

November 30, 2009

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

RE: *Southwest Power Pool, Inc.*, Docket No. ER10-_____
Submission of Network Integration Transmission Service Agreement

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act, 16 U.S.C. § 824d, and section 35.13 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations, 18 C.F.R. § 35.13, Southwest Power Pool, Inc. ("SPP") submits (1) an executed service agreement for Network Integration Transmission Service ("Service Agreement") between SPP as Transmission Provider and Kansas Electric Power Cooperative ("KEPCO") as Network Customer ("KEPCO Service Agreement"); and (2) an executed Network Operating Agreement ("NOA") between SPP as Transmission Provider, KEPCO as Network Customer and Kansas City Power and Light ("KCPL") as Host Transmission Owner ("KEPCO NOA").¹ SPP is submitting this filing because the KEPCO Agreements include terms and conditions that do not conform to the standard forms of service agreements that are in SPP's Open Access Transmission Tariff ("SPP Tariff").²

Description and Justification of Revisions to the Revised KEPCO Agreements

The KEPCO Agreements, which are attached to this filing as Exhibit I, are identical in all material respects to the *pro forma* Agreements except for the changes described below. These changes are necessary to help facilitate KEPCO's request for

¹ The KEPCO Service Agreement and KEPCO NOA are referred to collectively as "the KEPCO Agreements" and SPP, KEPCO and KCPL are referred to collectively as "the Parties."

² See SPP Tariff at Attachment F ("*pro forma* Service Agreement") and Attachment G ("*pro forma* NOA"), collectively "the *pro forma* Agreements."

transmission service.³ The KEPCO Agreements are being filed with the Commission because they contain modifications that do not conform to the *pro forma* Agreements.⁴ The non-conforming revisions to the KEPCO Agreements are discussed below.

A. Non-conforming Revisions to the KEPCO Service Agreement

Language has been added to Section 7.0 of the KEPCO Service Agreement to provide that either KEPCO or SPP may, without the need for consent from the other, transfer or assign the KEPCO Service Agreement to any person succeeding to all or substantially all of the assets of the assigning party, provided that all required regulatory approvals, including approval of the Rural Utilities Service (“RUS”) as to KEPCO, are obtained in connection with such transfer or assignment. In addition, KEPCO and SPP acknowledge and agree that KEPCO has assigned and pledged the KEPCO Service Agreement and all of its rights thereunder as security to the RUS. KEPCO and SPP further acknowledge and agree that the RUS will have the right, upon written notice to SPP, to assume all rights and obligations of KEPCO under the KEPCO Service Agreement, including the right to make any subsequent assignment of the KEPCO Service Agreement.

This proposed revision clarifies that certain actions by KEPCO and SPP are subject to applicable regulatory oversight, but does not infringe upon the Commission’s exclusive jurisdiction. Furthermore, given that KEPCO continues to be a RUS borrower, it is reasonable to require RUS approval prior to a transfer or assignment of KEPCO’s

³ Redlined pages illustrating the differences between the KEPCO Agreements submitted in this filing and the *pro forma* Agreements are included herein as Exhibit II.

⁴ See *Revised Public Utility Filing Requirements*, Order No. 2001, 2001-2005 FERC Stats. & Regs., Regs. Preambles ¶ 31,127, *reh’g denied*, Order No. 2001-A, 100 FERC ¶ 61,074, *reconsideration and clarification denied*, Order No. 2001-B, 100 FERC ¶ 61,342, *enforcing*, Order No. 2001-C, 101 FERC ¶ 61,314 (2002), *enforcing*, Order No. 2001-D, 102 FERC ¶ 61,334, *order on clarification*, Order No. 2001-E, 105 FERC ¶ 61,352 (2003), *order granting in part and denying in part request for clarification*, Order No. 2001-F, 106 FERC ¶ 61,060 (2004), *order adopting EQR data dictionary*, Order No. 2001-G, 120 FERC ¶ 61,270, *order on reh’g and clarification*, Order No. 2001-H, 121 FERC ¶ 61,289 (2007); *order revising EQR data dictionary*, Order No. 2001-I, 125 FERC ¶ 61,103 (2008).

assets. The Commission has accepted the incorporation of identical language in previous SPP Service Agreements.⁵

