of the cost allocation analysis with SPP’s Regional Tariff Working Group, Markets and Operations Policy Committee, and the Regional State Committee. The Transmission Provider shall publish the results of the cost allocation impact analysis and any corresponding presentations on the SPP website.

4. The Transmission Provider shall request the Regional State Committee provide its recommendations, if any, to adjust or change the costs allocated under this Attachment J if the results of the analysis show an imbalanced cost allocation in one or more Zones.

   i) One year prior to each three-year planning cycle (starting in 2013) the Markets and Operations Policy Committee and Regional State Committee will define the analytical methods to be used to report under this Section III.D and suggest adjustments to the Regional State Committee and Board of Directors on any imbalanced zonal cost allocation in the SPP footprint; and

   ii) Starting in 2015 and at any time thereafter, any member company that feels that it has an imbalanced cost allocation may request relief through the Markets and Operations Policy Committee. The Markets and Operations...
Policy Committee recommendation, if any, will be forwarded with the request for relief to the Regional State Committee and Board of Directors for review.

5. In accordance with the SPP Bylaws, the SPP Board of Directors will initiate the appropriate actions, including any necessary filings with the Commission, consistent with the Regional State Committee recommendations.

IV. Approved Balanced Portfolios

One hundred percent (100%) of the annual transmission revenue requirement for an approved Balanced Portfolio shall be recovered through the Region-wide Charge.

A. Reallocation of Zonal Revenue Requirements for Deficient Zone(s)

For an approved Balanced Portfolio, the balance may have been achieved by transferring a portion of the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement (“Reallocated Revenue Requirements”) from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement in accordance with Section IV.4.c of Attachment O to this Tariff.

1. Implementation of Reallocated Revenue Requirements

The initial reallocation of the Reallocated Revenue Requirements from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement shall occur when at least 10% of the estimated levelized annual transmission revenue requirements for the approved Balanced Portfolio has been included in rates under the Tariff (the “Trigger Date”).

On the Trigger Date and on the anniversary of the Trigger Date in each of the subsequent four years, 20% of the Reallocated Revenue Requirements required to balance the portfolio for the deficient Zone(s), as estimated in accordance with Section IV.4.c of Attachment O to this Tariff, shall be reallocated to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement. However, if all the upgrades in the
approved Balanced Portfolio are completed and included in rates under the Tariff and the actual costs of any third party impacts identified under Section IV.3.c of Attachment O are determined prior to the fourth anniversary of the Trigger Date, the remaining Reallocated Revenue Requirements shall be reallocated and the true-up specified in Section IV.A.2 of this Attachment shall be performed.

The reallocation of the Reallocated Revenue Requirements shall be from the Base Plan Zonal Annual Transmission Revenue Requirement of the deficient Zone(s) first, then, if necessary, from the Zonal Annual Transmission Revenue Requirement of the deficient Zone(s).

2. **Final Reallocation of Reallocated Revenue Requirements and True-up**

Upon the completion and inclusion in rates under the Tariff of all of the upgrades that are part of the approved Balanced Portfolio and the determination of the actual cost of any third party impacts attributable to the Balanced Portfolio under Section IV.3.c of Attachment O, the final amount of costs to be reallocated from the Reallocated Revenue Requirements for the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement to balance the approved Balanced Portfolio shall be trued-up based on the applicable fixed charge rate and actual costs. The final reallocation shall be performed using the same benefits estimated at the time the Balanced Portfolio was approved.
Notwithstanding the foregoing, if the ten-year net present value of levelized annual transmission revenue requirements based on actual costs and third party impact costs under Section IV.3.c of Attachment O exceeds the ten-year net present value of estimated benefits for the entire approved Balanced Portfolio, then the reallocation for each Zone shall be set at a level that equates the benefit to cost ratio in each Zone to the trued-up benefit to cost ratio for the approved Balanced Portfolio.

B. Reconfiguration of an Approved Balanced Portfolio

1. Conditions Under Which an Approved Balanced Portfolio may be Reconfigured

Under certain conditions, the Transmission Provider shall review an approved Balanced Portfolio for unintended consequences and may recommend reconfiguring a previously approved Balanced Portfolio. Conditions that would initiate such review include but are not limited to:

i. Cancellation of an upgrade that is part of an approved Balanced Portfolio;

ii. Unanticipated decreases in benefits or increases in the costs of upgrades that are part of an approved Balanced Portfolio or increases in the costs of third party impacts under Section IV.3.c of Attachment O; and

iii. Significant unanticipated changes in the transmission system.
2. **Factors to be Considered in Determining Whether a Balanced Portfolio Should be Reconfigured**

Reconfiguration of a Balanced Portfolio shall be evaluated based upon the following general factors, including but not limited to, the impact of the reconfiguration on:

i. Meeting the conditions for a Balanced Portfolio specified in Section IV.3.e of Attachment O to this Tariff;

ii. The number of deficient Zones as defined in Section IV.4.a of Attachment O to this Tariff;

iii. The amount of Reallocated Revenue Requirements that needs to be transferred from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement in order to balance the reconfigured portfolio; and

iv. The increase in the overall cost of the reconfigured Balanced Portfolio, if upgrades are added to the portfolio.

3. **Reallocation of Reallocated Revenue Requirements**

If a reconfigured portfolio is to be balanced by transferring a portion of the Reallocated Revenue Requirements from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement.
iii. The calculations for determining the Accredited Revenue Requirements shall be filed with the Commission by the Transmission Provider prior to the imposition of any charges or credits hereunder.

2. The costs of the upgrades included in an approved Balanced Portfolio that result in a Deferred Upgrade or Displaced Upgrade shall be included in the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement and shall be recovered through the Region-wide Charge.
   i. The costs of a Network Upgrade that is deferred or displaced by the upgrades included in an approved Balanced Portfolio shall not be recovered through the original recovery mechanism for such upgrade.
   ii. In the evaluation of the benefits of the Balanced Portfolio as specified in Section IV.3.d of Attachment O to this Tariff, the Accredited Revenue Requirements associated with the deferred or displaced Base Plan Upgrade(s), Zonal Reliability Upgrade(s) and Service Upgrade(s) shall be treated as benefits to the Zones to which those Accredited Revenue Requirements are distributed or would have been otherwise assigned or recovered as specified in:
      a. Section III.A of this Attachment for deferred or displaced Base Plan Upgrades;
ATTACHMENT O

TRANSMISSION PLANNING PROCESS

I. Overview of Planning Process

The Transmission Provider’s transmission planning process is an open process. New and proposed transmission facilities can come from several different areas of the Tariff. These areas are: 1) transmission service requests; 2) Generation Interconnection Service requests; 3) the integrated transmission planning process (ITP Upgrades); 4) the Balanced Portfolio process; 5) the high priority study process (high priority upgrades); and 6) requests for Sponsored Upgrades. Figure 1 illustrates the planning processes within SPP and how these result in a comprehensive regional plan called the SPP Transmission Expansion Plan (STEP).

Each of these sources of potential upgrades has its own evaluation and approval process. Transmission Service requests are evaluated in accordance with Attachment Z1. Generator interconnection requests are assessed under the provisions of Attachment V. In addition, the process for adding new delivery points is described in Attachment AQ. The integrated transmission planning process and other study processes for Sponsored Upgrades, Balanced Portfolios and high priority upgrades are described in this Attachment O.

The results from all these sources are collected and reported in the annual SPP Transmission Expansion Plan which gives a twenty (20) year projection of transmission changes in the SPP Region. The SPP Transmission Expansion Plan, as endorsed by the Markets and Operations Policy Committee, is presented to the SPP Board of Directors once a year for their review and approval, as required in accordance with Section V of this Attachment O. The SPP Board of Directors may modify upgrades that are part of approved Balanced Portfolios in accordance with Section IV of Attachment J, ITP Upgrades, or high priority upgrades in the SPP Transmission Expansion Plan throughout the year in accordance with Section V of this Attachment O. Projects associated with transmission service requests and Generation Interconnection Service requests and Sponsored Upgrades may also be added throughout the year as Service Agreements and interconnection agreements are executed.

SPP’s long range transmission planning is conducted over a three year planning cycle as shown in Figure 2. A 20-Year Assessment is conducted during the first half of this three year cycle. A 10-Year Assessment is conducted in the second half of the three year cycle. The Near Term Assessment is conducted each year and generally looks over the next five to seven years. Each of these assessments and the approval process is set forth in this Attachment O.
Figure 1 - SPP Transmission Planning

- Upgrades from Transmission Requests (Sections 19, 32, and Attachment Z1) (Section III.7)
- Upgrades from GI Procedures (Attachment V) (Section III.7)
- Initial Planning Model
- Perform Integrated Transmission Planning Study and Analysis (Sections III.3 – III.5)
- Reviewed by Stakeholder Working Groups
- Integrated Transmission Planning Studies (20-Year/10-Year/Near Term) and Other Studies Endorsed by Stakeholder Working Groups
- Other Studies (High Priority Studies, Balanced Portfolio) (Section IV)
- Reviewed by Transmission Provider “Out of Cycle”
- Reviewed by Stakeholder Working Groups
- Endorsed by BOD
- Financial Commitment by Requesting Entity
- Annual SPP Transmission Expansion Plan (Section V)
- Include Appropriate Planning Upgrades in Models (Sections 19, 32, Attachment Z1, Attachment V)
- Issue Notifications To Construct if applicable (Section VI)
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<tr>
<th>Figure 2 - SPP Integrated Transmission Planning Process 3-Year Cycle</th>
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<td><strong>Year 1</strong></td>
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Note: At the end of Year Three Repeat ITP Process from Beginning

S = Scenarios
A = Analysis
R = Results
II.  Roles and Responsibilities

References to the “stakeholder working group” is a generic term that references those working group(s) as defined in the SPP Bylaws, Sections 3 through 6 that are charged with the transmission planning process. The current names of all the working groups shall be posted on the SPP website.
1. Division of Responsibilities

a) The rights, powers and obligations for planning are set forth in the SPP Membership Agreement in (i) Article 2.0 for the Transmission Provider and (ii) Article 3.0 for the Members. The division of responsibility between the Transmission Provider and the Members is set forth in the SPP Criteria and in this Attachment O. The SPP Membership Agreement, the SPP Criteria and the Tariff shall be posted on the SPP website.

b) The Transmission Provider shall be responsible for developing the list of projects in accordance with the stakeholder process set forth in Sections II, III and V of this Attachment O, and including inter-regional coordination set forth in Section VIII of this Attachment O.

c) The Transmission Provider shall perform transmission planning studies to assess the reliability and economic operation of the Transmission System in accordance with Section III of this Attachment O.

d) As inputs to the planning process, the Transmission Provider shall include and maintain requirements to serve existing commitments for long-term transmission service and interconnection service in accordance with Section III.7 of this Attachment O and any applicable roll-over rights as set out in Section 2.2 of the Tariff. It shall also take into account all previously approved projects.

e) The Transmission Provider shall review, and include as appropriate, all local area upgrades to meet local area reliability criteria as proposed by the Transmission Owners including those plans developed by Transmission Owners that have their own FERC approved local planning process to ensure coordination of the projects set forth in such plans with the potential solutions developed in the regional planning process.

f) The Transmission Provider shall review and include, as appropriate, all reasonably expected demand resource, transmission, or generation options identified by stakeholders.

g) The Transmission Provider shall describe the details regarding expansion planning methodology, criteria, assumptions and data in the SPP Transmission Expansion Planning Manual which shall be posted on the SPP website.
h) In accordance with its NERC reporting requirements, the Transmission Provider shall publish an annual reliability report that shall include a list of the following:
   i) Regional upgrades required to maintain reliability in accordance with the NERC Reliability Standards and SPP Criteria;
   ii) Zonal upgrades required to maintain reliability in accordance with more stringent individual Transmission Owner planning criteria; and
   iii) Inter-regional upgrades developed with neighboring Transmission Providers to meet inter-regional needs, including results from the coordinated system plans.

2) Stakeholder Working Groups

a) The purpose of the stakeholder working groups is to provide technical advice, assistance and oversight to the Transmission Provider in all aspects of the regional, sub-regional and local planning process, including but not limited to:
   i) Review and development of coordinated planning among the Transmission Provider and the Transmission Owners including accepted Network Upgrades developed by those Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria;
   ii) Review and development of regional planning criteria;
   iii) Review and development of Available Transfer Capability related calculation criteria as specified in Attachment C to the Tariff;
   iv) Review and development of transmission rating criteria; and
   v) Compliance with NERC Reliability Standards concerning transmission assessment, transfer capability and ratings of transmission facilities.

b) All the stakeholder working group representation shall be appointed and chaired in accordance with Article 3.0 of the SPP Bylaws. All meetings of the stakeholder working groups are open to all entities.

c) Voting in the various stakeholder working groups shall conform to Article 3.9 of the SPP Bylaws.
d) The data, information, and technical support necessary for the Transmission Provider to perform studies as required by the planning process and to develop the regional reliability projects are provided by the Transmission Owners, Transmission Customers and Generation Interconnection Customers and other entities. This process is described in Section VII of this Attachment O.

e) Stakeholder working groups that work with the Transmission Provider on transmission planning shall meet at least quarterly and additional meetings, web conferences and teleconferences shall be scheduled as needed. Teleconference capability will be made available for stakeholder working group meetings. Notice of meetings of the stakeholder working groups shall be posted on the SPP website and distributed via email distribution lists. Meeting agendas and minutes shall be posted on the SPP website.

3) Participation by State Regulators
In accordance with the SPP Bylaws, any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP planning activities.

4) Adherence to Regional Planning Criteria
i) The regional planning criteria are comprised of the NERC Reliability Standards and SPP Criteria.

ii) The regional planning criteria may change from time to time based upon the then current process for changing reliability criteria.

iii) The individual Transmission Owners shall be obligated under the NERC Reliability Standards and SPP Criteria to resolve reliability violations and compliance needs identified by the Transmission Provider or by the individual Transmission Owners themselves in accordance with these standards and criteria. The SPP Criteria shall be posted on the SPP website.

5) Use of Local Planning Criteria
i) Individual Transmission Owners within the SPP Region may develop company-specific planning criteria that, at a minimum, conform to the NERC Reliability Standards and SPP Criteria.

ii) For each annual planning cycle, Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, must provide to the Transmission Provider at least once a year, by April 1st, their company-specific planning criteria in order for the need for Zonal Reliability Upgrades to be assessed and included in the SPP Transmission Expansion Plan.

iii) Transmission Owner planning criteria and assumptions may be modified at any time provided that, if the planning criteria are made more stringent, the increased requirements will not apply retroactively to studies previously completed or studies already underway by the Transmission Provider. Access to the individual Transmission Owner’s planning criteria shall be made available via an electronic link on the SPP website.

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Issued on: May 17, 2010  Effective: July 17, 2010
iv) The individual planning criteria of each Transmission Owner, including those Transmission Owners that have their own FERC approved local planning process, shall be the basis for determining whether a reliability violation exists for which a need for a new Zonal Reliability Upgrade should be considered.

v) The Transmission Owner shall apply its local planning criteria comparably to all load in its service territory.

III. The Integrated Transmission Planning Process

The ITP process is an iterative three-year process that includes 20-Year, 10-Year and Near Term Assessments. The 20-Year Assessment identifies the transmission projects, generally above 300 kV, and provides a grid flexible enough to provide benefits to the region across multiple scenarios. The 10-Year Assessment focuses on facilities 100 kV and above to meet the system needs over a ten-year horizon. The Near Term Assessment is performed annually and assesses the system upgrades, at all applicable voltage levels, required in the near term planning horizon.

1) Commencement of the Process

At the beginning of each calendar year the Transmission Provider shall notify stakeholders as to which part(s) of the integrated transmission planning cycle will take place during that year and the approximate timing of activities required to develop the SPP Transmission Expansion Plan. Notice of commencement of the process shall be posted on the SPP website and distributed via email distribution lists.

2) Transmission Planning Forums

The transmission planning forums include planning summits and sub-regional planning meetings and these are conducted as follows:

a) Planning Summits

i) The purpose of the planning summits is for the Transmission Provider and the stakeholders to share current SPP transmission network issues, develop the study scopes, provide solution alternatives and review study findings. These summits also provide an open forum where all stakeholders have an opportunity to provide advice and recommendations to the Transmission Provider to aid in the development of the SPP Transmission Expansion Plan.

ii) The planning summits shall be open to all entities.

iii) The Transmission Provider shall chair and facilitate the planning summits.

iv) Planning summits shall be held at least semi-annually, including sub-regional breakout sessions of the SPP Region. Teleconference capability will be made available for planning summits. Planning summit web conferences shall be held as needed.

v) Notice of the planning summits and web conferences shall be posted on the SPP website and distributed via email distribution lists.
b) Sub-regional Planning Meetings
   
   i) The Transmission Provider shall define sub-regions from time to time to address local area planning issues.

   ii) The purpose of the sub-regional planning meetings is to identify unresolved local stakeholder issues and transmission solutions at a more granular level. The sub-regional planning meetings shall provide stakeholders with local needs the opportunity to provide advice and recommendations to the Transmission Provider and to the Transmission Owners. The sub-regional planning meetings shall provide a forum to review local planning criteria as specified in Section II of this Attachment O.
iii) The sub-regional planning meetings shall be open to all entities.
iv) The Transmission Provider shall facilitate the sub-regional planning meetings.
v) A planning meeting shall be held at least annually for each individual sub-region.
vii) Notice of the sub-regional planning meetings, teleconferences and web conferences shall be posted on the SPP website and distributed via email distribution lists.

