

February 5, 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

FILED
SECRETARY OF THE
COMMISSION
2010 FEB - 5 P 12: 33
FEDERAL ENERGY
REGULATORY COMMISSION

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 executed service agreement for Network Integration Transmission Service ("Service Agreement") between SPP as Transmission Provider and Southwestern Public Service Company ("SPS") as Network Customer ("SPS Service Agreement"); and (2) an executed Network Operating Agreement ("NOA") between SPP as Transmission Provider and SPS as both the Network Customer and Host Transmission Owner ("SPS NOA") (the SPS Service Agreement and SPS NOA are referred to collectively as "the SPS Agreements" and SPP and SPS are referred to collectively as "the Parties").¹ SPP is submitting this filing because the SPS 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 OATT").²

Background

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 56 members serving more than 5 million customers and covering a geographic area of 370,000 square miles. SPP's current membership consists of 14 investor-owned utilities, 9 municipal systems, 11 generation and transmission cooperatives, 4 state authorities, 5 independent power producers, 10 power marketers,

¹ The SPS Agreements have been designated as Service Agreement No. 1910.

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

and 3 independent transmission companies. As an RTO, SPP is a transmission provider administering transmission service over portions of Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, and Texas.

SPS is a wholly-owned utility operating company subsidiary of Xcel Energy Inc., and SPS is in the business of generating, transmitting, distributing and/or selling electric power and energy and related services in Texas, New Mexico, Oklahoma, and Kansas. SPS has been a transmission-owning member of SPP since 1973, and SPS placed its transmission facilities under the SPP OATT in 2000.

SPP and SPS entered the SPS Agreements to facilitate SPS's request for network service from SPS network resources to SPS network load. Some of the SPS network resources and network load are located in New Mexico. Thus, SPS will serve its network load in New Mexico pursuant to the SPS Agreements submitted herein.

On October 16, 2007, the New Mexico Public Regulation Commission ("NM PRC") began an investigation into the prudence of SPS's participation in the SPP RTO in Case No. 07-00390-UT ("NM PRC Proceeding"). Specifically, the NM PRC Proceeding was to investigate the costs and benefits of SPS's participation in the SPP RTO on SPS's New Mexico retail ratepayers. On May 1, 2009, SPS proposed to expand the scope of the NM PRC Proceeding to address SPS's proposal to transfer its retail load to network service under the SPP OATT, facilitated by the SPS Agreements submitted herein. On June 9, 2009, the NM PRC approved SPS's proposal to expand the scope of the NM PRC Proceeding.³

On September 17, 2009, SPS, SPP, and several other parties to the NM PRC Proceeding submitted an Uncontested Stipulation to resolve all issues in the NM PRC's investigation.⁴ In the Uncontested Stipulation, SPS requested, among other things, that the NM PRC approve and authorize it to: 1) transfer its New Mexico retail load to network service under the SPP OATT; and 2) enter into a Service Agreement and NOA with the SPP RTO, pursuant to the SPP OATT.⁵ The Service Agreement and NOA were to be effective January 1, 2010.⁶

³ *In re* Southwestern Public Service Co., Case No. 07-00390-UT, Order Approving Recommended Decision (NM PRC June 9, 2009).

⁴ *In re* Southwestern Public Service Co., Case No. 07-00390-UT, Uncontested Stipulation (Sept. 17, 2009) ("Uncontested Stipulation").

⁵ *Id.* at 5.

⁶ *Id.*

On December 31, 2009, the Hearing Examiner in the NM PRC Proceeding issued his Certification of Stipulation on the Uncontested Stipulation.⁷ On February 2, 2010, the NM PRC approved the Certification of Stipulation and “adopted, approved, and accepted” the Uncontested Stipulation, resolving all issues in the NM PRC Proceeding.⁸

In light of the NM PRC approval of the Uncontested Stipulation that paves the way for SPS to transfer its New Mexico retail load to network service under the SPP OATT, SPP files the SPS Agreements.