In addition, language has been added to Sections 2.0, 3.0, and 5.0 of Attachment 1 of the KEPCO Service Agreement providing that KEPCO's load will be dynamically telemetered to the Westar Energy control area. These revisions were incorporated to clarify that KEPCO's delivery points are physically located within the KCPL control area, but that its load is telemetered back to Westar Energy's control area for scheduling purposes. The Commission has accepted other Service Agreements with similar provisions submitted by SPP.⁶

A new Section 8.9(B) of Attachment 1 of the KEPCO Service Agreement specifies that, upon completion of the construction of the upgrades discussed above, the funding of the costs of the upgrades will be reconciled and trued-up against actual construction costs and any additional funding or refunds shall be made between SPP and KEPCO. Finally, Section 8.9(C) of Attachment 1 of the KEPCO Service Agreement provides that KEPCO will be responsible for paying all charges specified as its obligation for the specified term for each assigned upgrade. The Commission previously has accepted similar language in Service Agreements submitted by SPP.⁷

Finally, Appendix 3 has been added to reflect the delivery points for KEPCO. The addition of Appendix 3 provides additional clarity to SPP's provision of network service to KEPCO by specifying KEPCO's delivery points, and is necessary because of the unique circumstances of KEPCO's service request. Moreover, the Commission has accepted similar revisions pertaining to delivery points in other non-conforming Service Agreements submitted by SPP.⁸

⁵ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER08-1199-000 (Aug. 18, 2008); *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER05-1172-000 and ER05-1173-000 (Aug. 11, 2005).

⁶ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER08-983-000 (July 11, 2008).

⁷ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1380-000 (Aug. 17, 2009) (accepting NITS with identical provisions); see also *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-790-000 (Apr. 14, 2009) (accepting NITS with almost identical provisions).

⁸ See, e.g., *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER08-903-000 (May 30, 2008).

B. Non-conforming Revisions to the KEPCO NOA

Section 3.3 of the KEPCO NOA has been revised to reflect that, when multiple delivery points are provided to a specific Network Load, the delivery points will be listed in Appendix 3 of the KEPCO Service Agreement. The revision was made to ensure that the KEPCO NOA is consistent with the KEPCO Service Agreement, which provides a list of delivery points in Appendix 3. The Commission has accepted similar revisions in other non-conforming service agreements submitted by SPP.⁹

In addition, language has been added to the preamble of the KEPCO NOA indicating that SPP, KEPCO, and KCPL will be referred to throughout the KEPCO NOA individually as “Party” and collectively as “Parties.” This revision ensures consistency with the preamble of the KEPCO Service Agreement, and has been accepted by the Commission in other NOAs submitted by SPP.¹⁰

The modifications, including the non-conforming provisions, in the KEPCO Agreements clarify how SPP will provide network service to KEPCO, and the language is necessitated by the unique circumstances of KEPCO’s service request. As such, this filing is consistent with the public interest and warrants approval by the Commission. SPP is serving a copy of this filing on the representatives for KEPCO and KCPL listed in the KEPCO Agreements.

⁹ See, e.g., *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1070-000 et al. (June 25, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER08-903-000 (May 30, 2008).

¹⁰ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-355-000 and -001 (Feb. 11, 2009). The KEPCO Agreements also have been revised to correct punctuation and to capitalize certain words throughout. The Commission has accepted similar revisions in previous Service Agreements and NOAs submitted by SPP. See, e.g., *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER09-1070-000, et al. (June 25, 2009).

Effective Date and Waiver

SPP requests an effective date of November 1, 2009 for the KEPCO Agreements. Pursuant to section 35.11 of the Commission's rules and regulations, 18 C.F.R. § 35.11, SPP requests a waiver of the Commission's 60-day notice requirement set forth at 18 C.F.R. § 35.3. Waiver is appropriate because the KEPCO Agreement is being filed within 30 days of the commencement of service.¹¹

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, clean copies of the KEPCO Agreements are included herein as Exhibit I, with redlined pages illustrating the differences between the KEPCO Agreements and the *pro forma* Agreements as Exhibits II.

(2) Effective Date:

As discussed herein, SPP respectfully requests that the Commission accept the KEPCO Agreements with an effective date of November 1, 2009.

(3) Service:

SPP is serving a copy of this filing on the representatives for KEPCO and KCPL listed in the KEPCO Agreements.

(4) Basis of Rate:

All charges will be determined in accordance with SPP's Tariff.