3) Preparation of the 20-Year Assessment

a) The Transmission Provider shall perform a 20-Year Assessment once every three years. The timing of this assessment shall generally be in the first half of each three-year cycle.
b) The 20-Year Assessment shall review the system for a twenty-year planning horizon and address, at a minimum, facilities 300 kV and above needed in year 20. This assessment is not intended to review each consecutive year in the planning horizon. The Transmission Provider shall work with stakeholders to identify the appropriate year(s) to study in developing the assessment study scope.
c) The 20-Year Assessment shall assess the cost effectiveness of proposed solutions over a forty-year time horizon.
d) The Transmission Provider shall develop the assessment study scope with input from the stakeholders. The study scope shall take into consideration the input requirements described in Section III.6.
e) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.
f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope.
g) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report.
h) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions following the process set forth in Section III.8.
4) Preparation of the 10-Year Assessment

a) The Transmission Provider shall perform a 10-Year Assessment once every three years as part of the three year planning cycle. The timing of this assessment shall generally be in the second half of the three-year planning cycle.

b) The 10-Year Assessment shall review the system for a ten-year planning horizon and address, at a minimum, facilities 100 kV and above needed in year 10. This assessment is not intended to review each consecutive year in the planning horizon. The Transmission Provider shall work with stakeholders to identify the appropriate year(s) to study in developing the assessment study scope.

c) The 10-Year Assessment shall assess the cost effectiveness of proposed solutions over a forty-year time horizon.

d) The Transmission Provider shall develop the assessment study scope with input from the stakeholders. The study scope shall take into consideration the input requirements described in Section III.6.

e) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.

f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope.

g) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report.

h) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions, including those upgrades approved by the SPP Board of Directors from the most recent 20-Year Assessment, following the process set forth in Section III.8.

5) Preparation of the Near Term Assessment

a) The Transmission Provider shall perform the Near Term Assessment on an annual basis.

b) The Near Term Assessment will be performed on a shorter planning horizon than the 10-Year Assessment and shall focus primarily on identifying solutions required to meet the reliability criteria defined in Section III.6.

c) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used to develop the list of proposed near term upgrades.

d) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope. The study scope shall take into consideration the input requirements described in Section III.6.
e) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report.

f) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions, including those upgrades approved by the SPP Board of Directors from the most recent 20-Year Assessment and 10-Year Assessment, following the process set forth in Section III.8.

6) Policy, Reliability, and Economic Input Requirements to Planning Studies

The Transmission Provider shall incorporate, as appropriate for the assessment being performed, the following into its planning studies:

a) NERC Reliability Standards;
b) SPP Criteria;
c) Transmission Owner-specific planning criteria as set forth in Section II;
d) Previously identified and approved transmission projects;
e) Zonal Reliability Upgrades developed by Transmission Owners, including those that have their own FERC approved local planning process, to meet local area reliability criteria;
f) Long-term firm Transmission Service;
g) Load forecasts, including the impact on load of existing and planned demand management programs, exclusive of demand response resources;
h) Capacity forecasts, including generation additions and retirements;
i) Existing and planned demand response resources;
j) Congestion within SPP and between the SPP Region and other regions and balancing areas;
k) Renewable energy standards;
l) Fuel price forecasts;
m) Energy efficiency requirements;
n) Other relevant environmental or government mandates; and
o) Other input requirements identified during the stakeholder process.
p) In developing the long term capacity forecasts, the studies will reflect generation and demand response resources capable of providing any of the functions assessed in the SPP planning process, and can be relied upon on a long-term basis. Such demand response resources shall be permitted to participate in the planning process on a comparable basis. These studies will consider operational experience gained from markets operated by the Transmission Provider.

7) Inclusion of Upgrades Related to Transmission Service and Generator Interconnection in Planning Studies

a) Transmission upgrades related to requests for Transmission Service are described in Sections 19 and 32 of the Tariff and Attachment Z1 to the Tariff. These upgrades are included as part of the future expansion of the Transmission System, upon the execution of the various Service Agreements with the Transmission Customers. Transmission upgrades related to an approved request for Transmission Service may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved Transmission Service.

b) Interconnection facilities and other transmission upgrades related to requests for generation interconnection service are described in Attachment V. These upgrades are included as part of the future expansion of the Transmission System upon the execution of the various interconnection agreements with the Generation Interconnection Customers. Transmission upgrades related to an approved interconnection agreement may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved interconnection service.

c) The studies performed under this Section III of Attachment O shall accommodate and model the specific long-term firm Transmission Service of Transmission Customers and specific interconnections of Generation Interconnection Customers no later than when the relevant Service Agreements and interconnection agreements are accepted by the Commission.
8) Process to Analyze Transmission Alternatives for each Assessment

The following shall be performed, at the appropriate time in the respective planning cycle, for the 20-Year Assessment, 10-Year Assessment and Near Term Assessment studies:

a) The Transmission Provider shall perform the required studies to analyze the potential alternatives for improvements to the Transmission System, provided by the Transmission Provider and by the stakeholders, in order to address the final assessment study scope agreed to with the stakeholders. This analysis shall consider the current and anticipated future needs of the SPP Region within the parameters of the study scope. The analysis shall also consider the value brought to the SPP Region by incremental changes to the proposed solutions.

b) For all potential alternatives provided by the stakeholders, including reliability upgrades that Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, propose to address violations of company-specific planning criteria pursuant to Section II.5 of this Attachment O, the Transmission Provider shall determine if there is a more comprehensive regional solution to address the reliability and economic needs identified in the assessment.

c) In addition to recommended upgrades, the Transmission Provider will consider, on a comparable basis, any alternative proposals which could include, but would not be limited to, generation options, demand response programs, “smart grid” technologies, and energy efficiency programs. Solutions will be evaluated against each other based on a comparison of their relative effectiveness of performance and economics.
d) The Transmission Provider shall assess the cost effectiveness of proposed solutions. Such assessments shall be performed in accordance with the Integrated Transmission Planning Manual, which shall be developed by the Transmission Provider, in consultation with stakeholders, and approved by the Markets and Operations Policy Committee. SPP shall post this manual on its website.

e) The analysis described above shall take into consideration the following:

i) The financial modeling time frame for the analysis shall be 40 years (with the last 20 years provided by a terminal value).

ii) The analysis shall include quantifying the benefits resulting from dispatch savings, loss reductions, avoided projects, applicable environmental impacts, reduction in required operating reserves, interconnection improvements, congestion reduction, and other benefit metrics as appropriate.

iii) The analysis shall identify and quantify, if possible, the benefits related to any proposed transmission upgrade that is required to meet any regional reliability criteria.

iv) The analysis scope shall include different scenarios to analyze sensitivities to load forecasts, wind generation levels, fuel prices, environmental costs, and other relevant factors. The Transmission Provider shall consult the stakeholders to guide the development of these scenarios.

v) The results of the analysis shall be reported on a regional, zonal, and state-specific basis.

vi) The analysis shall assess the net impact of the transmission plan, developed in accordance with this Attachment O, on a typical residential customer within the SPP Region and on a $/kWh basis.

f) The Transmission Provider shall make a comprehensive presentation of the preferred potential solutions, including the results of the analysis above, to the stakeholder working groups and at a planning summit meeting or web conference. The presentation shall include a discussion of all the Transmission Provider and stakeholder alternatives considered and reasons for choosing the particular preferred solutions.
g) The Transmission Provider shall solicit feedback on the solutions from the stakeholder working groups and through the stakeholders attending the various planning summits. The Transmission Provider will also include feedback from stakeholders through other meetings, teleconferences, web conferences, and via email or secure web-based workspace. Stakeholders may propose any combination of demand resources, transmission, or generation as alternative solutions to identified reliability and economic needs.

h) Upon consideration of the results of the cost effectiveness analysis and feedback received in the subsequent review process, the Transmission Provider shall prepare a draft list of projects for review and approval in accordance with Section V.
IV. Other Planning Studies

1) Sponsored Upgrade Studies

Any entity may request that a Sponsored Upgrade be built. SPP will evaluate the impact of any Sponsored Upgrade on Transmission System reliability and identify any necessary mitigation of these impacts. Such entity must be willing to assume the cost of such Sponsored Upgrade, study costs, and any cost associated with such necessary mitigation. The proposed Sponsored Upgrade will be submitted to the proper stakeholder working group for their review as a part of the transmission planning process.

2) High Priority Studies

a) The Transmission Provider shall perform high priority studies in accordance with this Attachment O and the Transmission Network Economic Modeling & Methods manual which shall be maintained on the SPP website.

b) Potential Balanced Portfolios, as developed through the process specified in Section IV.3, shall be considered to be high priority studies.

c) The stakeholders may request high priority studies, including a request for the Transmission Provider to study potential upgrades or other investments necessary to integrate any combination of resources, whether demand resources, transmission, or generation, identified by the stakeholders. Annually, the costs of up to three high priority studies requested by the stakeholders and performed by the Transmission Provider shall be recovered pursuant to Schedule 1-A of this Tariff. A high priority study of a potential Balanced Portfolio initiated by the Transmission Provider will not be considered a stakeholder request pursuant to this Section IV.2.c.

d) The Transmission Provider, in consultation with the stakeholders, shall develop the scope for each high priority study and post the scope(s) on the SPP website.

e) Each study shall include:

   i) Quantification of benefits and costs in accordance with this Attachment O and the Transmission Network Economic Modeling and Methods manual; and

   ii) An analysis of the sensitivity of the economics of the upgrades included in the high priority study to changes in assumptions.

f) The Transmission Provider shall solicit input from the stakeholders and the Regional State Committee regarding the appropriate sensitivity analyses to be performed.
g) For each high priority study the Transmission Provider shall publish a report, including but not limited to, the study input assumptions, the estimated cost of the upgrades, any third party impacts, the expected economic benefits of the upgrades, and identify reliability impacts, if any, of the upgrades. The report and related studies and the criteria, assumptions and data underlying the report shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address Critical Energy Infrastructure Information (CEII) requirements. The CEII compliant redacted version of the report shall be posted on the SPP website. The redacted version shall include instructions for acquiring the complete version of the report.

h) The Transmission Provider may recommend, based on the results of a high priority study, a high priority upgrade for inclusion in the SPP Transmission Expansion Plan in accordance with the approval process set forth in Section V.
3) Evaluation of Potential Balanced Portfolios

a) The Transmission Provider shall solicit input from stakeholders on combinations of potential economic upgrades to be evaluated as potential Balanced Portfolios.

b) Each economic upgrade to be included in a potential Balanced Portfolio:
   i) Must include a 345 kV or higher voltage facility;
   ii) May include lower voltage transmission facilities needed to integrate the 345 kV or higher facilities and achieve the benefits; however, the cost of the lower voltage transmission facilities cannot exceed the cost of the 345 kV or higher facilities included in the economic upgrade; and
   iii) An economic upgrade that includes lower voltage transmission facilities for which the cost of such facilities exceeds the cost of the 345 kV or higher facilities constituting the economic upgrade may be included in the evaluation of a potential Balanced Portfolio, if a Project Sponsor agrees to bear the portion of the cost of the lower voltage facilities that is in excess of the cost of the 345 kV or higher facilities.
   iv) Will include an evaluation of the costs of the upgrades, including any cost impacts potentially allocable to the Transmission Provider or a Zone(s) from third party upgrade(s) required to relieve congestion on a neighboring system due to the construction of the potential Balanced Portfolio.

c) The Transmission Provider shall determine for each Zone the net present value of the revenue requirements of each potential Balanced Portfolio as follows:
   i) The revenue requirements for each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system. This requirement is for evaluation purposes only and shall not restrict the timing of the construction of individual upgrades within a Balanced Portfolio approved by the SPP Board of Directors.
   ii) Based on input from the Transmission Owners and other pertinent information, the Transmission Provider shall estimate the construction costs of each upgrade in the potential Balanced Portfolio.
   iii) For each upgrade in the potential Balanced Portfolio, the Transmission Provider shall use the transmission fixed charge rate(s) for the appropriate Transmission Owner(s) to estimate the revenue requirements. In each annual planning cycle, the Transmission Owner shall supply its fixed charge rate to the Transmission Provider.
   iv) The fixed charge rate(s) shall take account of all costs necessary to support the upgrade in the potential Balanced Portfolio, including but not limited to, operation and maintenance expenses, depreciation, property and payroll taxes, income taxes, if applicable, return on investment and any other factors affecting the revenue requirement associated with the upgrade.
v) The revenue requirements also shall include any specific costs that are projected to be incurred by the Transmission Provider or a Zone(s) as a result of third-party impacts (net of any reimbursements resulting from such third-party impacts) due to one or more upgrades within a proposed Balanced Portfolio.

vi) The revenue requirements for the potential Balanced Portfolio shall equal the sum of the revenue requirements of the upgrades that comprise the potential Balanced Portfolio.

vii) The Transmission Provider shall estimate the cost for each Zone by allocating the revenue requirements for the potential Balanced Portfolio to each Zone based on its Region-wide Load Ratio Share forecasted over the ten year period analyzed.

viii) If any costs of an upgrade in the potential Balanced Portfolio will be borne by other funding mechanisms, such costs shall not be included in the determination of the net present value of the revenue requirements for the potential Balanced Portfolio.

d) The Transmission Provider shall determine for each Zone the net present value of the benefits of each potential Balanced Portfolio as follows:

i) The benefits from each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system.

ii) The Transmission Provider shall use an adjusted production cost metric to analyze the benefits of the potential Balanced Portfolio, where adjusted production cost is the production cost minus revenues from sales plus cost of purchases. As described in Section IV.5 of this Attachment O, the Transmission Provider shall continue to evaluate and explore with the stakeholders any additional metrics and criteria which have quantifiable economic effects.

iii) The adjusted production cost benefit for each Zone shall equal the difference between the adjusted production cost with the potential Balanced Portfolio modeled and without the potential Balanced Portfolio modeled.

iv) The Transmission Provider shall estimate the annual benefits for each Zone over the same ten-year period as used to determine the costs by calculating the annual benefits for at least three specific years in the ten-year time period and interpolating the annual benefits for the remaining years.

e) A potential Balanced Portfolio shall meet the following conditions:

i) Cost Beneficial: The sum of the benefits of the potential Balanced Portfolio determined in Section IV.3.d must equal or exceed the sum of the costs determined in Section IV.3.c; and
ii) Balanced: For each Zone, the sum of the benefits of the potential Balanced Portfolio determined in Section IV.3.d must equal or exceed the sum of the costs determined in Section IV.3.c. Additionally, the balance may be achieved through the provisions set forth in Section IV.4.

f) In developing a potential Balanced Portfolio, the Transmission Provider shall timely publish a report, including but not limited to, the study input assumptions, the estimated costs included in the potential Balanced Portfolio, and the expected economic benefits of the potential Balanced Portfolio. With regard to such report, the Transmission Provider shall comply with the information sharing and reporting requirements in Part VII (Information Exchange) and Section IV.2 (High Priority Studies) of this Attachment O, including the requirements for treatment of confidential information.

4) Options for Achieving a Balanced Portfolio

a) Section IV.3 of this Attachment O sets forth provisions to achieve a Balanced Portfolio when there are deficient Zones. A deficient Zone is a Zone where the costs allocated to the Zone in Section IV.3.c exceed the benefits allocated to the Zone in Section IV.3.d, including any additional costs or benefits derived from the application of the provisions in this Section IV.4.
b) In order to achieve a Balanced Portfolio, the Transmission Provider may include transmission upgrades that do not adhere to the voltage requirements of Sections IV.3.b.i and ii of this Attachment O.

c) If including the lower voltage transmission facilities does not achieve a Balanced Portfolio, the Transmission Provider may balance the portfolio by transferring a portion of the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement. Transmission Provider shall include the following constraints in this assessment:

   i) Limit the amount to be transferred from the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement to the minimum amount that will balance the portfolio over the ten-year period analyzed;
   ii) Transfer from the Base Plan Zonal Annual Transmission Revenue Requirement first, then, if necessary, transfer from the Zonal Annual Transmission Revenue Requirement; and
   iii) For each Zone, meet the conditions specified in Section IV.3.e.ii of this Attachment O.

5) Development of Additional Benefit Metrics

   a) The Transmission Provider shall continue to evaluate and explore with the stakeholders via the transmission planning process any additional metrics and criteria which have quantifiable economic effects, such as:

      i) Reduction in system losses;
      ii) Differing environmental impacts;
      iii) Improvement to capacity margin and operating reserve requirements;
      iv) Energy, capacity and ancillary service market facilitation;
      v) Increased competition in wholesale markets;
      vi) Reliability enhancement, including storm hardening and black start capability; and
      vii) Critical infrastructure and homeland security.

   b) Any subsequent adjustment to the metrics and criteria for evaluating potential Balanced Portfolios developed by the Transmission Provider, with input from the stakeholders, shall be proposed through Tariff amendments.