Description and Justification for the SPS Agreements

The SPS Agreements, which are attached to this filing as Exhibit I, are identical in all material respects to the *pro forma* Agreements except for the non-conforming changes described below. These changes have been made with the Parties’ consent and are necessary to help facilitate SPS’s request for transmission service.⁹ The SPS Agreements are being filed with the Commission because they contain modifications that do not conform to the *pro forma* Agreements.¹⁰ The non-conforming revisions to the SPS Agreements are discussed below.

Specifically, the Parties revised Section 2.0 of Attachment 1 to the SPS Service Agreement and Section 3.3 of the SPS NOA to reflect that SPS’s Network Load will be served at the Points of Delivery listed in Appendix 3. Appendix 3 is a new, non-

⁷ *In re* Southwestern Public Service Co., Case No. 07-00390-UT, Certification of Stipulation (NM PRC Dec. 31, 2009).

⁸ *In re* Southwestern Public Service Co., Case No. 07-00390-UT, Final Order Approving Certification of Stipulation (NM PRC Feb. 2, 2010).

⁹ Redlined pages illustrating the differences between the SPS Agreements submitted in this filing and the *pro forma* Agreements are included herein as Exhibit II.

¹⁰ *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).

conforming appendix added to specify the delivery points for the SPS Agreements. The Parties also revised Section 2.0 of Attachment 1 of the SPS Service Agreement to remove language from the *pro forma* Service Agreement pertaining to the Network Customer's delivery points being "as metered at its generation and transmission interconnection points."¹¹ The Parties removed this language because SPS's network loads will be metered at SPS's specified delivery points, not the network facility generation or transmission interconnection points. The Commission previously has accepted other non-conforming service agreements submitted by SPP with revisions similar to the revisions in Section 2.0 of Attachment 1 to the SPS Service Agreement and Section 3.3 of the SPS NOA, as well as the addition of an Appendix 3 detailing delivery points.¹²

Section 8.4.1 of Attachment 1 to the SPS Service Agreement contains non-conforming language stating, "Transmission Customer may contract with third parties for self-supplied Ancillary Services as appropriate."¹³ This language is consistent with the ancillary service schedules of the SPP OATT, which permit customers to self-supply certain ancillary services.¹⁴ The Commission previously has accepted SPP service agreements with similar language in Section 8.4.1 of Attachment 1.¹⁵

In addition, in Section 8.9 of Attachment 1 to the SPS Service Agreement, the Parties added language providing that SPS will pay the monthly revenue requirements for the Green County Network Resource. Originally, the charges for upgrades for the Green County Network Resource were assigned to SPS in a previous service agreement for Firm Point-To-Point Transmission Service between SPP and SPS ("SPS PTP Agreement") accepted by the Commission in Docket No. ER07-243-000.¹⁶ As a result of the SPS Service Agreement, SPS will be taking network service rather than point-to-point

¹¹ See *pro forma* Service Agreement, Attachment 1 § 2.0.

¹² 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).

¹³ See SPS Service Agreement, Attachment 1 § 8.4.1.

¹⁴ See SPP OATT, Schedules 3, 5-6.

¹⁵ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1665-000 (Oct. 22, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER08-903-000 (May 30, 2008).

¹⁶ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER07-243-000 (Dec. 22, 2006).

service from the Green County Network Resource.¹⁷ As such, SPS is still responsible for the charges associated with the SPS PTP Agreement. The Commission previously has accepted similar charges in service agreements submitted by SPP.¹⁸

Finally, language has been added to the preamble of the SPS NOA indicating that SPP and SPS will be referred to throughout the SPS NOA individually as “Party” and collectively as “Parties.” This revision ensures consistency with the preamble of the SPS Service Agreement, and has been included in other agreements accepted by the Commission.¹⁹

The modifications, including the non-conforming provisions, in the SPS Agreements clarify how SPP will provide network service to SPS, and the language is necessitated by the unique circumstances of SPS’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 SPS listed in the SPS Agreements.

