

February 1, 2010

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 ("Commission") regulations, 18 C.F.R. § 35.13, Southwest Power Pool, Inc. ("SPP") submits: (1) an unexecuted service Agreement for Network Integration Transmission Service ("Service Agreement") between SPP as Transmission Provider and Tex-La Electric Cooperative of Texas, Inc. ("Tex-La") as Network Customer ("Tex-La Service Agreement"); and (2) an unexecuted Network Operating Agreement ("NOA") between SPP as Transmission Provider, Tex-La as Network Customer, and American Electric Power Company ("AEP") as Host Transmission Owner ("Tex-La NOA") (the Tex-La Service Agreement and Tex-La NOA are hereinafter the "Revised Tex-La Agreements," and Tex-La, AEP and SPP are collectively referred to as "the Parties").¹ The Revised Tex-La Agreements submitted in this filing modify the currently effective Service Agreement and NOA between the Parties accepted for filing by the Commission on November 28, 2006 in Docket Nos. ER05-519-000, *et al.*² SPP is submitting this filing because the Revised Tex-La

¹ The Revised Tex-La Agreements have been designated First Revised Service Agreement No. 1065. The Revised Tex-La Agreements are being submitted to the Commission on an unexecuted basis because time constraints prevented the Parties from finalizing the terms and conditions of the Revised Tex-La Agreements. Nonetheless, SPP is submitting the Revised Tex-La Agreements to the Commission at Tex-La's request in order to ensure a January 1, 2010 effective date. SPP will separately file a motion requesting that the Commission defer action in this proceeding in order to provide the Parties sufficient time to complete their negotiations. Once the Parties finalize the terms and conditions of the Revised Tex-La Agreements, SPP will submit executed versions of the Revised Tex-La Agreements in this proceeding.

² See *Sw. Power Pool, Inc.*, 117 FERC ¶ 61,239 (2006) ("November 28 Order").

Agreements include modifications that do not conform to the standard forms of service agreements that are in the SPP Open Access Transmission Tariff (“SPP Tariff”).³

Description and Justification of Revisions to the Revised Tex-La Agreements

The Revised Tex-La Agreements, which are attached as Exhibit I to this filing, are identical in all material respects to the agreements accepted by the Commission in the November Order except for the changes described below. These changes have been made with Tex-La’s and AEP’s consent and are necessary to help facilitate Tex-La’s request for transmission service.⁴

Specifically, the Parties have updated the term of the Tex-La Service Agreement in Section 4.0. Section 2.0 of Attachment 1 to the Tex-La Service Agreement and Section 3.3 of the Tex-La NOA also have been revised to reflect that Tex-La’s network load will be served at the delivery points listed in Appendix 3.⁵ Appendix 3 is a new non-conforming appendix added to specify the delivery points for the Revised Tex-La Agreements.⁶ The Commission previously has accepted other non-conforming agreements submitted by SPP that have similar revisions.⁷ In addition, *pro forma* language indicating that Tex-La’s delivery points will be metered at its generation and transmission interconnection points has been removed from Section 2.0 of Attachment 1 of the Tex-La Service Agreement.⁸ The Parties removed this language because Tex-La’s network loads will be metered at Tex-La’s specified delivery points, not at its generation

³ See SPP Tariff at Attachment F (“*pro forma* Service Agreement”) and Attachment G (“*pro forma* NOA”).

⁴ Redlined pages illustrating the differences between the Revised Tex-La Agreements and the agreements accepted by the Commission in the November 28 Order are included in this filing as Exhibit II.

⁵ The Revised Tex-La Agreements also contain minor revisions conforming the Tex-La Service Agreement and the Tex-La NOA to the current effective *pro forma* Service Agreement and NOA.

⁶ With the insertion of a new Appendix 3, the remaining Appendices were renumbered and all references to those Appendices were also updated. See Tex-La Service Agreement at Attachment 1.0, Sections 8.1, 8.3, 8.8 and 8.10.

⁷ See, e.g., *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1665-000 (Oct. 22, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER09-1070-000, *et al.* (June 25, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER08-903-000 (May 30, 2008) (accepting similar non-conforming modifications to SPP’s *pro forma* Agreements).