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V. The SPP Transmission Expansion Plan

The SPP Transmission Expansion Plan shall be a comprehensive listing of all transmission projects in the SPP for the twenty-year planning horizon. Projects included in the SPP Transmission Expansion Plan are: 1) upgrades required to satisfy requests for Transmission Service; 2) upgrades required to satisfy requests for generation interconnection; 3) approved projects from the 20-Year Assessment, 10-Year Assessment and Near Term Assessment (ITP Upgrades); 4) upgrades within approved Balanced Portfolios; 5) approved high priority upgrades; and 6) endorsed Sponsored Upgrades. A specific endorsed Sponsored Upgrade will be included in the Transmission System planning model upon execution of a contract that financially commits a Project Sponsor to such upgrade or when such upgrade is otherwise funded pursuant to the Tariff. To be included in the SPP Transmission Expansion Plan, each project must have been endorsed or approved through its proper process. This Section V describes the process used to approve or endorse the specific upgrades identified in 20-Year, 10-Year and Near Term Assessments, high priority upgrades, and Balanced Portfolios.
Reserved for Future Use
Reserved for Future Use
Reserved for Future Use
Reserved for Future Use
1) Development of the Recommended Set of Upgrades from Planning Studies

   a) Upon completion of the analysis, studies and stakeholder review and comment on the results in accordance with Sections III and IV of this Attachment O, the Transmission Provider shall prepare a draft list of all projects for review by the stakeholders. The Transmission Provider shall post the draft project list on the SPP website and shall identify the assessment process with which they are associated.

   b) Upon posting of the draft project list, the Transmission Provider shall invite written comments to be submitted to the Transmission Provider.

   c) The Transmission Provider shall review the draft project list with the stakeholder working groups and the Regional State Committee.

   d) Considering the input from the stakeholders through this review process, the Transmission Provider shall prepare a recommended list of proposed ITP Upgrades based upon the analysis as described in Section III, upgrades within proposed Balanced Portfolios, and proposed high priority upgrades for review and approval.

2) Disclosure of the Recommended Set of Upgrades and Supporting Information from Planning Studies

   a) The Transmission Provider shall disclose planning information, which includes the recommended list of proposed upgrades and the underlying studies, by providing:

      i) All stakeholders equal access, notice and opportunity to participate in planning summits, the stakeholder working group meetings and the sub-regional planning meetings as well as any associated web conferences or teleconferences as set forth in Section II of this Attachment O; and

      ii) For the contemporaneous availability of such meeting handouts on the SPP website.

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b) The related study results, criteria, assumptions, analysis results, and data underlying the studies used to develop the proposed ITP Upgrades, the list of upgrades within proposed Balanced Portfolios, and proposed high priority upgrades shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address CEII requirements. Additionally, Transmission Owner specific local plans and criteria shall be accessible via an electronic link on the SPP website in accordance with Section VII of this Attachment O. The CEII compliant redacted version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans shall be posted on the SPP website. Redacted versions shall include instructions for acquiring the complete version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans. An electronic link shall be provided on the SPP website by which stakeholders may send written comments on the SPP Transmission Expansion Plan and Transmission Owner specific local plans and criteria.
3) Approval andEndorsement Process

   a) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of ITP Upgrades. Approval by the SPP Board of Directors is required for the inclusion of ITP Upgrades in the SPP Transmission Expansion Plan.

   b) The Markets and Operations Policy Committee shall make a recommendation regarding the inclusion of a proposed Balanced Portfolio in the SPP Transmission Expansion Plan. Approval by the SPP Board of Directors is required for inclusion of a Balanced Portfolio in the SPP Transmission Expansion Plan. SPP is not required to have a Balanced Portfolio each year.

   c) If the SPP Board of Directors approves a list of ITP Upgrades, upgrades within Balanced Portfolios, or high priority upgrades other than those recommended by the Markets and Operations Policy Committee, the explanation for the deviation shall be included in the SPP Transmission Expansion Plan.

   d) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of a high priority upgrade recommended by the Transmission Provider. Approval by the SPP Board of Directors is required for the inclusion of a high priority upgrade in the SPP Transmission Expansion Plan.

   e) The Markets and Operations Policy Committee shall make a recommendation regarding endorsement of a proposed Sponsored Upgrade. Endorsement by the SPP Board of Directors is required for the inclusion of a Sponsored Upgrade in the SPP Transmission Expansion Plan.

   f) The list of projects shall be posted on the SPP website by the Transmission Provider. The Transmission Provider shall, in addition to the posting, e-mail notice of such posting to the stakeholders at least ten days prior to a meeting at which the SPP Board of Directors is expected to take action on accepting or modifying the list.

   g) The list of approved ITP Upgrades, upgrades within approved Balanced Portfolios, approved high priority upgrades, and endorsed Sponsored Upgrades may be modified throughout the year by the SPP Board of Directors provided that such action shall be posted and noticed pursuant to this section.

   h) The list of upgrades for Transmission Service are approved in accordance with the provisions of Attachment Z1 and included in the STEP accordingly.

   i) The list of interconnection facilities and other transmission upgrades related to requests for generation interconnection service are approved in accordance with the provisions of Attachment V and included in the STEP accordingly.

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j) The SPP Transmission Expansion Plan shall be presented to the SPP Board of Directors at least once a year. Approval of the ITP Upgrades, Balanced Portfolios, and high priority upgrades, and the endorsement of the other projects contained in the SPP Transmission Expansion Plan by the SPP Board of Directors shall certify a regional plan for meeting the transmission needs of the SPP Region.

4) Updates to the SPP Transmission Expansion Plan

a) Modifications to the SPP Transmission Expansion Plan may be made between the annual approvals as required to maintain system reliability and to meet new business opportunities as they are identified.

b) The Transmission Provider shall work with the stakeholders on an on-going basis throughout the year analyzing any newly identified issues and incorporating any necessary adjustments to the SPP Transmission Expansion Plan on an out of cycle basis.

c) On a quarterly basis, the Transmission Provider shall post any modifications to the SPP Transmission Expansion Plan on the SPP website.

d) The modifications shall be reviewed by the stakeholders and the Regional State Committee, endorsed by the stakeholder working groups, and approved or endorsed by the SPP Board of Directors, in accordance with Section V of this Attachment O.

5) Removal of an Upgrade from the SPP Transmission Expansion Plan.

The Transmission Provider, in consultation with the stakeholders in accordance with Section V of this Attachment O, may remove an upgrade from an approved SPP Transmission Expansion Plan. A Transmission Owner that has incurred costs related to the removed upgrade shall be reimbursed for any expenditure pursuant to Section VIII of Attachment J to the Tariff.

6) Status of Upgrades Identified in the SPP Transmission Expansion Plan

a) The Transmission Provider shall track the status of planned system upgrades to ensure that the projects are built in time or that acceptable mitigation plans are in place to meet customer and system needs.

b) On a quarterly basis, at a minimum, the Transmission Provider shall:
   i) Report to the Markets and Operations Policy Committee, the Regional State Committee and the SPP Board of Directors on the status of the upgrades identified in the SPP Transmission Expansion Plan; and
   ii) Post the status of the upgrades on the SPP website.
VI. Construction of Transmission Facilities

1) The Transmission Provider shall not build or own transmission facilities. The Transmission Provider, with input from the Transmission Owners and other stakeholders, shall designate in a timely manner within the SPP Transmission Expansion Plan (“STEP”) one or more Transmission Owners to construct, own, and/or finance each project in the plan.

2) Any owner of Transmission Facilities, as defined in Attachment AI of this Tariff, which are or are capable of being used by the Transmission Provider to provide transmission service pursuant to Part II and Part III of this Tariff, shall have the right to sign the SPP Membership Agreement as a Transmission Owner and thereby acquire all of the rights and obligations of a Transmission Owner described therein, including all of the rights and obligations of a Transmission Owner described in this Tariff and specifically this Section VI. Each Transmission Owner and every other entity designated to construct a project by the Transmission Provider pursuant to this Section VI shall use due diligence to construct transmission facilities as directed by the SPP Board of Directors subject to such siting, permitting, and environmental constraints as may be imposed by state, local and federal laws and regulations, and subject to the receipt of any necessary federal or state regulatory approvals. Such construction shall be performed in accordance with Good Utility Practice, applicable SPP Criteria, industry standards, the applicable Transmission Owner’s specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements), and in accordance with all applicable requirements of federal or state regulatory authorities. Each Transmission Owner shall be fully compensated to the greatest extent permitted by the Commission for the costs of construction undertaken by such Transmission Owner in accordance with this Tariff.

3) A specific endorsed Sponsored Upgrade in the SPP Transmission Expansion Plan will be deemed approved for construction upon execution of a contract that financially commits a Project Sponsor to such upgrade.
4) After a new transmission project is (i) approved under the SPP Transmission Expansion Plan or (ii) required pursuant to a Service Agreement or (iii) required by a generation interconnection agreement to be constructed by a Transmission Owner(s) other than the Transmission Owner that is a party to the generation interconnection agreement, the Transmission Provider shall direct the appropriate Transmission Owner(s) to begin implementation of the project for which financial commitment is required prior to the approval of the next update of the SPP Transmission Expansion Plan. At the discretion of the SPP Board of Directors, the Transmission Provider may direct the appropriate Transmission Owner(s) to begin implementation of other such approved or required transmission projects for which financial commitment is not required prior to approval of the next SPP Transmission Expansion Plan. The direction from the Transmission Provider shall be provided in writing to the Transmission Owner(s) designated to construct the project (“Designated Transmission Owner(s)”). The written notification to the Designated Transmission Owner(s) shall include but not be limited to: (1) the specifications of the project required by the Transmission Provider and (2) a reasonable project schedule, including a project completion date (“Notification to Construct”). If the project forms a connection with facilities of a single Transmission Owner, that Transmission Owner shall be designated to construct the project. If the project forms a connection with facilities owned by multiple Transmission Owners, the applicable Transmission Owners will be designated to provide their respective new facilities. If there is more than one Transmission Owner designated to construct a project, the Designated Transmission Owners will agree among themselves which part of the project will be provided by each entity. If the Designated Transmission Owners cannot come to a mutual agreement regarding the assignment and ownership of the project the Transmission Provider will facilitate their discussion. Each project or segment of a project being built by a single Designated Transmission Owner shall be considered a separate project for purposes of Section VI.6 and each Designated Transmission Owner will receive a separate Notification to Construct for each project or segment of a project they are responsible to construct.

5) Network Upgrade(s) and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement will be constructed pursuant to the generation interconnection agreement or pursuant to Section VI.4 of this Attachment O. Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement required to be constructed by the Transmission Owner who is a party to the generation interconnection agreement shall be constructed pursuant to the generation interconnection agreement. All other Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement to be constructed by Transmission Owners not a party to the generation interconnection agreement shall be constructed pursuant to Section VI.4 of this Attachment O.
6) In order to maintain its right to construct the project, the Designated Transmission Owner shall respond within ninety (90) days after the receipt of the Notification to Construct with a written commitment to construct the project as specified in the Notification to Construct or a proposal for a different project schedule and/or alternative specifications in its written commitment to construct (“Designated Transmission Owner’s proposal”). The Transmission Provider shall respond to the Designated Transmission Owner’s proposal within ten (10) days of its receipt of the proposal. If the Transmission Provider accepts the Designated Transmission Owner’s proposal, the Notification to Construct will be modified according to the accepted proposal and the Designated Transmission Owner shall construct the project in accordance with the modified Notification to Construct. If the Transmission Provider rejects the Designated Transmission Owner’s proposal, the Designated Transmission Owner’s proposal shall not be deemed an acceptable written commitment to construct the project. However, the Transmission Provider’s rejection of such proposal shall not preclude a Designated Transmission Owner from providing a written commitment to construct the project after such rejection, provided the subsequent written commitment to construct the project is made within the ninety day time period after the issuance of the Notification to Construct.

If a Designated Transmission Owner does not provide an acceptable written commitment to construct within the ninety (90) day period, the Transmission Provider shall solicit and evaluate proposals for the project from other entities and select a replacement designated provider. The Transmission Provider shall solicit proposals from entities that meet certain specified legal, regulatory, technical, financial and managerial qualifications, specifically including the following:

i) Entities that have obtained all state regulatory authority necessary to construct, own and operate transmission facilities within the state(s) where the project is located,

ii) Entities that meet the creditworthiness requirements of the Transmission Provider,

iii) Entities that have signed or are capable and willing to sign the SPP Membership Agreement as a Transmission Owner upon the selection of its proposal to construct and own the project, and

iv) Entities that meet such other technical, financial and managerial qualifications as are specified in the Transmission Provider’s business practices.

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The Transmission Provider shall evaluate each proposal with regard to the cost, reliability and timeliness of the proposed construction of the project and shall make a recommendation to the Board of Directors. The Board of Directors shall thereafter select an entity making a proposal and arrange for that entity to construct the project and become the Designated Transmission Owner.

At any time, a Designated Transmission Owner may elect to arrange for another entity or another existing Transmission Owner to build and own all or part of the project in its place subject to the qualifications in Subsections i, ii, iii, and iv above.

Nothing in this Section VI.6 shall relieve a Transmission Owner of its obligation to construct an upgrade as specified in Section VI.2 of this Attachment O and Section 3.3(a) of the SPP Membership Agreement in the event that no other qualified entity can be found to construct the project.

VII. Information Exchange

1) Data Requirements
   a) Any entity that is subject to the NERC Reliability Standards is required to provide data to the Transmission Provider in accordance the NERC Reliability Standards for Modeling, Data and Analysis (the “NERC MOD Standards”).
   b) When an entity has developed a preliminary engineering concept for new facilities that impact the interconnected operation of the Transmission System, it shall contact the Transmission Provider so that the optimal integration of any new facilities and potentially benefiting parties can be identified.
   c) In preparation for the annual update of transmission planning models for each annual planning cycle, Members, Transmission Customers, Transmission Owners, Generation Interconnection Customers and all other stakeholders must provide to the Transmission Provider the data specified in this Section VII.
   d) During the course of the annual planning cycle, if material changes to the data occur, the data owners must provide timely written notice to the Transmission Provider.
   e) The format required to submit modeling data shall be posted on the SPP website.
   f) The modeling data shall be posted on the SPP website with password protected access.

2) Owners of transmission facilities shall provide to the Transmission Provider:
   a) Modeling data for power flow, short-circuit and stability analysis;
   b) Detailed power system models of their transmission systems and provide updates to their models via a password protected web based application;
   c) Data regarding the design and operation of their transmission facilities;
   d) Their FERC Form 715;
   e) Their individual company-specific planning criteria;

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b) Data for planned additions or upgrades, including status and expected in-service dates, planned retirements and environmental restrictions; and

c) Modeling data to perform economic planning studies in accordance with Sections III and IV of this Attachment O. Data required to model generating units for the economic planning studies is documented in the Transmission Network Economic Modeling and Methods manual which shall be posted on the SPP website.

4) Transmission Customers

a) Network Customers shall provide the Transmission Provider an update of the information on its Network Integration Transmission Service application with a ten year forecast of summer and winter load at each delivery point and ten year projection of network resources and with any other information that has changed from the original application.

b) Point-to-point Transmission Customers shall provide to the Transmission Provider their good faith projections on their need for service including transmission capacity, duration and points of delivery and receipt over the ten year planning horizon.

c) Transmission Customers with existing and planned demand response resources, including demand response resources, shall provide information on such resources

5) Neighboring Transmission Providers and RTOs

In accordance with applicable agreements and Section VIII of this Attachment O, the Transmission Provider shall exchange with neighboring Transmission Providers and RTOs the data required for the development of power flow cases, short-circuit cases and stability cases over the ten year planning horizon.

6) Stakeholder Access to Transmission Planning Information

a) The planning information, data, and models provided pursuant to this Section VII shall be sufficient to allow parties to replicate results of the planning studies.

b) The Transmission Provider shall provide a secure web-based workspace for hosting and sharing planning information, data, and models.

c) The secure web-based workspace shall be password protected and require CEII clearance in accordance with Section VII.8 of this Attachment O.

d) Instructions to obtain access to the Transmission Provider’s power flow models shall be posted on the SPP website.

e) Instructions to obtain copies of the Transmission Provider’s transmission planning maps shall be posted on the SPP website.
7) Confidentiality Requirements

a) The Transmission Provider shall make all reasonable efforts to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement.

b) For those entities that have executed a confidentiality agreement, the Transmission Provider shall provide password protected access to confidential information related to the SPP Transmission Expansion Plan and the underlying studies and models via the SPP website.

c) The form of confidentiality agreement shall be posted on the SPP website.

d) The confidentiality agreement shall allow access to applicable system design software results needed to participate in the SPP Transmission Expansion Plan process, replicate the results of specified transmission planning studies, or to confirm assumptions used in creating adjusted production cost-benefits metrics used to analyze a specified Balanced Portfolio; provided however, if the results include resource specific data (including input data), access will be limited to individuals that are not Competitive Duty Personnel. In no event shall Transmission Provider or any other entity that has executed a confidentiality agreement and has been provided resource specific data disclose such data to Competitive Duty Personnel. For the purposes of this section:

i) “Competitive Duty Personnel” are any individuals directly engaged in Competitive Duties. Counsel or outside consultants that do not provide consulting services in connection with the direct marketing, purchase, or sale of electric power at wholesale in the SPP Region are not Competitive Duty Personnel.

ii) “Competitive Duties” include: (1) the marketing, sale, or purchase of electric power at wholesale in the SPP Region; (2) the direct supervision of any employee with such responsibilities; or (3) the provision of consulting services in connection with the marketing, purchase, or sale of electric power at wholesale in the SPP Region.

e) Other transmission planning information shall be posted on the SPP website and may be password protected, as appropriate.

f) Confidentiality agreements shall be required for Members and Market Participants to receive data where the owner of the data has given permission to the Transmission Provider to release the data.
8) Critical Energy Infrastructure Information (CEII) Requirements

a) The Transmission Provider shall take appropriate steps to protect CEII information.

b) The Transmission Provider shall screen Members and Market Participants prior to providing access to CEII information. Individuals that do not belong to a confirmed pre-screened Member or Market Participant shall be directed to the Commission’s website for instructions for access to CEII information.

c) For those entities that have met the CEII requirements in Section VII.8.b of this Attachment O, the Transmission Provider shall provide password protected access to CEII information related to the SPP Transmission Expansion Plan and the underlying studies and models via the SPP website.

d) The Transmission Provider shall follow the guidelines set forth by the Commission to flag data which shall be treated as CEII sensitive.