¹¹ See *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, at 61,983-84, *order on reh'g*, 65 FERC ¶ 61,081 (1993) (the Commission will grant waiver of the 60-day prior notice requirement "if service agreements are filed within 30 days after service commences.").

B. Communications:

Copies of this filing have been served upon all parties to the KEPCO Agreements. Any correspondence regarding this matter should be directed to:

Heather Starnes, J.D.
Manager – Regulatory Policy
Southwest Power Pool, Inc.
415 North McKinley, #140 Plaza West
Little Rock, AR 72205
Telephone: (501) 614-3380
Fax: (501) 664-9553
hstarnes@spp.org

Carrie L. Bumgarner
Matthew K. Segers
Tyler R. Brown
WRIGHT & TALISMAN, P.C.
1200 G Street, N.W., Suite 600
Washington, DC 20005-3802
Telephone: (202) 393-1200
Fax: (202) 393-1240
bumgarner@wrightlaw.com
segers@wrightlaw.com
brown@wrightlaw.com

Conclusion

For all the foregoing reasons, SPP respectfully requests that the Commission accept the KEPCO Agreements with an effective date of November 1, 2009.

Respectfully submitted,



Carrie L. Bumgarner
Matthew K. Segers
Tyler R. Brown

**Attorneys for Southwest Power
Pool, Inc.**

EXHIBIT I

ATTACHMENT F

Service Agreement For Network Integration Transmission Service

This Network Integration Service Agreement ("Service Agreement") is entered into this 15th day of November, 2009, by and between Kansas Electric Power Cooperative ("Network Customer"), and Southwest Power Pool, Inc. ("Transmission Provider"). The Network Customer and Transmission Provider shall be referred to individually as "Party" and collectively as "Parties."

WHEREAS, the Transmission Provider has determined that the Network Customer has made a valid request for Network Integration Transmission Service in accordance with the Transmission Provider's Open Access Transmission Tariff ("Tariff") filed with the Federal Energy Regulatory Commission ("Commission") as it may from time to time be amended;

WHEREAS, the Transmission Provider administers Network Integration Transmission Service for Transmission Owners within the Southwest Power Pool and acts as agent for the Transmission Owners in providing service under the Tariff; and

WHEREAS, the Network Customer has represented that it is an Eligible Customer under the Tariff;

Whereas, the Parties intend that capitalized terms used herein shall have the same meaning as in the Tariff.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the Parties agree as follows:

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- 1.0 The Transmission Provider agrees during the term of this Service Agreement, as it may be amended from time to time, to provide Network Integration Transmission Service in accordance with the Tariff to enable delivery of power and energy from the Network Customer's Network Resources that the Network Customer has committed to meet its load.
- 2.0 The Network Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Parts I, III and V of the Tariff and this Service Agreement with attached Specifications.
- 3.0 The terms and conditions of such Network Integration Transmission Service shall be governed by the Tariff, as in effect at the time this Service Agreement is executed by the Network Customer, or as the Tariff is thereafter amended or by its successor tariff, if any. The Tariff as it currently exists, or as it is hereafter amended is incorporated in this Service Agreement by reference. In the case of any conflict between this Service Agreement and the Tariff, the Tariff shall control. The Network Customer has been determined by the Transmission Provider to have a Completed Application for Network Integration Transmission Service under the Tariff. The completed specifications are based on the information provided in the Completed Application and are incorporated herein and made a part hereof as Attachment 1.
- 4.0 Service under this Service Agreement shall commence on such date as it is permitted to become effective by the Commission. This Service Agreement shall be effective through June 1, 2043. Thereafter, it will continue from year to year unless terminated by the Network Customer or the Transmission Provider by giving the other one-year advance written notice or by the mutual written consent of the Transmission Provider and Network Customer. Upon termination, the Network Customer remains responsible for any outstanding charges including all costs incurred and apportioned or assigned to the Network Customer under this Service Agreement.
- 5.0 The Transmission Provider and Network Customer have executed a Network Operating Agreement as required by the Tariff.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below. Such representative and address for notices or requests may be changed from time to time by notice by one Party or the other.