⁸ See *pro forma* Service Agreement at Attachment 1, Section 2.0.

and transmission interconnection points. The Commission has accepted the removal of this language in other non-conforming service agreements submitted by SPP.⁹

The modifications specified in this filing are necessitated by the unique circumstances of Tex-La's service request, and clarify how SPP will provide network service to Tex-La.¹⁰ Therefore, 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 Tex-La and AEP listed in the Tex-La Agreements.

Effective Date and Waiver

SPP requests an effective date of January 1, 2010 for the Revised Tex-La 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 Revised Tex-La Agreements were submitted to the Commission 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 Revised Tex-La Agreements are included herein as Exhibit I, and redlined

⁹ See *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER09-1665-000 (Oct. 22, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1558-000 (Sept. 30, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER09-1070-000, *et al.* (June 25, 2009).

¹⁰ The Tex-La 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).

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.").

pages illustrating the differences between the Revised Tex-La Agreements and the agreements accepted by the Commission in the November 28 Order are included as Exhibits II.

(2) Effective Date:

As discussed herein, SPP respectfully requests that the Commission grant a waiver and accept the Revised Tex-La Agreements with an effective date of January 1, 2010.

(3) Service:

SPP is serving a copy of this filing on the representatives for Tex-La and AEP listed in the Revised Tex-La Agreements.

(4) Basis of Rate:

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

B. Communications:

Copies of this filing have been served upon all parties to the Revised Tex-La 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
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Carrie L. Bumgarner
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Conclusion

For all the foregoing reasons, SPP respectfully requests that the Commission accept the Revised Tex-La Agreements with an effective date of January 1, 2010.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Carrie L. Bungarner", written over a horizontal line.

Carrie L. Bungarner
Matthew K. Segers

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

EXHIBIT I

SERVICE AGREEMENT FOR NETWORK INTEGRATION TRANSMISSION
SERVICE BETWEEN SOUTHWEST POWER POOL AND TEX-LA ELECTRIC
COOPERATIVE OF TEXAS

This Network Integration Service Agreement ("Service Agreement") is entered into this _____ of _____, _____ by and between Tex-La Electric Cooperative of Texas, Inc. ("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:

Issued by: Heather H. Starnes, Manager, Regulatory Policy

Issued: February 1, 2010

Effective: January 1, 2010

- 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, and 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 January 1, 2015. 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 A. Monroe
Executive Vice President and Chief
Operating Officer
415 N. McKinley, 140 Plaza West
Little Rock, AR 72205

Network Customer:

Edd Hargett
General Manager
2905 Westward Drive
P.O. Box 631623
Nacogdoches, TX 75963

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. However, the assignee shall be bound by the terms and conditions of this Service Agreement.

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

Name _____

Name _____

Title _____

Title _____

Date _____

Date _____

ATTACHMENT 1 TO THE NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT
BETWEEN SOUTHWEST POWER POOL AND TEX-LA ELECTRIC COOPERATIVE of Texas
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 American Electric Power Company Control Area as listed in Appendix 3.

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 American Electric Power Company. 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 Network Customer identified in Section 2.0 hereof as the Network Load are electrically located within the American Electric Power 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. An apportionment of the TEXLA monthly demand charges are assigned to East Texas Electric Cooperative (ETEC) pursuant to an Assignment Letter Agreement dated January 6, 1994 and restated effective September 1, 1997 between SWEPCO, TEXLA, and ETEC filed as FERC ER94-8912-000. The billing formula is attached as Appendix 4.

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

Direct Assignment Transmission Facilities Charges are initially calculated to be \$21,787.18 per month. A detail of the charges is included as Appendix 5. Cost support for the transmission service rate calculation is included as Appendix 6. The direct assignment bridge agreement, executed contemporaneously with this agreement, is included as Appendix 8.

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. The Transmission Provider will recognize credits for Ancillary Service Schedule 2 pursuant to the Self Supply of Ancillary Services Letter Agreement between American Electric Power and the Network Customer executed contemporaneously with this agreement. The Transmission Provider will net bill for Ancillary Service Schedule 2 reflecting credits for the customers reactive supply resources recognized under the Self Supply of Ancillary Services Letter Agreement.