VIII. Inter-regional Coordination

1) The Transmission Provider shall undertake to coordinate any studies required to assure the reliable, efficient, and effective operation of the Transmission System with, at a minimum, first-tier adjacent interconnected systems. Such coordination shall include:
a) Sharing system plans to ensure that such plans are simultaneously feasible and otherwise use consistent assumptions and data; and

b) Identifying system enhancements that could relieve inter-regional congestion or integrate new resources on an aggregate basis.

2) The Transmission Provider shall undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed in Addendum 1 to this Attachment O.

3) On an annual basis, the Transmission Provider shall review the ongoing planning activities under the agreements specified in Addendum 1 to this Attachment O to determine the need for any additional inter-regional studies. The Transmission Provider shall share this review with the stakeholders at a planning summit and solicit input regarding additional inter-regional studies that should be initiated by the Transmission Provider.

IX. Recovering Costs Associated with the Planning Process

1) The Transmission Provider’s costs associated with the planning process and associated studies set forth in this Attachment O shall be recovered pursuant to Schedule 1-A of the Tariff.

2) The Transmission Provider’s costs associated with studies for potential Sponsored Upgrades, shall be the responsibility of the entities requesting such studies.

3) The Transmission Provider’s costs for studies associated with requests for long-term firm transmission service shall be recovered pursuant to Sections 19 and 32 of the Tariff.

4) The Transmission Provider’s costs for studies associated with requests for interconnection service shall be recovered pursuant to Attachment V of the Tariff.

X. Cost Allocation

The costs associated with new or upgraded transmission facilities shall be allocated in accordance with Attachment J to the Tariff.

XI. Dispute Resolution

Any dispute regarding the planning process shall be resolved utilizing the procedures identical to those set forth in Section 12 of the Tariff.

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ADDENDUM 1 TO ATTACHMENT O
INTER-REGIONAL COORDINATION AGREEMENTS

In accordance with Section VIII of Attachment O, the Transmission Provider shall undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed below:

1) The Joint Operating Agreement between the Midwest Independent Transmission System Operator, Inc. (MISO) and Southwest Power Pool, Inc. (SPP);
2) The Transmission Coordination Agreement between the Associated Electric Cooperative, Inc. (AECI) and the Southwest Power Pool, Inc. (SPP);
3) The United States Department of Energy Southwestern Power Administration Agreement Between United States of America and Southwest Power Pool, Inc. (the “SPA Agreement”);
4) The Eastern Interconnection Reliability Assessment Group; and
5) Bilateral agreements between the Transmission Provider and transmission systems to which the SPP Region is interconnected.

SPP shall continue its efforts to formalize and improve seams agreements with its neighbors and affected systems to facilitate inter-regional and interconnection wide transmission planning and expansion.
12.3 **Upgrades which will not be constructed by Transmission Owner.**

For all interconnection agreements that identify Network Upgrades and Distribution Upgrades as listed in Appendix A of the GIA which are required to be built by an entity other than the Transmission Owner (as defined in this Attachment V), such upgrades shall be constructed in accordance with the process defined under Section VI of Attachment O to the SPP Tariff.

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**Section 13. Miscellaneous**

13.1 **Confidentiality.**

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of a GIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

13.1.1 **Scope.**

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently
10.5 **Operating and Maintenance Expenses.** Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Transmission Owner’s Interconnection Facilities.

**Article 11. Performance Obligation**

11.1 **Interconnection Customer Interconnection Facilities.** Interconnection Customer shall design, procure, construct, install, own and/or control Interconnection Customer’s Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at its sole expense.

11.2 **Transmission Owner’s Interconnection Facilities.** Transmission Owner shall design, procure, construct, install, own and/or control the Transmission Owner’s Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at the sole expense of the Interconnection Customer.

11.3 **Network Upgrades and Distribution Upgrades.** All Network Upgrades and Distribution Upgrades described in Appendix A shall be constructed in accordance with the process set forth in Section VI of Attachment O. Transmission Owner shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades that are associated with that Transmission Owner’s system. The Distribution Upgrades and Network Upgrades described in Appendix A shall be solely funded by Interconnection Customer unless Transmission Owner elects to fund the capital for the Distribution Upgrades or Network Upgrades.
11.3 Network Upgrades and Distribution Upgrades. All Network Upgrades and Distribution Upgrades described in Appendix A shall be constructed in accordance with the process set forth in Section VI of Attachment O. Transmission Owner shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades that are associated with that Transmission Owner’s system. The Distribution Upgrades and Network Upgrades described in Appendix A shall be solely funded by Interconnection Customer unless Transmission Owner elects to fund the capital for the Distribution Upgrades or Network Upgrades.

11.4 Transmission Credits.

11.4.1 Credits for Amounts Advanced for Network Upgrades. Interconnection Customer shall be entitled to credits in accordance with Attachment Z2 of the Tariff for any Network Upgrades including any tax gross-up or other tax-related payments associated with Network Upgrades, and not refunded to Interconnection Customer pursuant to Article 5.17.8.

11.4.2 Special Provisions for Affected Systems. Unless Transmission Provider provides, under the Interim GIA, for the repayment of amounts advanced to Affected System Operator for Network Upgrades, Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

11.4.3 Notwithstanding any other provision of this Interim GIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that Interconnection Customer, shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain transmission credits for transmission service that is not associated with the Generating Facility.

11.5 Provision of Security.

11.5.1 Initial Security. Within fifteen (15) Business Days of the date that Interconnection Customer delivers to Transmission Provider an executed Interim GIA, Interconnection Customer shall provide Transmission Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1 in the amount set forth in Appendix A to this Interim GIA. This amount represents either (a) the sum of the estimated costs for which Interconnection Customer will be responsible for the construction, procurement,
EXHIBIT No. SPP-4

Redlined Tariff Sheets
1.3b **Balanced Portfolio:** A set of transmission upgrades that provides economic benefits across the SPP Region that meet the requirements in Sections IV.6-3 and IV.7-4 of Attachment O.

1.3c **Balanced Portfolio Region-wide Annual Transmission Revenue Requirement:** The annual transmission revenue requirement for an approved Balanced Portfolio determined in accordance with Attachment J to this Tariff.

1.3d **Balancing Authority:** The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

1.3e **Balancing Authority Area:** The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

1.3f **Base Plan Region-wide Annual Transmission Revenue Requirement:** The sum of the annual transmission revenue requirement for each Base Plan Upgrade and of the Accredited Revenue Requirement(s), if any, that are allocated to the SPP Region in accordance with Attachment J to this Tariff.
1.3g **Base Plan Upgrades:** Those upgrades included in and constructed pursuant to the SPP Transmission Expansion Plan in order to ensure the reliability of the Transmission System. Base Plan Upgrades shall also include: (i) those Service Upgrades required for new or changed Designated Resources to the extent allowed for in Attachment J to this Tariff; (ii) ITP Upgrades that are approved for construction by the SPP Board of Directors; and (iii) high priority upgrades, excluding Balanced Portfolios, that are approved for construction by the SPP Board of Directors. For Zones 1 through 15, all such upgrades shall specifically exclude planned Transmission System facilities identified in the SPP Transmission Expansion Plan that are: (i) placed in service during the 2005 calendar year or (ii) required to be in service to meet the SPP Criteria and the NERC Reliability Standards for the summer of 2005. For Zones 16, 17, and 18, all such upgrades shall specifically exclude planned Transmission System facilities in those zones identified in the SPP Transmission Expansion Plan Report (2009 – 2018) that are required to be in service to meet the SPP Criteria and the NERC Reliability Standards for the summer of 2008 or which are in operation prior to January 1, 2009, except for those upgrades that are in service prior to January 1, 2009 and are components of Phase 1 of the NPPD 345kV Norfolk to Lincoln (ETR) project or OPPD Sub 1255/3455 Transformer project. Network Upgrades that are components of Phase 1 of the NPPD 345kV Norfolk to Lincoln (ETR) project or OPPD Sub 1255/3455 Transformer project that are in service prior to January 1, 2009 will be Base Plan Upgrades, however, the Zonal component of the costs shall be 100% allocated to the respective host zone.

1.3h **Base Plan Zonal Annual Transmission Revenue Requirement:** For each Zone, the sum of the annual transmission revenue requirement for each Base Plan Upgrade and of the Accredited Revenue Requirement(s), if any, that are allocated to the Zone in accordance with Attachments J and S to this Tariff.

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1.3i **Base Plan Zonal Charge:** Zonal component of the charge assessed by the Transmission Provider in accordance with Schedule 11 to recover the revenue requirement of facilities classified as Base Plan Upgrades.

1.3j **Base Plan Zonal Load Ratio Share:** Ratio of a Network Customer's or Transmission Owner’s Resident Load in a Zone to the total load in that Zone.
the extent that provision of service under the Tariff would not satisfy such Member’s obligation under state law. These agreements are set forth on the list which is Attachment W to this Tariff. Umbrella service agreements are specifically not Grandfathered.

1.15 **Interruption**: A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

1.15a **ITP Upgrades**: Those upgrades identified and analyzed through the integrated transmission planning process described in Section III of Attachment O.

1.16 **Load Ratio Share**: Ratio of a Transmission Customer's Network Load in a Zone to the total load in that Zone computed in accordance with Sections 34.4 and 34.5 of the Network Integration Transmission Service under Part III of this Tariff and calculated on a calendar year basis, for the prior calendar year.

1.17 **Load Shedding**: The systematic reduction of system demand by temporarily decreasing load in response to Transmission System or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

1.18 **Long-Term Firm Point-To-Point Transmission Service**: Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

1.18a **Long-Term Service**: Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service of one year or longer.

1.18b **Market Participant**: An entity that generates, transmits, distributes, purchases, or sells electricity or provides Ancillary Services with respect to such services (or contracts to perform any of the foregoing activities) within, into, out of, or through the Transmission System. Market Participant expressly includes:

(a) Transmission Owner(s) and any of their Affiliates including Transmission Owners providing transmission service to: (i) bundled retail load for which such Transmission Owners are taking neither Network Integration Transmission Service nor Firm Point-To-Point Transmission Service under this Tariff; and (ii) load being served under Grandfathered Agreements for which such Transmission Owners are taking neither Network Integration Transmission Service nor Firm Point-To-Point Transmission Service under this Tariff,
ATTACHMENT J

Recovery Of Costs Associated With New Facilities

I. Direct Assignment Facilities

Where a System Impact and/or Facilities Study indicates the need to construct Direct Assignment Facilities to accommodate a request for Transmission Service, the Transmission Customer shall be charged the full cost of such Direct Assignment Facilities. Such costs shall be specified in a Service Agreement.

II. Network Upgrades

Where applicable the costs of completed Network Upgrades shall be allocated as specified in Sections III, IV and V of this Attachment. The revenue requirements of Base Plan Upgrades and approved Balanced Portfolios will be recovered through Schedule 11, subject to filing such rate or revenue requirements with the Commission, and where applicable Directly Assigned Upgrade Costs. These costs may be recovered in whole or in part through the Base Plan Zonal Charge, Base Plan Region-wide Charge, and/or a direct assignment charge. The cost allocable to each of these charges shall be determined in accordance with Section III of this Attachment. The revenue requirements for other Network Upgrades may be recovered by Transmission Owners through Schedules 7, 8, and 9 subject to their filing such rate or revenue requirements with the Commission.

III. Base Plan Upgrades

A single Base Plan Upgrade is comprised of any upgrade or group of upgrades required to be made to a single transmission circuit, where a transmission circuit is comprised of all load carrying elements between circuit breakers or the comparable switching devices. A load carrying element within a Base Plan Upgrade that is connected at two different voltage levels (e.g. a 345kV/138kV transformer) shall, for the purposes of this Attachment J, be considered to have a nominal operating voltage of its lower voltage level (excluding any tertiary windings) and its costs shall be allocated in accordance with the rules governing the lower voltage level in this Attachment J. A waiver may be requested to use a transformer’s higher voltage level instead of the lower voltage level for the purposes of cost allocation under this Attachment J based on the

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anticipated utilization of the transformer. Such request must be made in writing and submitted to the Transmission Provider not later than one hundred eighty (180) days following the inclusion of the transformer in an approved SPP Transmission Expansion Plan. The Transmission Provider shall make a recommendation to accept or deny the waiver, on a non-discriminatory basis, to the Markets and Operations Policy Committee. The Markets and Operations Policy Committee will consider the waiver request and the Transmission Provider’s recommendation, and will provide its own recommendation (along with the Transmission Provider’s recommendation) regarding such waiver to the SPP Board of Directors. Barring unusual circumstances, the recommendation to approve or reject such waiver request will be submitted to the SPP Board of Directors within one hundred twenty (120) days following the receipt of the waiver request.

A. Allocation of Base Plan Upgrade Costs Eligible for Cost Allocation

1. If the cost of a Base Plan Upgrade is less than or equal to $100,000, the annual transmission revenue requirement associated with such Base Plan Upgrade shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.
2. For each triennial review conducted in accordance with Section III.D.1, the Transmission Provider shall determine the cost allocation impacts of the Base Plan Upgrades with Notifications to Construct issued after June 19, 2010 to each pricing Zone within the SPP Region. The Transmission Provider in collaboration with the Regional State Committee shall determine the cost allocation impacts pursuant to utilizing the guidelines analysis specified in Section IV(4)(f)III.e of Attachment O and the results produced by the analytical methods defined pursuant to Section III.D.4(i) of this Attachment J.

3. The Transmission Provider shall review the results of the cost allocation analysis with SPP’s Regional Tariff Working Group, Markets and Operations Policy Committee, and the Regional State Committee. The Transmission Provider shall publish the results of the cost allocation impact analysis and any corresponding presentations on the SPP website.

4. The Transmission Provider shall request the Regional State Committee provide its recommendations, if any, to adjust or change the costs allocated under this Attachment J if the results of the analysis show an imbalanced cost allocation in one or more Zones.

   i) One year prior to each three-year planning cycle (starting in 2013) the Markets and Operations Policy Committee and Cost Allocation Working Group Regional State Committee will define the analytical methods to be used to report under this Section III.D and suggest adjustments to the Regional State Committee and Board of Directors on any imbalanced zonal cost allocation in the SPP footprint; and

   ii) Starting in 2015 and at any time thereafter, any member company that feels that it has an imbalanced cost allocation may request relief through the Markets and Operations Policy Committee. The Markets and Operations

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Policy Committee endorsement would go recommendation, if any, will be forwarded with the request for relief to the Regional State Committee and Board of Directors for review.

5. In accordance with the SPP Bylaws, the SPP Board of Directors will initiate the appropriate actions, including any necessary filings with the Commission, to implement consistent with the Regional State Committee recommendations.

IV. Approved Balanced Portfolios

One hundred percent (100%) of the annual transmission revenue requirement for an approved Balanced Portfolio shall be recovered through the Region-wide Charge.

A. Reallocation of Zonal Revenue Requirements for Deficient Zone(s)

For an approved Balanced Portfolio, the balance may have been achieved by transferring a portion of the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement (“Reallocated Revenue Requirements”) from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement in accordance with Section IV.7.4.c of Attachment O to this Tariff.

1. Implementation of Reallocated Revenue Requirements

The initial reallocation of the Reallocated Revenue Requirements from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement shall occur when at least 10% of the estimated levelized annual transmission revenue requirements for the approved Balanced Portfolio has been included in rates under the Tariff (the “Trigger Date”).

On the Trigger Date and on the anniversary of the Trigger Date in each of the subsequent four years, 20% of the Reallocated Revenue Requirements required to balance the portfolio for the deficient Zone(s), as estimated in accordance with Section IV.7.4.c of Attachment O to this Tariff, shall be reallocated to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement. However, if all the upgrades in the
approved Balanced Portfolio are completed and included in rates under the Tariff and the actual costs of any third party impacts identified under Section IV.63.c of Attachment O are determined prior to the fourth anniversary of the Trigger Date, the remaining Reallocated Revenue Requirements shall be reallocated and the true-up specified in Section IV.A.2 of this Attachment shall be performed.

