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Withdraw of Appeal Gives Full Confidence in Highway/Byway Regional Cost Allocation Process

APRIL 5, 2012, LITTLE ROCK, ARKANSAS – With the withdrawal of a federal appeal, all Southwest Power Pool Members have expressed their confidence in the Highway/Byway Regional Cost Allocation Methodology and Process for funding transmission expansion. Empire District Electric Company, Lincoln Electric System, Nebraska Public Power District, Omaha Public Power District, and City Utilities of Springfield, Missouri formally submitted their request for voluntary dismissal of their Petition for Review yesterday with the Eighth Circuit Court of Appeals.

“Clearly SPP is pleased that these member-companies have withdrawn their petition,” said Paul Suskie, SPP Senior Vice President, Regulatory Policy and General Counsel. “SPP is equally proud that our collaborative and transparent member-driven approach helped lead to this successful outcome. Through a joint effort between our members and SPP’s Regional State Committee (RSC), we conducted an open and transparent process to establish the methods to review the fairness of the Highway/Byway cost allocation methodology. The result of this work gave the appealing members confidence in the process and helped lead them to withdraw their appeal.”

The members had filed the Petition for Review of certain orders issued by the Federal Energy Regulatory Commission accepting revisions to SPP’s tariff to implement a Highway/Byway regional cost allocation methodology for transmission expansion projects. Specifically, members were concerned with potential unintended consequences of that allocation process and how those would be addressed by the organization. The allocation process was developed by the RSC, which represents state regulators in the region. A review process was developed by a joint task force of SPP members and the RSC called the Regional Allocation Review Task Force (RARTF).

“As a part of SPP’s governance structure, our RSC has substantive legal authority to direct policy changes on behalf of ratepayers and influence important regulatory issues such as how costs of new transmission are allocated in the SPP region,” Suskie said. “There is no question that our RSC’s authority and leadership helps differentiate us in the electric utility industry and brings value to our members.”

Butch Reeves, Arkansas Public Service Commissioner and President of the SPP RSC, was a member of the RARTF that developed the review process for cost allocation to ensure that SPP’s Highway/Byway methodology is reviewed for fairness and equity. Additionally, the RARTF developed a set of solutions for any unintended impacts caused by this cost allocation methodology. The RARTF’s recommendations were approved by SPP’s RSC, Market Operations and Policy Committee, Membership Committee, and the Board of Directors in late January.
“We know that members wanted well-defined analytical methods to review the reasonableness of ‘Highway/Byway’ cost allocation, and we think the collective work from the task force created a good outcome,” Reeves said.

Founded in 1941, Southwest Power Pool, Inc. is a group of 66 members in Arkansas, Kansas, Louisiana, Mississippi, Missouri, Nebraska, New Mexico, Oklahoma, and Texas that serve more than 15 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 48,930 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. Learn more about SPP by visiting our [Newsroom](https://www.spp.org).