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

N/A

8.7 Redispatch Charge

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

8.8 Wholesale Distribution Service Charge

Wholesale Distribution Service Charges are initially calculated to be \$965.13 per month. A detail of the charges is included as Appendix 5. Cost support for the Distribution Service rate calculation is included as Appendix 7. Distribution meter readings will be adjusted for distribution losses as set forth in Southwestern Electric Power Company's most recent distribution loss study.

8.9 Network Upgrade Charges

8.10 Other Charges

Charges for Data Processing Services are initially calculated to be \$190.07 per month. A detail of the charges is included as Appendix 5

9.0 Credit for Network Customer-Owned Transmission Facilities

None

10.0 Designation of Parties Subject to Reciprocal Service Obligation

None

11.0 Other Terms and Conditions

APPENDIX 1

Network Resources of
Tex-La Electric Cooperative of Texas, Inc

APPENDIX 1

NETWORK RESOURCES
FOR TEX-LA ELECTRIC COOPERATIVE OF TEXAS

NETWORK RESOURCE	Maximum Net Dependable Capacity (MW)		LOCATION
	Summer	Winter	
Power Supply Agreement between Southwestern Electric Power Company (SWEPCO) and Tex-La Electric Cooperative of Texas, Inc. (TEX-LA) effective November 15, 1990, restated and amended effective June 15, 2000.	27	29.75	SWEPCO agrees to sell to TEX-LA and TEX-LA agrees to purchase from SWEPCO, the power and energy required by TEX-LA to meet TEX-LA load requirements at the Points of Delivery (as listed in Appendix 2) in excess of the power and energy supplied by TEX-LA power supply resources. SWEPCO agrees to sell TEXLA sufficient Capacity to meet the peak demand and planning reserve capacity. SWEPCO shall supply TEXLA with Ancillary Services 3, 4, 5, and 6.
Restated November 20, 1997 Letter Agreement between SWEPCO, TEXLA, and East Texas Electric Cooperative (ETEC) of assignment of power and associated energy from SWEPCO in excess of 25 MW to ETEC. This is a assignment of TEXLA's rights per the Power Supply Agreement between SWEPCO and TEXLA dated November 15, 1990	81	89.25	SWEPCO agrees to sell to ETEC and ETEC agrees to purchase from SWEPCO, the power and energy required by TEX-LA to meet TEX-LA load requirements at the Points of Delivery (as listed in Appendix 2) in excess of the power and energy supplied by TEX-LA power supply resources. SWEPCO agrees to sell ETEC sufficient Capacity to meet the peak demand and planning reserve capacity. SWEPCO shall supply TEXLA with Ancillary Services 3, 4, 5, and 6. ETEC supplies TEXLA power and associated energy requirements through an internal pooling arrangement of network resources.
Ritchie Steam Electric Station Unit 2	10	10	Phillips Co, Arkansas (Unit Power Sales Agreement between Entergy Power, Inc. and ETEC effective May 12, 1993.) ETEC supplies TEXLA power and associated energy requirements through an internal pooling arrangement of network resources pursuant to the Restated November 20, 1997 Letter Agreement between SWEPCO, ETEC and TEXLA.
SWPA Blakely Mountain	.7	.7	Garland Co., Arkansas (Power Sales Contract between Southwestern Power Administration and TEXLA effective June 13, 1996 for hydro peaking power and associated energy.)

Appendix 2

Receipt Points of
TEX-LA ELECTRIC COOPERATIVE OF TEXAS

APPENDIX 2 TEX-LA ELECTRIC COOPERATIVE OF TEXAS RECEIPT POINTS

Tieline / Plant Name	Ownership	Voltage (kV)

Appendix 3

Delivery Points of
TEX-LA ELECTRIC COOPERATIVE OF TEXAS

APPENDIX 3 TEX-LA ELECTRIC COOPERATIVE OF TEXAS

Delivery POINTS

SPP Bus Number	Delivery Point Name	Ownership	Voltage (kV)
509058	CENTER 4		138
509088	TENAHA 4		138
509084	SAWMILL2		69
508357	STARR 4		138
509101	NTEC38_4		138