The reallocation of the Reallocated Revenue Requirements shall be from the Base Plan Zonal Annual Transmission Revenue Requirement of the deficient Zone(s) first, then, if necessary, from the Zonal Annual Transmission Revenue Requirement of the deficient Zone(s).

2. **Final Reallocation of Reallocated Revenue Requirements and True-up**

Upon the completion and inclusion in rates under the Tariff of all of the upgrades that are part of the approved Balanced Portfolio and the determination of the actual cost of any third party impacts attributable to the Balanced Portfolio under Section IV.63.c of Attachment O, the final amount of costs to be reallocated from the Reallocated Revenue Requirements for the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement to balance the approved Balanced Portfolio shall be trued-up based on the applicable fixed charge rate and actual costs. The final reallocation shall be performed using the same benefits estimated at the time the Balanced Portfolio was approved.
Notwithstanding the foregoing, if the ten-year net present value of levelized annual transmission revenue requirements based on actual costs and third party impact costs under Section IV.63.c of Attachment O exceeds the ten-year net present value of estimated benefits for the entire approved Balanced Portfolio, then the reallocation for each Zone shall be set at a level that equates the benefit to cost ratio in each Zone to the trued-up benefit to cost ratio for the approved Balanced Portfolio.

B. Reconfiguration of an Approved Balanced Portfolio

1. Conditions Under Which an Approved Balanced Portfolio may be Reconfigured

Under certain conditions, the Transmission Provider shall review an approved Balanced Portfolio for unintended consequences and may recommend reconfiguring a previously approved Balanced Portfolio. Conditions that would initiate such review include but are not limited to:

i. Cancellation of an upgrade that is part of an approved Balanced Portfolio;

ii. Unanticipated decreases in benefits or increases in the costs of upgrades that are part of an approved Balanced Portfolio or increases in the costs of third party impacts under Section IV.63.c of Attachment O; and

iii. Significant unanticipated changes in the transmission system.
2. Factors to be Considered in Determining Whether a Balanced Portfolio Should be Reconfigured

Reconfiguration of a Balanced Portfolio shall be evaluated based upon the following general factors, including but not limited to, the impact of the reconfiguration on:

i. Meeting the conditions for a Balanced Portfolio specified in Section IV.63.e of Attachment O to this Tariff;

ii. The number of deficient Zones as defined in Section IV.74.a of Attachment O to this Tariff;

iii. The amount of Reallocated Revenue Requirements that needs to be transferred from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement in order to balance the reconfigured portfolio; and

iv. The increase in the overall cost of the reconfigured Balanced Portfolio, if upgrades are added to the portfolio.

3. Reallocation of Reallocated Revenue Requirements

If a reconfigured portfolio is to be balanced by transferring a portion of the Reallocated Revenue Requirements from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement...
iii. The calculations for determining the Accredited Revenue Requirements shall be filed with the Commission by the Transmission Provider prior to the imposition of any charges or credits hereunder.

2. The costs of the upgrades included in an approved Balanced Portfolio that result in a Deferred Upgrade or Displaced Upgrade shall be included in the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement and shall be recovered through the Region-wide Charge.

i. The costs of a Network Upgrade that is deferred or displaced by the upgrades included in an approved Balanced Portfolio shall not be recovered through the original recovery mechanism for such upgrade.

ii. In the evaluation of the benefits of the Balanced Portfolio as specified in Section IV.63.d of Attachment O to this Tariff, the Accredited Revenue Requirements associated with the deferred or displaced Base Plan Upgrade(s), Zonal Reliability Upgrade(s) and Service Upgrade(s) shall be treated as benefits to the Zones to which those Accredited Revenue Requirements are distributed or would have been otherwise assigned or recovered as specified in:

a. Section III.A of this Attachment for deferred or displaced Base Plan Upgrades;
ATTACHMENT O

TRANSMISSION PLANNING PROCESS

I. Overview of Planning Process

The Transmission Provider’s transmission planning process is an open process. New and
proposed transmission facilities or increases in physical transmission ratings can come from six
several different areas of the Tariff. These areas are: 1) transmission service requests; 2)
Generation Interconnection Service requests; 3) upgrades needed to satisfy reliability criteria
(reliability upgrades); 4) upgrades that provide economic benefits as part of the integrated
transmission planning process (ITP Upgrades); 4) the Balanced Portfolio process; 5) upgrades
that are identified through the high priority study process (high priority upgrades) that are not
included in a Balanced Portfolio; and 6) upgrades that do not fit these other categories
(Sponsored Upgrades). Figure 1 illustrates the planning processes within SPP and how these result in a comprehensive regional plan called the SPP Transmission Expansion Plan (STEP).

Each of these sources of potential upgrades has its own evaluation and approval process.
Transmission Service requests are evaluated in accordance with Attachment Z1. Generator
interconnection requests are assessed under the provisions of Attachment V. In addition, the
process for adding new delivery points is described in Attachment AQ. The integrated
transmission planning process and other study processes for Sponsored Upgrades, Balanced
Portfolios and high priority upgrades are described in this Attachment O.

The results from all these sources are collected and reported in the annual SPP Transmission
Expansion Plan which gives a ten (10) twenty (20) year projection of transmission changes in the
SPP Region. The SPP Transmission Expansion Plan, as endorsed by the Markets and Operations
Policy Committee, is presented to the SPP Board of Directors once a year for their review and
approval, as required in accordance with Section V IV of this Attachment O. The SPP Board of
Directors may modify reliability upgrades, upgrades that are part of approved Balanced
Portfolios in accordance with Section IV of Attachment J, ITP Upgrades, or high priority
upgrades in the SPP Transmission Expansion Plan throughout the year in accordance with
Section V IV of this Attachment O. Projects associated with transmission service requests and
Generation Interconnection Service requests and Sponsored Upgrades are may also be added
throughout the year as Service Agreements and interconnection agreements are executed.

SPP’s long range transmission planning is conducted over a three year planning cycle as shown
in Figure 2. A 20-Year Assessment is conducted during the first half of this three year cycle. A
10-Year Assessment is conducted in the second half of the three year cycle. The Near Term
Assessment is conducted each year and generally looks over the next five to seven years. Each
of these assessments and the approval process is set forth in this Attachment O.
### Figure 2 - SPP Integrated Transmission Planning Process 3-Year Cycle

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<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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<tr>
<td>10-Year</td>
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<tr>
<td>Near Term</td>
<td>S</td>
<td>A</td>
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*S = Scenarios, A = Analysis, R = Results*
II. Roles and Responsibilities

References to the “stakeholder working group” is a generic term that references those working group(s) as defined in the SPP Bylaws, Sections 3 through 6 that are charged with the transmission planning process. The current names of all the working groups shall be posted on the SPP website.

I. Transmission Upgrades Related to Transmission Service Requests

Transmission upgrades related to requests for transmission service are described in Sections 19 and 32 of the Tariff and Attachment Z1 to the Tariff. These upgrades are included as part of the future expansion of the transmission system, upon the execution of the various Service Agreements with the Transmission Customers. Transmission upgrades related to an approved request for transmission service may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved transmission service.

H. Transmission Upgrades Related to Generation Interconnection Service Requests

Interconnection facilities and other transmission upgrades related to requests for generation interconnection service are described in Attachment V. These upgrades are included as part of the future expansion of the transmission system upon the execution of the various interconnection agreements with the Generation Interconnection Customers. Transmission upgrades related to an approved interconnection agreement may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved interconnection service.

III. Transmission Upgrades Needed to Satisfy Reliability Criteria

Reliability upgrades are those transmission upgrades and additions that are required to meet NERC, SPP and the Transmission Owner’s local area reliability criteria. Section III describes the process of determining these requirements, how the requirements are approved, and ultimately how the final set of reliability projects is selected. In this area of transmission planning the future grid requirements for maintaining service to firm transmission service sold in the past is evaluated and approved.

1) Roles and Responsibilities
1. Division of Responsibilities

a) The rights, powers and obligations for planning are set forth in the SPP Membership Agreement in (i) Articles 2.1.1(j), 2.1.5 and 2.0.2(a) for the Transmission Provider and (ii) Articles 3.0.5 and 3.9 for the Members. The division of responsibility between the Transmission Provider and the Members is set forth in Section 3.0 of the SPP Criteria and in this Attachment O. The SPP Membership Agreement, the SPP Criteria and the Tariff shall be posted on the SPP website.

b) The Transmission Provider shall be responsible for developing the list of reliability projects in accordance with the stakeholder process set forth in Sections III-2, III-3 and VII of this Attachment O, and including inter-regional coordination set forth in Section X-VIII of this Attachment O.

c) To develop the list of reliability projects, the Transmission Provider shall perform transmission planning studies to assess the reliability and economic operation of the Transmission System in accordance with Section III of this Attachment O.

d) In concert with the planning process to develop the reliability projects, the Transmission Provider shall include and maintain requirements to serve existing commitments for long-term transmission service and interconnection service in accordance with Sections I and II of this Attachment O and any applicable roll-over rights as set out in Section 2.2 of the Tariff. It shall also take into account all previously approved projects.

e) The Transmission Provider shall review, and include as appropriate, all local area upgrades to meet local area reliability criteria as proposed by the Transmission Owners including those plans developed by Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria to ensure coordination of the projects set forth in such plans with the potential solutions developed in the regional planning process.

f) The Transmission Provider shall review and include, as appropriate, all reasonably expected demand resource, transmission, or generation options identified by stakeholders.

g) The Transmission Provider shall describe the details regarding expansion planning methodology, criteria, assumptions and data in the SPP Transmission Expansion Planning Manual which shall be posted on the SPP website.
h) In accordance with its NERC reporting requirements, the Transmission Provider shall publish an annual reliability report that shall include a list of the following:
   i) Regional upgrades required to maintain reliability in accordance with the NERC Reliability Standards and SPP Criteria;
   ii) Zonal upgrades required to maintain reliability in accordance with more stringent individual Transmission Owner planning criteria; and
   iii) Inter-regional upgrades developed with neighboring Transmission Providers to meet inter-regional needs, including results from the coordinated system plans.

2) Stakeholder Working Groups

   a) The purpose of the stakeholder working groups is to provide technical advice, assistance and oversight to the Transmission Provider in all aspects of the regional, sub-regional and local planning process, including but not limited to:
      i) Review and development of coordinated planning among the Transmission Provider and the Transmission Owners including accepted Network Upgrades developed by those Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria;
      ii) Review and development of regional planning criteria;
      iii) Review and development of Available Transfer Capability related calculation criteria as specified in Attachment C to the Tariff;
      iv) Review and development of transmission rating criteria; and
      v) Compliance with NERC Reliability Standards concerning transmission assessment, transfer capability and ratings of transmission facilities.

   b) All the stakeholder working group representation shall be appointed and chaired in accordance with Article 3.0 of the SPP Bylaws. All meetings of the stakeholder working groups are open to all entities.

   c) Voting in the various stakeholder working groups shall conform to Article 3.9 of the SPP Bylaws.
d) The data, information, and technical support necessary for the Transmission Provider to perform studies as required by the planning process and to develop the regional reliability projects are provided by the Transmission Owners, Transmission Customers and Generation Interconnection Customers and other entities within the area for which SPP is the regional entity. This process is described in Section IX-VII of this Attachment O.

e) Stakeholder working groups that work with the Transmission Provider on transmission planning shall meet at least quarterly and additional meetings, web conferences and teleconferences shall be scheduled as needed. Teleconference capability will be made available for stakeholder working group meetings. Notice of meetings of the stakeholder working groups shall be posted on the SPP website and distributed via email distribution lists. Meeting agendas and minutes shall be posted on the SPP website.

3) Participation by State Regulators
In accordance with the SPP Bylaws, any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP planning activities.

4) Adherence to Regional Planning Criteria
i) The regional planning criteria are comprised of the NERC Reliability Standards and SPP Criteria.
ii) The regional planning criteria may change from time to time based upon the then current process for changing reliability criteria.
iii) The individual Transmission Owners shall be obligated under the NERC Reliability Standards and SPP Criteria to resolve reliability violations and compliance needs identified by the Transmission Provider or by the individual Transmission Owners themselves in accordance with these standards and criteria. The SPP Criteria shall be posted on the SPP website.

5) Use of Local Planning Criteria
i) Individual Transmission Owners within the SPP Region may develop company-specific planning criteria that, at a minimum, conform to the NERC Reliability Standards and SPP Criteria.
ii) For each annual planning cycle, Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, must provide to the Transmission Provider at least once a year, by April 1st, their company-specific planning criteria in order for the need for Zonal Reliability Upgrades to be assessed and included in the SPP Transmission Expansion Plan.
iii) Transmission Owner planning criteria and assumptions may be modified at any time provided that, if the planning criteria are made more stringent, the increased requirements will not apply retroactively to studies previously completed or studies already underway by the Transmission Provider. Access to the individual Transmission Owner’s planning criteria shall be made available via an electronic link on the SPP website.

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IV) The individual planning criteria of each Transmission Owner, including those Transmission Owners that have their own FERC approved local planning process, shall be the basis for determining whether a reliability violation exists for which a need for a new Zonal Reliability Upgrade should be considered.

V) The Transmission Owner shall apply its local planning criteria comparably to all load in its service territory.

III. The Integrated Transmission Planning Process

The ITP process is an iterative three-year process that includes 20-Year, 10-Year and Near Term Assessments. The 20-Year Assessment identifies the transmission projects, generally above 300 kV, and provides a grid flexible enough to provide benefits to the region across multiple scenarios. The 10-Year Assessment focuses on facilities 100 kV and above to meet the system needs over a ten-year horizon. The Near Term Assessment is performed annually and assesses the system upgrades, at all applicable voltage levels, required in the near term planning horizon.

1) Commencement of the Process

At the beginning of each calendar year the Transmission Provider shall notify stakeholders as to which part(s) of the integrated transmission planning cycle will take place during that year and the approximate timing of activities required to develop the SPP Transmission Expansion Plan. Notice of commencement of the process shall be posted on the SPP website and distributed via email distribution lists.

2) Transmission Planning Forums

The transmission planning forums include planning summits and sub-regional planning meetings and these are conducted as follows:

a) Planning Summits
   i) The purpose of the planning summits is for the Transmission Provider and the stakeholders to share current SPP transmission network issues, develop the study scopes, provide solution alternatives and review study findings. These summits also provide an open forum where all stakeholders have an opportunity to provide advice and recommendations to the Transmission Provider to aid in the development of the SPP Transmission Expansion Plan.
   ii) The planning summits shall be open to all entities.
   iii) The Transmission Provider shall chair and facilitate the planning summits.
   iv) Planning summits shall be held at least semi-annually, including sub-regional breakout sessions of the SPP Region. Teleconference capability will be made available for planning summits. Planning summit web conferences shall be held as needed.
   v) Notice of the planning summits and web conferences shall be posted on the SPP website and distributed via email distribution lists.
b) Sub-regional Planning Meetings
   i) The Transmission Provider shall define sub-regions from time to time to address local area planning issues.
   ii) The purpose of the sub-regional planning meetings is to identify unresolved local stakeholder issues and transmission solutions at a more granular level than can be accomplished at general regional planning meetings. The sub-regional planning meetings shall provide stakeholders with local needs the opportunity to provide advice and recommendations to the Transmission Provider and to the Transmission Owners. The sub-regional planning meetings shall provide a forum to review local planning criteria as specified in Section II.5.b of this Attachment O.
iii) The sub-regional planning meetings shall be open to all entities.
iv) The Transmission Provider shall facilitate the sub-regional planning meetings.
v) A planning meeting shall be held at least annually for each individual sub-region.
vi) The sub-regional planning meetings shall be held in conjunction with the stakeholder working group meetings. Teleconference capability will be made available for sub-regional planning meetings. Sub-regional planning web conferences shall be held as needed.
vii) Notice of the sub-regional planning meetings, teleconferences and web conferences shall be posted on the SPP website and distributed via email distribution lists.

e) Participation by State Regulators
In accordance with Article 7.0 of the SPP Bylaws, any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP planning activities.

4) Reliability Studies

a) The Transmission Provider shall summarize the regional, sub-regional and local transmission needs, including accepted Network Upgrades developed by those Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria, of the SPP Region into a single plan which is assessed on the basis of maintaining the reliability of the SPP Region and economic transmission improvement opportunities.
b) The reliability studies shall conform to the NERC Reliability Standards, the SPP Criteria, and to company-specific planning criteria.
c) The reliability studies shall cover, at a minimum, the subsequent ten-year planning horizon. Information included as part of the analysis is:
   i) Previously identified and approved transmission projects;
   ii) Zonal Reliability Upgrades developed by those Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria;
   iii) Load and capacity forecasts, including the impact on load of existing and planned demand response resources;
   iv) Long-term firm transmission service;
   v) Capacity forecasts, including generation additions and retirements; and
   vi) Existing and planned demand response resources.
d) The details regarding expansion planning methodology, criteria, assumptions and data are included in the SPP Transmission Expansion Planning Manual which shall be posted on the SPP website.

