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SPP Priority Transmission Expansion Projects Endorsed, Pending Further Study

October 27, 2009, LITTLE ROCK, ARKANSAS – Today the Southwest Power Pool, Inc. (SPP) Board of Directors approved a package of transmission expansion “Priority Projects” for further analysis and review by regional stakeholders with oversight from the Strategic Planning Committee and in coordination with the Markets and Operations Policy Committee. In January 2010, the following Priority Projects will be presented for approval to the Board of Directors and Regional State Committee of state regulators:

- 765 kV line in Kansas linking Spearville, a planned substation in Comanche County, Medicine Lodge, and Wichita, operated at 345 kV at an estimated cost of $518 million
- 765 kV line linking a planned substation in Comanche County, Kansas to the planned Woodward District EHV substation near Woodward, Oklahoma operated at 345 kV at an estimated cost of $135 million
- 345 kV double circuit line linking the Hitchland substation south of Guyman, Oklahoma to the planned Woodward District EHV substation near Woodward, Oklahoma at an estimated cost of $237 million
- 345 kV line from Cooper in the southeast corner of Nebraska through Maryville, Missouri to Sibley (just east of Kansas City, Missouri) at an estimated cost of $278 million
- 345 kV line from Valliant in southeast Oklahoma to Texarkana on the Texas-Arkansas state line at an estimated cost of $131 million
- 138 kV reactor at a Tulsa, Oklahoma power station at an estimated cost of $842,000

Total engineering and construction costs are approximately $1.3 billion.

These Priority Projects meet transmission planning objectives of the Synergistic Planning Project Team, a high-level policy team consisting of state regulators and SPP member representatives. The projects:

- Are near-term opportunities while transitioning to a new Integrated Transmission Planning process;
- Are “readily apparent” projects that continue to appear as needed in SPP’s current planning processes;
- Will relieve grid congestion, which results in the inability to use least-cost electricity to meet demand. Congestion is caused by issues such as inadequate transmission in certain areas, line and generator maintenance outages, and unplanned outages such as storms or trees on lines;
- Will improve access to the regional power grid by wholesale transmission customers such as utilities; and
- Will improve transfers between SPP’s east and west regions.

Projects are expected to be paid for with a new Highway/Byway cost allocation methodology that was endorsed by the Regional State Committee yesterday and the Board of Directors today. The Highway/Byway methodology is expected to be implemented in 2010 following its addition to SPP’s Open Access Transmission Tariff and final approval by the Board of Directors and Federal Energy Regulatory Commission. The “highway” refers to 300+ kV transmission projects; costs will be assigned to Transmission Owners across the region based on their historic use of the region’s energy. The “byway” refers to transmission projects below 300 kV; costs will be assigned by formula more directly to the utility in whose service territory the project is located.
Based on current SPP practices, the Transmission Owner whose substation connects to the beginning or end of the line has the right of first obligation to build. If that Transmission Owner chooses not to build, SPP’s Open Access Transmission Tariff proscribes the Transmission Owner selection process.

After the projects are approved, the Board of Directors will issue Notifications To Construct. Then the construction process will start, which includes determining routing/siting and developing engineering plans. Transmission Owners that are state-jurisdictional will work with their state utility commissions on rate recovery and siting. Actual construction is expected to take three to five years.

Southwest Power Pool, Inc. is a group of 54 members in Arkansas, Kansas, Louisiana, Mississippi, Missouri, Nebraska, New Mexico, Oklahoma, and Texas that serve more than five million customers. Membership is comprised of investor-owned utilities, municipal systems, generation and transmission cooperatives, state authorities, wholesale generators, power marketers, and independent transmission companies. SPP’s footprint includes 29 balancing authorities, 47,000 miles of transmission lines, and 370,000 square miles of service territory. SPP was a founding member of the North American Electric Reliability Corporation in 1968, and was designated by the Federal Energy Regulatory Commission as a Regional Transmission Organization (RTO) in 2004 and a Regional Entity (RE) in 2007. As an RTO, SPP ensures reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity. The SPP RE oversees compliance enforcement and reliability standards development.