Southwest Power Pool:

Carl Monroe
Executive Vice President and Chief Operating Officer
415 N. McKinley, 140 Plaza West
Little Rock, AR 72205

Network Customer:

Robert Bowser
Vice President of Energy and Technical Services
Kansas Electric Power Cooperative Inc.
600 SW CORPORATE VIEW
Topeka, KS 66615

7.0 This Service Agreement shall not be assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld. However, either Party may, without the need for consent from the other, transfer or assign this Service Agreement to any person succeeding to all or substantially all of the assets of such Party provided that all required regulatory approvals (if any), including approval of the Rural Utilities Service ("RUS") as to KEPCO, are obtained in connection with such transfer or assignment. However, the assignee shall be bound by the terms and conditions of this Service Agreement. The Parties acknowledge and agree that KEPCO has assigned and pledged as security this Service Agreement and all of its rights hereunder to RUS. The Parties further acknowledge and agree that RUS shall have the right upon written notice to the Transmission Provider to assume all obligations of KEPCO hereunder whereupon RUS shall succeed to all rights of KEPCO hereunder (including the right to make any subsequent assignment in accordance with this section).

8.0 Nothing contained herein shall be construed as affecting in any way the Transmission Provider's or a Transmission Owner's right to unilaterally make application to the Federal Energy Regulatory Commission, or other regulatory agency having jurisdiction, for any change in the Tariff or this Service Agreement under Section 205 of the Federal Power Act, or other applicable statute, and any rules and regulations promulgated thereunder; or the Network Customer's rights under the Federal Power Act and rules and regulations promulgated thereunder.

9.0 By signing below, the Network Customer verifies that all information submitted to the Transmission Provider to provide service under the Tariff is complete, valid and accurate, and the Transmission Provider may rely upon such information to fulfill its responsibilities under the Tariff.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

TRANSMISSION PROVIDER

NETWORK CUSTOMER

APPROVED
TK
BY

Name [Signature]

Name Robert D. Benson

Title EVPR & COO

Title VP, Technical Services

Date 11/23/09

Date November 20, 2009

**ATTACHMENT 1 TO THE NETWORK INTEGRATION TRANSMISSION SERVICE
AGREEMENT
BETWEEN SOUTHWEST POWER POOL AND KANSAS ELECTRIC POWER
COOPERATIVE
SPECIFICATIONS FOR NETWORK INTEGRATION TRANSMISSION SERVICE**

1.0 Network Resources

The Network Resources are listed in Appendix 1.

2.0 Network Loads

The Network Load consists of the bundled native load or its equivalent for Network Customer load in the Kansas City Power and Light Control Area as listed in Appendix 3. The Load will be dynamically telemetered to the Westar Energy Control Area.

The Network Customer's Network Load shall be measured on an hourly integrated basis, by suitable metering equipment located at each connection and delivery point, and each generating facility. For a Network Customer providing retail electric service pursuant to a state retail access program, profiled demand data, based upon revenue quality non-IDR meters may be substituted for hourly integrated demand data. Measurements taken and all metering equipment shall be in accordance with the Transmission Provider's standards and practices for similarly determining the Transmission Provider's load. The actual hourly network Loads, by delivery point, internal generation site and point where power may flow to and from the Network Customer, with separate readings for each direction of flow, shall be provided.

3.0 Affected Control Areas and Intervening Systems Providing Transmission Service

The affected control area is Kansas City Power and Light. The Load will be dynamically telemetered to the Westar Energy Control Area. The intervening systems providing transmission service are none.

4.0 Electrical Location of Initial Sources

See Appendix 1.

5.0 Electrical Location of the Ultimate Loads

The loads of Kansas Electric Power Cooperative identified in Section 2.0 hereof as the Network Load are electrically located within the Kansas City Power and Light Control Area. The load will be dynamically telemetered to the Westar Energy Control Area.

6.0 Delivery Points

The delivery points are the interconnection points identified in Section 2.0 as the Network Load.

7.0 Receipt Points

The Points of Receipt are listed in Appendix 2.

8.0 Compensation

Service under this Service Agreement may be subject to some combination of the charges detailed below. The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.

8.1 Transmission Charge

Monthly Demand Charge per Section 34 and Part V of the Tariff.

8.2 System Impact and/or Facility Study Charge

Studies may be required in the future to assess the need for system reinforcements in light of the ten-year forecast data provided. Future charges, if required, shall be in accordance with Section 32 of the Tariff.