3) Preparation of the 20-Year Assessment

a) The Transmission Provider shall perform a 20-Year Assessment once every three years. The timing of this assessment shall generally be in the first half of each three-year cycle.
b) The 20-Year Assessment shall review the system for a twenty-year planning horizon and address, at a minimum, facilities 300 kV and above needed in year 20. This assessment is not intended to review each consecutive year in the planning horizon. The Transmission Provider shall work with stakeholders to identify the appropriate year(s) to study in developing the assessment study scope.

c) The 20-Year Assessment shall assess the cost effectiveness of proposed solutions over a forty-year time horizon.

d) The Transmission Provider shall develop the assessment study scope with input from the stakeholders. The study scope shall take into consideration the input requirements described in Section III.6.

e) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.

f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope.

g) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report.

h) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions following the process set forth in Section III.8.
4) Preparation of the 10-Year Assessment

a) The Transmission Provider shall perform a 10-Year Assessment once every three years as part of the three year planning cycle. The timing of this assessment shall generally be in the second half of the three-year planning cycle.
b) The 10-Year Assessment shall review the system for a ten-year planning horizon and address, at a minimum, facilities 100 kV and above needed in year 10. This assessment is not intended to review each consecutive year in the planning horizon. The Transmission Provider shall work with stakeholders to identify the appropriate year(s) to study in developing the assessment study scope.
c) The 10-Year Assessment shall assess the cost effectiveness of proposed solutions over a forty-year time horizon.
d) The Transmission Provider shall develop the assessment study scope with input from the stakeholders. The study scope shall take into consideration the input requirements described in Section III.6.
e) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.
f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope.
g) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report.
h) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions, including those upgrades approved by the SPP Board of Directors from the most recent 20-Year Assessment, following the process set forth in Section III.8.

5) Preparation of the Near Term Assessment

a) The Transmission Provider shall perform the Near Term Assessment on an annual basis.
b) The Near Term Assessment will be performed on a shorter planning horizon than the 10-Year Assessment and shall focus primarily on identifying solutions required to meet the reliability criteria defined in Section III.6.
c) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used to develop the list of proposed near term upgrades.
d) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope. The study scope shall take into consideration the input requirements described in Section III.6.
e) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report.

f) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions, including those upgrades approved by the SPP Board of Directors from the most recent 20-Year Assessment and 10-Year Assessment, following the process set forth in Section III.8.

6) Policy, Reliability, and Economic Input Requirements to Planning Studies

The Transmission Provider shall incorporate, as appropriate for the assessment being performed, the following into its planning studies:

a) NERC Reliability Standards;
b) SPP Criteria;
c) Transmission Owner-specific planning criteria as set forth in Section II;
d) Previously identified and approved transmission projects;
e) Zonal Reliability Upgrades developed by Transmission Owners, including those that have their own FERC approved local planning process, to meet local area reliability criteria;
f) Long-term firm Transmission Service;
g) Load forecasts, including the impact on load of existing and planned demand management programs, exclusive of demand response resources;
h) Capacity forecasts, including generation additions and retirements;
i) Existing and planned demand response resources;
j) Congestion within SPP and between the SPP Region and other regions and balancing areas;
k) Renewable energy standards;
l) Fuel price forecasts;
m) Energy efficiency requirements;
n) Other relevant environmental or government mandates; and
o) Other input requirements identified during the stakeholder process.
The reliability studies shall accommodate and reflect generation and demand response resources which are capable of providing any of the functions assessed in the SPP planning process, and can be relied upon on a long-term basis. Such demand response resources shall be permitted to participate in the planning process on a comparable basis. These studies will consider operational experience gained from markets operated by the Transmission Provider.

g) Each annual reliability report shall include a list of the following:

i) Regional upgrades required to maintain reliability in accordance with the NERC Reliability Standards and SPP Criteria;

ii) Zonal upgrades required to maintain reliability in accordance with more stringent individual Transmission Owner planning criteria; and

iii) Inter regional upgrades developed with neighboring Transmission Providers to meet inter regional needs, including results from the coordinated system plans.

5) Transmission Planning Criteria

a) Regional Planning Criteria

i) The regional planning criteria are comprised of the NERC Reliability Standards and SPP Criteria.

ii) The regional planning criteria may change from time to time based upon the then current process for changing reliability criteria.

iii) The individual transmission owners shall be obligated under the NERC Reliability Standards and SPP Criteria to resolve reliability violations and compliance needs identified by the Transmission Provider or by the individual transmission owners themselves in accordance with these standards and criteria. The SPP Criteria shall be posted on the SPP website.

b) Local Planning Criteria

i) Individual Transmission Owners within the SPP Region may develop company-specific planning criteria that, at a minimum, conform to the NERC Reliability Standards and SPP Criteria.

ii) For each annual planning cycle, Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, must provide to the Transmission Provider at least once a year, by April 1st their company-specific planning criteria in order for the need for Zonal Reliability Upgrades to be assessed and included in the SPP Transmission Expansion Plan.

iii) Transmission Owner planning criteria and assumptions may be modified at any time provided that, if the planning criteria are made more stringent, the increased requirements will not apply retroactively to studies previously completed or studies already underway by the Transmission Provider. Access to the individual Transmission Owner’s planning criteria shall be made available via an electronic link on the SPP website.
7) Inclusion of Upgrades Related to Transmission Service and Generator Interconnection in Planning Studies

a) Transmission upgrades related to requests for Transmission Service are described in Sections 19 and 32 of the Tariff and Attachment Z1 to the Tariff. These upgrades are included as part of the future expansion of the Transmission System, upon the execution of the various Service Agreements with the Transmission Customers. Transmission upgrades related to an approved request for Transmission Service may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved Transmission Service.

b) Interconnection facilities and other transmission upgrades related to requests for generation interconnection service are described in Attachment V. These upgrades are included as part of the future expansion of the Transmission System upon the execution of the various interconnection agreements with the Generation Interconnection Customers. Transmission upgrades related to an approved interconnection agreement may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved interconnection service.

c) The studies performed under this Section III of Attachment O shall accommodate and model the specific long-term firm Transmission Service of Transmission Customers and specific interconnections of Generation Interconnection Customers no later than when the relevant Service Agreements and interconnection agreements are accepted by the Commission.
iv) The individual planning criteria of each Transmission Owner, including those Transmission Owners that have their own FERC approved local planning process, shall be the basis for determining whether a reliability violation exists for which a need for a new Zonal Reliability Upgrade should be considered.

v) The Transmission Owner shall apply its local planning criteria comparably to all load in its service territory.

IV—— Transmission Upgrades That Provide Economic Benefits

Economic upgrades are those transmission upgrades and additions that have been shown to provide customers access to demand resource, transmission, or generation options such that the potential energy savings exceed the cost of the proposed transmission upgrade(s). This section describes the process of determining how these upgrades are identified and added to the SPP Transmission Expansion Plan.

1) Overview of the Process

Following is a flow chart of the process to perform the economic assessment and economic planning studies.

8) Process to Analyze Transmission Alternatives for each Assessment

The following shall be performed, at the appropriate time in the respective planning cycle, for the 20-Year Assessment, 10-Year Assessment and Near Term Assessment studies:

a) The Transmission Provider shall perform the required studies to analyze the potential alternatives for improvements to the Transmission System, provided by the Transmission Provider and by the stakeholders, in order to address the final assessment study scope agreed to with the stakeholders. This analysis shall consider the current and anticipated future needs of the SPP Region within the parameters of the study scope. The analysis shall also consider the value brought to the SPP Region by incremental changes to the proposed solutions.

b) For all potential alternatives provided by the stakeholders, including reliability upgrades that Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, propose to address violations of company-specific planning criteria pursuant to Section II.5 of this Attachment O, the Transmission Provider shall determine if there is a more comprehensive regional
solution to address the reliability and economic needs identified in the assessment.

c) In addition to recommended upgrades, the Transmission Provider will consider, on a comparable basis, any alternative proposals which could include, but would not be limited to, generation options, demand response programs, “smart grid” technologies, and energy efficiency programs. Solutions will be evaluated against each other based on a comparison of their relative effectiveness of performance and economics.
d) The Transmission Provider shall assess the cost effectiveness of proposed solutions. Such assessments shall be performed in accordance with the Integrated Transmission Planning Manual, which shall be developed by the Transmission Provider, in consultation with stakeholders, and approved by the Markets and Operations Policy Committee. SPP shall post this manual on its website.

e) The analysis described above shall take into consideration the following:

i) The financial modeling time frame for the analysis shall be 40 years (with the last 20 years provided by a terminal value).

ii) The analysis shall include quantifying the benefits resulting from dispatch savings, loss reductions, avoided projects, applicable environmental impacts, reduction in required operating reserves, interconnection improvements, congestion reduction, and other benefit metrics as appropriate.

iii) The analysis shall identify and quantify, if possible, the benefits related to any proposed transmission upgrade that is required to meet any regional reliability criteria.

iv) The analysis scope shall include different scenarios to analyze sensitivities to load forecasts, wind generation levels, fuel prices, environmental costs, and other relevant factors. The Transmission Provider shall consult the stakeholders to guide the development of these scenarios.

v) The results of the analysis shall be reported on a regional, zonal, and state-specific basis.

vi) The analysis shall assess the net impact of the transmission plan, developed in accordance with this Attachment O, on a typical residential customer within the SPP Region and on a $/kWh basis.

f) The Transmission Provider shall make a comprehensive presentation of the preferred potential solutions, including the results of the analysis above, to the stakeholder working groups and at a planning summit meeting or web conference. The presentation shall include a discussion of all the Transmission Provider and stakeholder alternatives considered and reasons for choosing the particular preferred solutions.
g) The Transmission Provider shall solicit feedback on the solutions from the stakeholder working groups and through the stakeholders attending the various planning summits. The Transmission Provider will also include feedback from stakeholders through other meetings, teleconferences, web conferences, and via email or secure web-based workspace. Stakeholders may propose any combination of demand resources, transmission, or generation as alternative solutions to identified reliability and economic needs.

b) Upon consideration of the results of the cost effectiveness analysis and feedback received in the subsequent review process, the Transmission Provider shall prepare a draft list of projects for review and approval in accordance with Section V.
Economic Assessment and Economic Planning Study
Process Flow Chart

1. Propose New Economic Upgrade
2. Stakeholder Input
3. Collect & Verify Input Data
   ⊃ Develop Base Case Model
   ⊃ Develop Specific Base Case Modeling Assumptions
   ⊃ Benchmark Base Case
   ⊃ Develop Economic Upgrade Models
   ⊃ Screen Upgrades
   ⊃ Evaluate Top Projects Via Detailed Analysis For the Plan
   ⊃ Assess Impact on Reliability Plan and modify as needed
   ⊃ Perform Sensitivity Analysis
   ⊃ Calculate Expected Economic Benefits
   ⊃ Identify Break-out of Expected Economic Benefits
   ⊃ Publish Results
   ⊃ List Endorsed by the BOD
   ⊃ Incorporate in the SPP Transmission Expansion Plan
   ⊃ Project Sponsor Commits to Funding Economic Upgrade
   ⊃ Sponsored Economic Upgrade is Scheduled for Construction

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2) Economic Assessment

a) The Transmission Provider shall perform an economic assessment as part of the planning process described in Section VI.4.e of this Attachment O.

b) The economic assessment shall be based on the most current planning model(s) and shall address:
   i) Congestion within the SPP Region;
   ii) Congestion between the SPP Region and other regions and balancing areas.

IV. Other Planning Studies

1) Sponsored Upgrade Studies

Any entity may request that a Sponsored Upgrade be built. SPP will evaluate the impact of any Sponsored Upgrade on Transmission System reliability and identify any necessary mitigation of these impacts. Such entity must be willing to assume the cost of such Sponsored Upgrade, study costs, and any cost associated with such necessary mitigation. The proposed Sponsored Upgrade will be submitted to the proper stakeholder working group for their review as a part of the transmission planning process.

32) High Priority Studies

a) The Transmission Provider shall perform high priority studies in accordance with this Attachment O and the Transmission Network Economic Modeling & Methods manual which shall be maintained on the SPP website.

b) Potential Balanced Portfolios, as developed through the process specified in Sections IV.34 through IV.7, shall be considered to be high priority studies.

c) The stakeholders may request high priority studies, including a request for the Transmission Provider to study potential upgrades or other investments necessary to integrate any combination of resources, whether demand resources, transmission, or generation, identified by the stakeholders. Annually, the costs of up to three high priority studies requested by the stakeholders and performed by the Transmission Provider shall be recovered pursuant to Schedule 1-A of this Tariff. A high priority study of a potential Balanced Portfolio initiated by the Transmission Provider will not be considered a stakeholder request pursuant to this Section IV.32.c.

d) The Transmission Provider, in consultation with the stakeholders, shall develop the scope for each high priority study and post the scope(s) on the SPP website.

e) Each study shall include:
   i) Quantification of benefits and costs in accordance with this Attachment O and the Transmission Network Economic Modeling and Methods manual; and
   ii) An analysis of the sensitivity of the economics of the upgrades included in the high priority study to changes in assumptions.

f) The Transmission Provider shall solicit input from the stakeholders and the Regional State Committee regarding the appropriate sensitivity analyses to be performed.

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g) For each high priority study the Transmission Provider shall publish a report, including but not limited to, the study input assumptions, the estimated cost of the upgrades, any third party impacts, the expected economic benefits of the upgrades, and identify reliability impacts, if any, of the upgrades. The report and related studies and the criteria, assumptions and data underlying the report shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address Critical Energy Infrastructure Information (CEII) requirements. The CEII compliant redacted version of the report shall be posted on the SPP website. The redacted version shall include instructions for acquiring the complete version of the report.

h) The Transmission Provider may recommend, based on the results of a high priority study, a high priority upgrade for inclusion in the SPP Transmission Expansion Plan in accordance with the approval process set forth in Section VI.

4) Identification of Potential Economic Upgrades

The Transmission Provider shall solicit suggestions of potential economic upgrades as outlined in the study scope. The Transmission Provider may also suggest potential economic upgrades. The Transmission Provider shall post the list of all potential economic upgrades on the SPP website, subject to confidentiality requirements. Suggestion of potential economic upgrades does not require the submission of a specific request for transmission service or for interconnection service.

5) Screening Analysis of Potential Economic Upgrades

a) The Transmission Provider shall perform a screening analysis of the potential economic upgrades.

b) To perform the screening analysis, the Transmission Provider shall estimate the cost and the benefit of each potential economic upgrade.

c) The screening analysis shall establish a relative ranking of all potential economic upgrades based on the ratio of the estimated benefit to the estimated cost.

d) The Transmission Provider shall post a list of all of the potential economic upgrades screened and the results of the screening analysis, including their relative rankings, on the SPP website.

e) The Transmission Provider shall discuss the results of the screening analysis with the stakeholder working groups and with stakeholders at a planning summit or web conference.
Evaluation of Potential Balanced Portfolios

a) The Transmission Provider shall solicit input from stakeholders on combinations of potential economic upgrades to be evaluated as potential Balanced Portfolios.

b) Each economic upgrade to be included in a potential Balanced Portfolio:
   i) Must include a 345 kV or higher voltage facility;
   ii) May include lower voltage transmission facilities needed to integrate the 345 kV or higher facilities and achieve the benefits; however, the cost of the lower voltage transmission facilities cannot exceed the cost of the 345 kV or higher facilities included in the economic upgrade; and
   iii) An economic upgrade that includes lower voltage transmission facilities for which the cost of such facilities exceeds the cost of the 345 kV or higher facilities constituting the economic upgrade may be included in the evaluation of a potential Balanced Portfolio, if a Project Sponsor agrees to bear the portion of the cost of the lower voltage facilities that is in excess of the cost of the 345 kV or higher facilities.
   iv) Will include an evaluation of the costs of the upgrades, including any cost impacts potentially allocable to the Transmission Provider or a Zone(s) from third party upgrade(s) required to relieve congestion on a neighboring system due to the construction of the potential Balanced Portfolio.

c) The Transmission Provider shall determine for each Zone the net present value of the revenue requirements of each potential Balanced Portfolio as follows:
   i) The revenue requirements for each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system. This requirement is for evaluation purposes only and shall not restrict the timing of the construction of individual upgrades within a Balanced Portfolio approved by the SPP Board of Directors.
   ii) Based on input from the Transmission Owners and other pertinent information, the Transmission Provider shall estimate the construction costs of each upgrade in the potential Balanced Portfolio.
   iii) For each upgrade in the potential Balanced Portfolio, the Transmission Provider shall use the transmission fixed charge rate(s) for the appropriate Transmission Owner(s) to estimate the revenue requirements. In each annual planning cycle, the Transmission Owner shall supply its fixed charge rate to the Transmission Provider.
   iv) The fixed charge rate(s) shall take account of all costs necessary to support the upgrade in the potential Balanced Portfolio, including but not limited to, operation and maintenance expenses, depreciation, property and payroll taxes, income taxes, if applicable, return on investment and any other factors affecting the revenue requirement associated with the upgrade.
v) The revenue requirements also shall include any specific costs that are projected to be incurred by the Transmission Provider or a Zone(s) as a result of third-party impacts *(net of any reimbursements resulting from such third-party impacts)* due to one or more upgrades within a proposed Balanced Portfolio.

vi) The revenue requirements for the potential Balanced Portfolio shall equal the sum of the revenue requirements of the upgrades that comprise the potential Balanced Portfolio.

vii) The Transmission Provider shall estimate the cost for each Zone by allocating the revenue requirements for the potential Balanced Portfolio to each Zone based on its Region-wide Load Ratio Share forecasted over the ten year period analyzed.

viii) If any costs of an upgrade in the potential Balanced Portfolio will be borne by other funding mechanisms, such costs shall not be included in the determination of the net present value of the revenue requirements for the potential Balanced Portfolio.

d) The Transmission Provider shall determine for each Zone the net present value of the benefits of each potential Balanced Portfolio as follows:

i) The benefits from each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system.

ii) The Transmission Provider shall use an adjusted production cost metric to analyze the benefits of the potential Balanced Portfolio, where adjusted production cost is the production cost minus revenues from sales plus cost of purchases. As described in Section IV.6 of this Attachment O, the Transmission Provider shall continue to evaluate and explore with the stakeholders any additional metrics and criteria which have quantifiable economic effects.

iii) The adjusted production cost benefit for each Zone shall equal the difference between the adjusted production cost with the potential Balanced Portfolio modeled and without the potential Balanced Portfolio modeled.

iv) The Transmission Provider shall estimate the annual benefits for each Zone over the same ten-year period as used to determine the costs by calculating the annual benefits for at least three specific years in the ten-year time period and interpolating the annual benefits for the remaining years.

e) A potential Balanced Portfolio shall meet the following conditions:

i) Cost Beneficial: The sum of the benefits of the potential Balanced Portfolio determined in Section IV.d must equal or exceed the sum of the costs determined in Section IV.c; and
ii) Balanced: For each Zone, the sum of the benefits of the potential Balanced Portfolio determined in Section IV.6.d must equal or exceed the sum of the costs determined in Section IV.6.c. Additionally, the balance may be achieved through the provisions set forth in Section IV.74.

f) In developing a potential Balanced Portfolio, the Transmission Provider shall timely publish a report, including but not limited to, the study input assumptions, the estimated costs included in the potential Balanced Portfolio, and the expected economic benefits of the potential Balanced Portfolio. With regard to such report, the Transmission Provider shall comply with the information sharing and reporting requirements in Part IX–VII (Information Exchange) and Section IV.2(3) (High Priority Studies) of this Attachment O, including the requirements for treatment of confidential information.