Effective Date and Waiver

SPP requests an effective date of January 1, 2010 for the SPS 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. Section 35.11 states that the Commission will grant waiver “upon application and for good cause shown.”²⁰

In this case, the specific factual circumstances present the good cause and extraordinary circumstances to grant waiver of the 60-day filing requirement. The Parties delayed filing the SPS Agreements at the request of SPS in order to allow the NM PRC to approve the Uncontested Stipulation; specifically, the Parties needed NM PRC’s approval

¹⁷ Because SPS will no longer be taking point-to-point service under the SPS PTP Agreement, SPP will file a notice of cancellation in a separate docket to cancel the SPS PTP Agreement.

¹⁸ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1665-000 (Oct. 22, 2009).

¹⁹ See *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER09-355-000 and -001 (Feb. 11, 2009). The SPS 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).

²⁰ 18 C.F.R. § 35.11.

of SPS's decision to serve all of its New Mexico retail load pursuant to the SPS Agreements. The Uncontested Stipulation was presented to the NM PRC on September 17, 2009, with the anticipation that the NM PRC would approve the Uncontested Stipulation before February 1, 2010, but that did not happen. The fact that the SPS Agreements were subject to the NM PRC's ultimate decision manifests extraordinary circumstances, and the Commission has good cause to waive the 60-day notice requirement in this case. As soon as possible after the NM PRC issued its order on February 2, 2010, the Parties executed and filed the SPS Agreements. Furthermore, the Parties consent to the January 1, 2010 effective date. Therefore, the Commission should waive the 60-day notice requirement and grant the SPS Agreements a January 1, 2010 effective date.

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 SPS Agreements are included herein as Exhibit I, with redlined pages illustrating the differences between the SPS Agreements and the *pro forma* Agreements as Exhibit II.

(2) Effective Date:

As discussed herein, SPP respectfully requests that the Commission accept the SPS Agreements with an effective date of January 1, 2010.

(3) Service:

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

(4) Basis of Rate:

All charges will be determined in accordance with the SPP OATT.

The Honorable Kimberly D. Bose

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B. Communications:

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

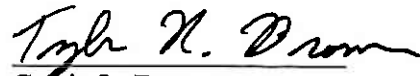
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Conclusion

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

Respectfully submitted,



Carrie L. Bumgarner
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 1st day of January, 2010, by and between Southwestern Public Service Company ("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:

- 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 January 1, 2034. 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:

Thomas A. Imbler
Vice President, Commercial Operations, Xcel Energy
Services Inc. as Agent for Southwestern Public Service
Company
550 15th Street, Suite 1200
Denver, CO 80202

- 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.

APPROVED
TK
BY

TRANSMISSION PROVIDER

Name [Signature]
Executive Vice President and
Title Chief Operating Officer
Date 2/4/2010

NETWORK CUSTOMER

Name [Signature]
Title V.P. Commercial Operations
Date 1/22/2010

**ATTACHMENT 1 TO THE NETWORK INTEGRATION TRANSMISSION SERVICE
AGREEMENT
BETWEEN SOUTHWEST POWER POOL AND SOUTHWESTERN PUBLIC SERVICE
COMPANY
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 Southwestern Public Service 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 Southwestern Public Service 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 Southwestern Public Service Company identified in Section 2.0 hereof as the Network Load are electrically located within the Southwestern Public Service Company Control Area.

6.0 Delivery Points

The delivery points are the interconnection points of Southwestern Public Service Company 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. Transmission Customer may contract with third parties for self-supplied Ancillary Services as appropriate.

- 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

In addition to all other applicable charges, Network Customer shall pay remaining monthly revenue requirements of \$48,083.80 from January 1, 2010 – January 1, 2012 for a total of \$1,154,011.20 for remaining revenue requirements required for the Green Country Network Resource confirmed on transmission service requests 974790, 974791, 974793, 974797.

The revenue requirement for American Electric Power transmission facility upgrade is \$20,762.84/month for the Explorer Glenpool-Riverside Station 138kV upgrade. The revenue requirements for Oklahoma Gas and Electric's transmission facility upgrades are \$9015.88/month for the Beeline-Explorer Glenpool 138kV upgrade, and \$18,305.08/month for the Explorer Glenpool-Riverside Station 138kV upgrade.

These upgrades were required to provide firm Point-To-Point Service to Southwestern Public Service Company under transmission service requests 974790, 974791, 974793, 974797.

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
Southwestern Public Service Company**