8.3 Direct Assignment Facilities Charge

8.4 Ancillary Service Charges

8.4.1 The following Ancillary Services are required under this Service Agreement.

- a) Scheduling and Tariff Administration Service per Schedule 1A of the Tariff.
- b) Scheduling, System Control and Dispatch Service per Schedule 1 of the Tariff.

- c) Reactive Supply and Voltage Control from Generation Sources Service per Schedule 2 of the Tariff.
- d) Regulation and Frequency Response Service per Schedule 3 of the Tariff.
- e) Energy Imbalance Service per Schedule 4 of the Tariff.
- f) Operating Reserve - Spinning Reserve Service per Schedule 5 of the Tariff.
- g) Operating Reserve - Supplemental Reserve Service per Schedule 6 of the Tariff.

The Ancillary Services will be self-supplied by the Network Customer in accordance with Sections 8.4.2 through 8.4.4, with the exception of the Ancillary Services for Schedules 1 and 2.

8.4.2 With its annual forecasts, the Network Customer shall indicate its source for Ancillary Services in accordance with the Tariff to be in effect for the upcoming calendar year. If the Network Customer fails to include this information with its annual forecasts, Ancillary Services will be provided for and charged in accordance with the Tariff.

8.4.3 When the Network Customer elects to self provide Ancillary Services and is unable to provide its own Ancillary Services, the Network Customer will pay the Transmission Provider for such services and associated penalties in accordance with the Tariff as a result of the failure of the Network Customer's alternate sources for required Ancillary Services.

8.4.4 All costs for the Network Customer to supply its own Ancillary Services shall be the responsibility of the Network Customer.

8.5 Real Power Losses

The Network Customer shall replace losses in accordance with Attachment M of the Tariff.

8.6 Power Factor Correction Charge

8.7 Redispatch Charge

Redispatch charges shall be in accordance with Section 33.3 of the Tariff.

8.8 Wholesale Distribution Service Charge

8.9 Network Upgrade Charges

A. The Network Customer has confirmed the following supplemental Network Resources requiring Network Upgrades:

1. Westar Purchase, 15MW from POR – WR, Source –WR to POD – KCPL, Sink WR_KEPCo.KCPL, as more specifically identified in transmission request 73492604. Contingent upon the completion of required upgrades as specified below, designation of this network resource shall be effective on June 1, 2011 and remain effective through June 1, 2043.

The requested service depends on and is contingent on completion of the following aggregate study SPP-2007-AG3 Reliability Upgrades by the required date as listed below. These Reliability upgrades costs are not assignable to the Network Customer.

Reliability Upgrades required for KEPCo

Upgrade Name	Upgrade Description	Transmission Owner	Date Required in Service
CIRCLE - HUTCHINSON GAS TURBINE STATION 115KV CKT 1	Rebuild Circle - HEC GT 115 kV line.	WERE	6/1/2010
LAWRENCE HILL - MOCKINGBIRD HILL SWITCHING STATION 115KV CKT 1	Rebuild 5.49 mile line	WERE	6/1/2013

Upgrade Name	Upgrade Description	Transmission Owner	Date Required in Service
PLATTE CITY - SMITHVILLE 161KV CKT 1 #1	Increase the normal/emergency ratings to 233/265 MVA by replacing wave traps	MIPU	6/1/2010
South Harper 161 kV cut-in to Stilwell-Archie JCT 161 kV line	To tap Stilwell-Archie JCT 161 kV line into South Harper 161 kV sub and make it two new 161 kV sections: Stilwell-South Harper and Archie JCT- South Harper .	MIPU	1/1/2010

B. Upon completion of construction of the assigned upgrades, funding of their costs shall be reconciled and trued-up against actual construction costs and requisite, additional funding or refund of excess funding shall be made between the Transmission Provider and the Network Customer.

C. Notwithstanding the term provisions of Section 4.0 of this Service Agreement, Customer shall be responsible for paying all charges specified as its obligation in this Section 8.9 of this Attachment 1, for the term specified herein for each assigned upgrade

8.10 Other Charges

9.0 Credit for Network Customer-Owned Transmission Facilities

10.0 Designation of Parties Subject to Reciprocal Service Obligation

11.0 Other Terms and Conditions

APPENDIX 1

**Network Resources of
Kansas Electric Power Cooperative**

Appendix 2

**Receipt Points of
Kansas Electric Power Cooperative**

73492604