74) Options for Achieving a Balanced Portfolio

a) Section IV.7-3 of this Attachment O sets forth provisions to achieve a Balanced Portfolio when there are deficient Zones. A deficient Zone is a Zone where the costs allocated to the Zone in Section IV.6.c exceed the benefits allocated to the Zone in Section IV.6.d, including any additional costs or benefits derived from the application of the provisions in this Section IV.74.
b) In order to achieve a Balanced Portfolio, the Transmission Provider may include transmission upgrades that do not adhere to the voltage requirements of Sections IV.63.b.i and ii of this Attachment O.

c) If including the lower voltage transmission facilities does not achieve a Balanced Portfolio, the Transmission Provider may balance the portfolio by transferring a portion of the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement. Transmission Provider shall include the following constraints in this assessment:

i) Limit the amount to be transferred from the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement to the minimum amount that will balance the portfolio over the ten-year period analyzed;

ii) Transfer from the Base Plan Zonal Annual Transmission Revenue Requirement first, then, if necessary, transfer from the Zonal Annual Transmission Revenue Requirement; and

iii) For each Zone, meet the conditions specified in Section IV.63.e.ii of this Attachment O.

85) Development of Additional Benefit Metrics

a) The Transmission Provider shall continue to evaluate and explore with the stakeholders via the transmission planning process any additional metrics and criteria which have quantifiable economic effects, such as:

i) Reduction in system losses;

ii) Differing environmental impacts;

iii) Improvement to capacity margin and operating reserve requirements;

iv) Energy, capacity and ancillary service market facilitation;

v) Increased competition in wholesale markets;

vi) Reliability enhancement, including storm hardening and black start capability; and

vii) Critical infrastructure and homeland security.

b) Any subsequent adjustment to the metrics and criteria for evaluating potential Balanced Portfolios developed by the Transmission Provider, with input from the stakeholders, shall be proposed through Tariff amendments.
V. **Sponsored Upgrades**

Any entity may request that a Sponsored Upgrade be built. SPP will evaluate the impact of any Sponsored Upgrade on Transmission System reliability and identify any necessary mitigation of these impacts. Such entity must be willing to assume the cost of such Sponsored Upgrade, study costs, and any cost associated with such necessary mitigation. The proposed Sponsored Upgrade will be submitted to the proper stakeholder working group for their review as a part of the transmission planning process.

V. **The SPP Transmission Expansion Plan**

The SPP Transmission Expansion Plan shall be a comprehensive listing of all transmission projects in the SPP for the twenty-year planning horizon. Projects included in the SPP Transmission Expansion Plan are: 1) upgrades required to satisfy requests for Transmission Service; 2) upgrades required to satisfy requests for generation interconnection; 3) approved projects from the 20-Year Assessment, 10-Year Assessment and Near Term Assessment (ITP Upgrades); 4) upgrades within approved Balanced Portfolios; 5) approved high priority upgrades; and 6) endorsed Sponsored Upgrades. A specific endorsed Sponsored Upgrade will be included in the Transmission System planning model upon execution of a contract that financially commits a Project Sponsor to such upgrade or when such upgrade is otherwise funded pursuant to the Tariff. To be included in the SPP Transmission Expansion Plan, each project must have been endorsed or approved through its proper process. This Section V describes the process used to approve or endorse the specific upgrades identified in 20-Year, 10-Year and Near Term Assessments, high priority upgrades, and Balanced Portfolios.
VI. The Annual Planning Process

1) Overview of the Process

Following is a flow chart of the process to develop the SPP Transmission Expansion Plan, the annual planning cycle, and milestones in the cycle.
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SPP Reliability and Economic Planning Process (12 months)

- Finalize Scope
- SPP Planning Model Updates
- NERC TPL Reliability Assessment
- OASIS Posting
- Planning Summit
- Planning Summit Feedback
- Preliminary Solutions
- SPP Economic Assessment

1st Quarter:
- Local Area Planning Meeting

2nd Quarter:
- Local Area Planning Meeting

3rd Quarter:
- Local Area Planning Meeting

4th Quarter:
- Local Area Planning Meeting

OASIS Posting
- Planning Summit 100 kV and above
- Planning Summit Feedback
- OASIS Posting
- Planning Web Conference 69 kV
- Planning Summit Feedback
- OASIS Posting
- Reliability Report
- SPP BOD Approval

Budgeting and Scoping for Committed Years 1-4 & New/Revised Projects

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2) Commencement of the Process

At the beginning of each annual planning cycle, the Transmission Provider shall initiate the stakeholder process to develop the annual SPP Transmission Expansion Plan. Notice of commencement of the process shall be posted on the SPP website and distributed via email distribution lists.

3) Preparation of the Reliability Assessment

a) For each annual planning cycle, the Transmission Provider shall develop the assessment study scope with input from the stakeholders.

b) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used to develop the list of proposed reliability upgrades.

c) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope.

d) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report.

e) In accordance with the assessment study scope, the Transmission Provider shall prepare an assessment of the Transmission System on the basis of maintaining the reliability of the SPP Region and identifying economic opportunities to reduce congestion.

f) The Transmission Provider shall present the reliability assessment to the stakeholder working groups and the planning summit.

g) The Transmission Provider shall solicit feedback on the reliability assessment, including potential alternatives for improvements to the Transmission System, from the stakeholder working groups and through the stakeholders attending the various planning summits. The Transmission Provider will also include feedback from stakeholders through other meetings, teleconferences, web conferences and via email or secure web-based workspace. Stakeholders may propose any combination of demand resources, transmission, or generation as alternative solutions to identified reliability and economic needs.

4) Analysis of Transmission Alternatives to Address Identified Needs

a) The Transmission Provider shall perform the required studies to analyze the potential alternatives for improvements to the Transmission System, provided by the Transmission Provider and by the stakeholders, in order to address the reliability and economics identified in the assessment.

b) For all potential alternatives provided by the stakeholders, including reliability upgrades that Transmission Owners, including those Transmission Owners that have their own FERC-approved local planning process, propose to address violations of company-specific planning criteria pursuant to Section III.5.b of this Attachment O, the Transmission Provider shall determine if there is a more comprehensive regional solution to address the reliability and economic needs identified in the assessment.

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c) In addition to recommended upgrades, the Transmission Provider will consider, on a comparable basis, any alternative proposals which could include, but would not be limited to, generation options, demand response programs, “smart grid” technologies, and energy efficiency programs. Solutions will be evaluated against each other based on a comparison of their relative effectiveness of performance and economies.
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d) The Transmission Provider shall make a comprehensive presentation of the viable potential solutions to the stakeholder working groups and at a planning summit meeting or web conference. The presentation shall include a discussion of the Transmission Provider and stakeholder alternatives considered and reasons for choosing the particular solutions.

e) The Transmission Provider shall solicit feedback on the solutions from the stakeholder working groups and through the stakeholders attending the various planning summits. The Transmission Provider will also include feedback from stakeholders through other meetings, teleconferences, web conferences and via email or secure web-based workspace.

f) The Transmission Provider shall review proposed solutions that reduce congestion or provide other economic benefits to the region. The screening analysis and inclusion of these solutions shall be performed in accordance with Section IV of this Attachment O.

g) In addition, the Transmission Provider shall consider the costs and benefits in selecting the potential solutions. The benefits related to each potential solution shall be calculated pursuant to the following guidelines:


ii) The financial modeling time frame for the analysis shall be 40 years (with the last 20 years provided by a terminal value).

iii) The analysis shall include quantifying the benefits resulting from dispatch savings, loss reductions, avoided projects, reduction in carbon emissions, reduction in required operating reserves, interconnection improvements, congestion reduction, and other benefit metrics developed by the ESWG.

iv) Special care must be taken to identify and possibly quantify the benefits from reliability improvements of the transmission system.

v) The benefit analysis scope shall include different scenarios to analyze sensitivities to load forecasts, wind generation levels, fuel prices, carbon prices, and other relevant factors. The CAWG and ESWG should guide the development of these scenarios.

vi) The benefit analysis shall assess both regional costs and benefits for the SPP Region and the net cost-benefit of each scenario on a zonal and by state basis.

vii) The benefit analysis shall assess the net impact of the transmission plan, developed in accordance with Attachment O, on a typical residential customer within the SPP Region and on a $/kWh basis.
51) Development of the Recommended SPP Reliability Projects, Balanced Portfolios, and High Priority Upgrades Set of Upgrades from Planning Studies

a) Upon completion of the analysis, studies and stakeholder review and comment on the results in accordance with Sections III and IV of this Attachment O, the Transmission Provider shall prepare a draft list of all projects for review by the stakeholders. The Transmission Provider shall post the draft project list on the SPP website and shall identify the assessment process with which they are associated.

b) Upon posting of the draft project list, the Transmission Provider shall invite written comments to be submitted to the Transmission Provider.

c) The Transmission Provider shall review the draft project list with the stakeholder working groups and the Regional State Committee.

d) Considering the input from the stakeholders through this review process, the Transmission Provider shall prepare a recommended list of proposed ITP Upgrades based upon the analysis as described in Section III, upgrades within proposed Balanced Portfolios, proposed reliability upgrades, and proposed high priority upgrades for review and approval.


a) The Transmission Provider shall disclose planning information, which includes the proposed recommended list of proposed upgrades and the underlying studies, by providing:

i) All stakeholders equal access, notice and opportunity to participate in planning summits, the stakeholder working group meetings and the sub-regional planning meetings as well as any associated web conferences or teleconferences as set forth in Section III of this Attachment O; and

ii) For the contemporaneous availability of such meeting handouts on the SPP website.
b) The related study results, criteria, assumptions, analysis results, and data underlying the studies used to develop the proposed ITP Upgrades, the list of upgrades within proposed Balanced Portfolios, proposed reliability upgrades, and proposed high priority upgrades shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address CEII requirements. Additionally, Transmission Owner specific local plans and criteria shall be accessible via an electronic link on the SPP website in accordance with Section IX–VII of this Attachment O. The CEII compliant redacted version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans shall be posted on the SPP website. Redacted versions shall include instructions for acquiring the complete version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans. An electronic link shall be provided on the SPP website by which stakeholders may send written comments on the SPP Transmission Expansion Plan and Transmission Owner specific local plans and criteria.

VII. The SPP Transmission Expansion Plan

The SPP Transmission Expansion Plan shall be a comprehensive listing of all transmission projects in the SPP for the ten year planning horizon. Projects included in the SPP Transmission Expansion Plan are: 1) upgrades required to satisfy requests for transmission service; 2) upgrades required to satisfy requests for generation interconnection; 3) approved reliability projects; 4) upgrades within approved Balanced Portfolios; 5) approved high priority upgrades; and 6) endorsed Sponsored Upgrades. A specific endorsed Sponsored Upgrade will be included in the Transmission System planning model upon execution of a contract that financially commits a Project Sponsor to such upgrade or when such upgrade is otherwise funded pursuant to the Tariff. To be included in the SPP Transmission Expansion Plan, each project must have been endorsed or approved through its proper process.
Approval and Endorsement Process

a) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of reliability ITP Upgrades. Approval by the SPP Board of Directors is required for the inclusion of reliability ITP Upgrades in the SPP Transmission Expansion Plan.

b) The Markets and Operations Policy Committee shall make a recommendation regarding the inclusion of a proposed Balanced Portfolio in the SPP Transmission Expansion Plan. Approval by the SPP Board of Directors is required for inclusion of a Balanced Portfolio in the SPP Transmission Expansion Plan. SPP is not required to have a Balanced Portfolio each year.

c) If the SPP Board of Directors approves a list of ITP Upgrades, upgrades within Balanced Portfolios, or high priority upgrades other than those recommended by the Markets and Operations Policy Committee, the explanation for the deviation shall be included in the SPP Transmission Expansion Plan.

d) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of a high priority upgrade recommended by the Transmission Provider. Approval by the SPP Board of Directors is required for the inclusion of a high priority upgrade in the SPP Transmission Expansion Plan.

d) The Markets and Operations Policy Committee shall make a recommendation regarding endorsement of a proposed Sponsored Upgrade. Endorsement by the SPP Board of Directors is required for the inclusion of a Sponsored Upgrade in the SPP Transmission Expansion Plan.

e) The list of projects shall be posted on the SPP website by the Transmission Provider. The Transmission Provider shall, in addition to the posting, e-mail notice of such posting to the stakeholders at least ten days prior to a meeting at which the SPP Board of Directors is expected to take action on accepting or modifying the list.

fg) The list of approved reliability ITP Upgrades, upgrades within approved Balanced Portfolios, approved high priority upgrades, and endorsed Sponsored Upgrades may be modified throughout the year by the SPP Board of Directors provided that such action shall be posted and noticed pursuant to this section.

h) The list of upgrades for Transmission Service are approved in accordance with the provisions of Attachment Z1 and included in the STEP accordingly.

i) The list of interconnection facilities and other transmission upgrades related to requests for generation interconnection service are approved in accordance with the provisions of Attachment V and included in the STEP accordingly.
(6) The SPP Transmission Expansion Plan shall be presented to the SPP Board of Directors at least once a year. Approval of the ITP Upgrades, Balanced Portfolios, reliability upgrades, and high priority upgrades, and the endorsement of the other projects contained in the SPP Transmission Expansion Plan by the SPP Board of Directors shall certify a regional plan for meeting the transmission needs of the SPP Region.

(24) Updates to the SPP Transmission Expansion Plan

   a) Modifications to the SPP Transmission Expansion Plan may be made between the annual approvals as required to maintain system reliability and to meet new business opportunities as they are identified.
   b) The Transmission Provider shall work with the stakeholders on an on-going basis throughout the year analyzing any newly identified issues and incorporating any necessary adjustments to the SPP Transmission Expansion Plan on an out of cycle basis.
   c) On a quarterly basis, the Transmission Provider shall post any modifications to the SPP Transmission Expansion Plan on the SPP website.
   d) The modifications shall be reviewed by the stakeholders and the Regional State Committee, endorsed by the stakeholder working groups, and approved or endorsed by the SPP Board of Directors, in accordance with Sections VI.5 and VII of this Attachment O, respectively.

(35) Removal of an Upgrade from the SPP Transmission Expansion Plan.

   The Transmission Provider, in consultation with the stakeholders in accordance with Sections VI.5 and VII of this Attachment O, may remove an upgrade from an approved SPP Transmission Expansion Plan. A Transmission Owner that has incurred costs related to the removed upgrade shall be reimbursed for any expenditure pursuant to Section VIII of Attachment J to the Tariff.

(46) Status of Upgrades Identified in the SPP Transmission Expansion Plan

   a) The Transmission Provider shall track the status of planned system upgrades to ensure that the projects are built in time or that acceptable mitigation plans are in place to meet customer and system needs.
   b) On a quarterly basis, at a minimum, the Transmission Provider shall:
      i) Report to the Markets and Operations Policy Committee, the Regional State Committee and the SPP Board of Directors on the status of the upgrades identified in the SPP Transmission Expansion Plan; and
      ii) Post the status of the upgrades on the SPP website.

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VIII. Construction of Transmission Facilities

1) The Transmission Provider shall not build or own transmission facilities. The Transmission Provider, with input from the Transmission Owners and other stakeholders, shall designate in a timely manner within the SPP Transmission Expansion Plan (“STEP”) one or more Transmission Owners to construct, own, and/or finance each project in the plan.

2) Any owner of Transmission Facilities, as defined in Attachment AI of this Tariff, which are or are capable of being used by the Transmission Provider to provide transmission service pursuant to Part II and Part III of this Tariff, shall have the right to sign the SPP Membership Agreement as a Transmission Owner and thereby acquire all of the rights and obligations of a Transmission Owner described therein, including all of the rights and obligations of a Transmission Owner described in this Tariff and specifically this Section VIII. Each Transmission Owner and every other entity designated to construct a project by the Transmission Provider pursuant to this Section VIII shall use due diligence to construct transmission facilities as directed by the SPP Board of Directors subject to such siting, permitting, and environmental constraints as may be imposed by state, local and federal laws and regulations, and subject to the receipt of any necessary federal or state regulatory approvals. Such construction shall be performed in accordance with Good Utility Practice, applicable SPP Criteria, industry standards, the applicable Transmission Owner’s specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements), and in accordance with all applicable requirements of federal or state regulatory authorities. Each Transmission Owner shall be fully compensated to the greatest extent permitted by the Commission for the costs of construction undertaken by such Transmission Owner in accordance with this Tariff.

3) A specific endorsed Sponsored Upgrade in the SPP Transmission Expansion Plan will be deemed approved for construction upon execution of a contract that financially commits a Project Sponsor to such upgrade.
4) After a new transmission project is (i) approved for construction under the SPP Transmission Expansion Plan or (ii) required pursuant to a Service Agreement or (iii) required by a generation interconnection agreement to be constructed by a Transmission Owner(s) other than the Transmission Owner that is a party to the generation interconnection agreement, the Transmission Provider shall direct the appropriate Transmission Owner(s) to begin implementation of the project for which financial commitment is required prior to the approval of the next update of the SPP Transmission Expansion Plan. Such direction At the discretion of the SPP Board of Directors, the Transmission Provider may direct the appropriate Transmission Owner(s) to begin implementation of other such approved or required transmission projects for which financial commitment is not required prior to approval of the next SPP Transmission Expansion Plan. The direction from the Transmission Provider shall be provided in writing to the Transmission Owner(s) designated to construct the project (“Designated Transmission Owner(s)”). The written notification to the Designated Transmission Owner(s) shall include but not be limited to: (1) the specifications of the project required by the Transmission Provider and (2) a reasonable project schedule, including a project completion date (“Notification to Construct”). If the project forms a connection with facilities of a single Transmission Owner, that Transmission Owner shall be designated to construct the project. If the project forms a connection with facilities owned by multiple Transmission Owners, the applicable Transmission Owners will be designated to provide their respective new facilities. If there is more than one Transmission Owner designated to construct a project, the Designated Transmission Owners will agree among themselves which part of the project will be provided by each entity. If the Designated Transmission Owners cannot come to a mutual agreement regarding the assignment and ownership of the project the Transmission Provider will facilitate their discussion. Each project or segment of a project being built by a single Designated Transmission Owner shall be considered a separate project for purposes of Section VII.6 and each Designated Transmission Owner will receive a separate Notification to Construct for each project or segment of a project they are responsible to construct.

5) Network Upgrade(s) and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement will be constructed pursuant to the generation interconnection agreement or pursuant to Section VII.4 of this Attachment O. Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement required to be constructed by the Transmission Owner who is a party to the generation interconnection agreement shall be constructed pursuant to the generation interconnection agreement. All other Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement to be constructed by Transmission Owners not a party to the generation interconnection agreement shall be constructed pursuant to Section VII.4 of this Attachment O.
6) In order to maintain its right to construct the project, the Designated Transmission Owner shall respond within ninety (90) days after the receipt of the Notification to Construct with a written commitment to construct the project as specified in the Notification to Construct or a proposal for a different project schedule and/or alternative specifications in its written commitment to construct (“Designated Transmission Owner’s proposal”). The Transmission Provider shall respond to the Designated Transmission Owner’s proposal within ten (10) days of its receipt of the proposal. If the Transmission Provider accepts the Designated Transmission Owner’s proposal, the NTC Notification to Construct will be modified according to the accepted proposal and the Designated Transmission Owner shall construct the project in accordance with the modified Notification to Construct NTC. If the Transmission Provider rejects the Designated Transmission Owner’s proposal, the Designated Transmission Owner’s proposal shall not be deemed an acceptable written commitment to construct the project. However, the Transmission Provider’s rejection of such proposal shall not preclude a Designated Transmission Owner from providing a written commitment to construct the project after such rejection, provided the subsequent written commitment to construct the project is made within the ninety day time period after the issuance of the Notification to Construct NTC.

If a Designated Transmission Owner does not provide an acceptable written commitment to construct within the ninety (90) day period, the Transmission Provider shall solicit and evaluate proposals for the project from other entities and select a replacement designated provider. The Transmission Provider shall solicit proposals from entities that meet certain specified legal, regulatory, technical, financial and managerial qualifications, specifically including the following:

i) Entities that have obtained all state regulatory authority necessary to construct, own and operate transmission facilities within the state(s) where the project is located,

ii) Entities that meet the creditworthiness requirements of the Transmission Provider,

iii) Entities that have signed or are capable and willing to sign the SPP Membership Agreement as a Transmission Owner upon the selection of its proposal to construct and own the project, and

iv) Entities that meet such other technical, financial and managerial qualifications as are specified in the Transmission Provider’s business practices.
The Transmission Provider shall evaluate each proposal with regard to the cost, reliability and timeliness of the proposed construction of the project and shall make a recommendation to the Board of Directors. The Board of Directors shall thereafter select an entity making a proposal and arrange for that entity to construct the project and become the Designated Transmission Owner.

At any time, a Designated Transmission Owner may elect to arrange for another entity or another existing Transmission Owner to build and own all or part of the project in its place subject to the qualifications in Subsections i, ii, iii, and iv above.

Nothing in this Section VIII.6 shall relieve a Transmission Owner of its obligation to construct an upgrade as specified in Section VIII.2 of this Attachment 0 and Section 3.3(a) of the SPP Membership Agreement in the event that no other qualified entity can be found to construct the project.

IXVII. Information Exchange

1) Data Requirements
   a) Any entity that is subject to the NERC Reliability Standards is required to provide data to the Transmission Provider in accordance the NERC Reliability Standards for Modeling, Data and Analysis (the “NERC MOD Standards”).
   b) When an entity has developed a preliminary engineering concept for new facilities that impact the interconnected operation of the Transmission System, it shall contact the Transmission Provider so that the optimal integration of any new facilities and potentially benefiting parties can be identified.
   c) In preparation for the annual update of transmission planning models for each annual planning cycle, Members, Transmission Customers, Transmission Owners, Generation Interconnection Customers and all other stakeholders must provide to the Transmission Provider the data specified in this Section IXVII.
   d) During the course of the annual planning cycle, if material changes to the data occur, the data owners must provide timely written notice to the Transmission Provider.
   e) The format required to submit modeling data shall be posted on the SPP website.
   f) The modeling data shall be posted on the SPP website with password protected access.

2) Owners of transmission facilities shall provide to the Transmission Provider:
   a) Modeling data for power flow, short-circuit and stability analysis;
   b) Detailed power system models of their transmission systems and provide updates to their models via a password protected web based application;
   c) Data regarding the design and operation of their transmission facilities;
   d) Their FERC Form 715;
   e) Their individual company-specific planning criteria;

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b) Data for planned additions or upgrades, including status and expected in-service
dates, planned retirements and environmental restrictions; and

c) Modeling data to perform economic planning studies in accordance with Sections
III and IV of this Attachment O. Data required to model generating units for the
economic planning studies is documented in the Transmission Network Economic
Modeling and Methods manual which shall be posted on the SPP website.

4) Transmission Customers

a) Network Customers shall provide the Transmission Provider an update of the
information on its Network Integration Transmission Service application with a
ten year forecast of summer and winter load at each delivery point and ten year
projection of network resources and with any other information that has changed
from the original application.

b) Point-to-point Transmission Customers shall provide to the Transmission
Provider their good faith projections on their need for service including
transmission capacity, duration and points of delivery and receipt over the ten
year planning horizon.

c) Transmission Customers with existing and planned demand response resources,
including demand response resources, shall provide information on such resources

5) Neighboring Transmission Providers and RTOs

In accordance with applicable agreements and Section X-VIII of this Attachment O,
the Transmission Provider shall exchange with neighboring Transmission Providers
and RTOs the data required for the development of power flow cases, short-circuit
cases and stability cases over the ten year planning horizon.

6) Stakeholder Access to Transmission Planning Information

a) The planning information, data, and models provided pursuant to this Section IX
VII shall be sufficient to allow parties to replicate results of the planning studies.

b) The Transmission Provider shall provide a secure web-based workspace for
hosting and sharing planning information, data, and models.

c) The secure web-based workspace shall be password protected and require CEII
clearance in accordance with Section IX-VII.8 of this Attachment O.

d) Instructions to obtain access to the Transmission Provider’s power flow models
shall be posted on the SPP website.

e) Instructions to obtain copies of the Transmission Provider’s transmission planning
maps shall be posted on the SPP website.
7) Confidentiality Requirements

a) The Transmission Provider shall make all reasonable efforts to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement.

b) For those entities that have executed a confidentiality agreement, the Transmission Provider shall provide password protected access to confidential information related to the SPP Transmission Expansion Plan and the underlying studies and models via the SPP website.

c) The form of confidentiality agreement shall be posted on the SPP website.

d) The confidentiality agreement shall allow access to applicable system design software results needed to participate in the SPP Transmission Expansion Plan process, replicate the results of specified transmission planning studies, or to confirm assumptions used in creating adjusted production cost-benefits metrics used to analyze a specified Balanced Portfolio; provided however, if the results include resource specific data (including input data), access will be limited to individuals that are not Competitive Duty Personnel. In no event shall Transmission Provider or any other entity that has executed a confidentiality agreement and has been provided resource specific data disclose such data to Competitive Duty Personnel. For the purposes of this section:

i) “Competitive Duty Personnel” are any individuals directly engaged in Competitive Duties. Counsel or outside consultants that do not provide consulting services in connection with the direct marketing, purchase, or sale of electric power at wholesale in the SPP Region are not Competitive Duty Personnel.

ii) “Competitive Duties” include: (1) the marketing, sale, or purchase of electric power at wholesale in the SPP Region; (2) the direct supervision of any employee with such responsibilities; or (3) the provision of consulting services in connection with the marketing, purchase, or sale of electric power at wholesale in the SPP Region.

e) Other transmission planning information shall be posted on the SPP website and may be password protected, as appropriate.

f) Confidentiality agreements shall be required for Members and Market Participants to receive data where the owner of the data has given permission to the Transmission Provider to release the data.
8) Critical Energy Infrastructure Information (CEII) Requirements

a) The Transmission Provider shall take appropriate steps to protect CEII information.

b) The Transmission Provider shall screen Members and Market Participants prior to providing access to CEII information. Individuals that do not belong to a confirmed pre-screened Member or Market Participant shall be directed to the Commission’s website for instructions for access to CEII information.

c) For those entities that have met the CEII requirements in Section [XVII.8.b of this Attachment O, the Transmission Provider shall provide password protected access to CEII information related to the SPP Transmission Expansion Plan and the underlying studies and models via the SPP website.

d) The Transmission Provider shall follow the guidelines set forth by the Commission to flag data which shall be treated as CEII sensitive.

[XVIII. Inter-regional Coordination]

1) The Transmission Provider shall undertake to coordinate any studies required to assure the reliable, efficient, and effective operation of the Transmission System with, at a minimum, first-tier adjacent interconnected systems. Such coordination shall include:
a) Sharing system plans to ensure that such plans are simultaneously feasible and otherwise use consistent assumptions and data; and
b) Identifying system enhancements that could relieve inter-regional congestion or integrate new resources on an aggregate basis.

2) The Transmission Provider shall undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed in Addendum 1 to this Attachment O.

3) On an annual basis, the Transmission Provider shall review the ongoing planning activities under the agreements specified in Addendum 1 to this Attachment O to determine the need for any additional inter-regional studies. The Transmission Provider shall share this review with the stakeholders at a planning summit and solicit input regarding additional inter-regional studies that should be initiated by the Transmission Provider.

XIX. Recovering Costs Associated with the Planning Process

1) The Transmission Provider’s costs associated with the planning process and associated studies set forth in this Attachment O shall be recovered pursuant to Schedule 1-A of the Tariff.

2) The Transmission Provider’s costs associated with studies for potential Sponsored Upgrades, shall be the responsibility of the entities requesting such studies.

3) The Transmission Provider’s costs for studies associated with requests for long-term firm transmission service shall be recovered pursuant to Sections 19 and 32 of the Tariff.

4) The Transmission Provider’s costs for studies associated with requests for interconnection service shall be recovered pursuant to Attachment V of the Tariff.

XII. Cost Allocation

The costs associated with new or upgraded transmission facilities shall be allocated in accordance with Attachment J to the Tariff.

XIII. Dispute Resolution

Any dispute regarding the planning process shall be resolved utilizing the procedures identical to those set forth in Section 12 of the Tariff.

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ADDENDUM 1 TO ATTACHMENT O
INTER-REGIONAL COORDINATION AGREEMENTS

In accordance with Section X-VIII of Attachment O, the Transmission Provider shall undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed below:

1) The Joint Operating Agreement between the Midwest Independent Transmission System Operator, Inc. (MISO) and Southwest Power Pool, Inc. (SPP);
2) The Transmission Coordination Agreement between the Associated Electric Cooperative, Inc. (AECI) and the Southwest Power Pool, Inc. (SPP);
3) The United States Department of Energy Southwestern Power Administration Agreement Between United States of America and Southwest Power Pool, Inc. (the “SPA Agreement”);
4) The Eastern Interconnection Reliability Assessment Group; and
5) Bilateral agreements between the Transmission Provider and transmission systems to which the SPP Region is interconnected.

SPP shall continue its efforts to formalize and improve seams agreements with its neighbors and affected systems to facilitate inter-regional and interconnection wide transmission planning and expansion.
12.3 **Upgrades which will not be constructed by Transmission Owner.**

For all interconnection agreements that identify Network Upgrades and Distribution Upgrades as listed in Appendix A of the GIA which are required to be built by an entity other than the Transmission Owner (as defined in this Attachment V), such upgrades shall be constructed in accordance with the process defined under Section VIII of Attachment O to the SPP Tariff.

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Section 13. **Miscellaneous**

13.1 **Confidentiality.**

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of a GIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

13.1.1 **Scope.**

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently
10.5 **Operating and Maintenance Expenses.** Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Transmission Owner’s Interconnection Facilities.

**Article 11. Performance Obligation**

11.1 **Interconnection Customer Interconnection Facilities.** Interconnection Customer shall design, procure, construct, install, own and/or control Interconnection Customer’s Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at its sole expense.

11.2 **Transmission Owner’s Interconnection Facilities.** Transmission Owner shall design, procure, construct, install, own and/or control the Transmission Owner’s Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at the sole expense of the Interconnection Customer.

11.3 **Network Upgrades and Distribution Upgrades.** All Network Upgrades and Distribution Upgrades described in Appendix A shall be constructed in accordance with the process set forth in Section VIII of Attachment O. Transmission Owner shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades that are associated with that Transmission Owner’s system. The Distribution Upgrades and Network Upgrades described in Appendix A shall be solely funded by Interconnection Customer unless Transmission Owner elects to fund the capital for the Distribution Upgrades or Network Upgrades.
11.3 Network Upgrades and Distribution Upgrades. All Network Upgrades and Distribution Upgrades described in Appendix A shall be constructed in accordance with the process set forth in Section VII of Attachment O. Transmission Owner shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades that are associated with that Transmission Owner’s system. The Distribution Upgrades and Network Upgrades described in Appendix A shall be solely funded by Interconnection Customer unless Transmission Owner elects to fund the capital for the Distribution Upgrades or Network Upgrades.

11.4 Transmission Credits.

11.4.1 Credits for Amounts Advanced for Network Upgrades. Interconnection Customer shall be entitled to credits in accordance with Attachment Z2 of the Tariff for any Network Upgrades including any tax gross-up or other tax-related payments associated with Network Upgrades, and not refunded to Interconnection Customer pursuant to Article 5.17.8.

11.4.2 Special Provisions for Affected Systems. Unless Transmission Provider provides, under the Interim GIA, for the repayment of amounts advanced to Affected System Operator for Network Upgrades, Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

11.4.3 Notwithstanding any other provision of this Interim GIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that Interconnection Customer, shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain transmission credits for transmission service that is not associated with the Generating Facility.

11.5 Provision of Security.

11.5.1 Initial Security. Within fifteen (15) Business Days of the date that Interconnection Customer delivers to Transmission Provider an executed Interim GIA, Interconnection Customer shall provide Transmission Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1 in the amount set forth in Appendix A to this Interim GIA. This amount represents either (a) the sum of the estimated costs for which Interconnection Customer will be responsible for the construction, procurement,
EXHIBIT No. SPP-5

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