



SPP *Southwestern
Power Pool*

***Helping our members work together
to keep the lights on...
today & in the future***



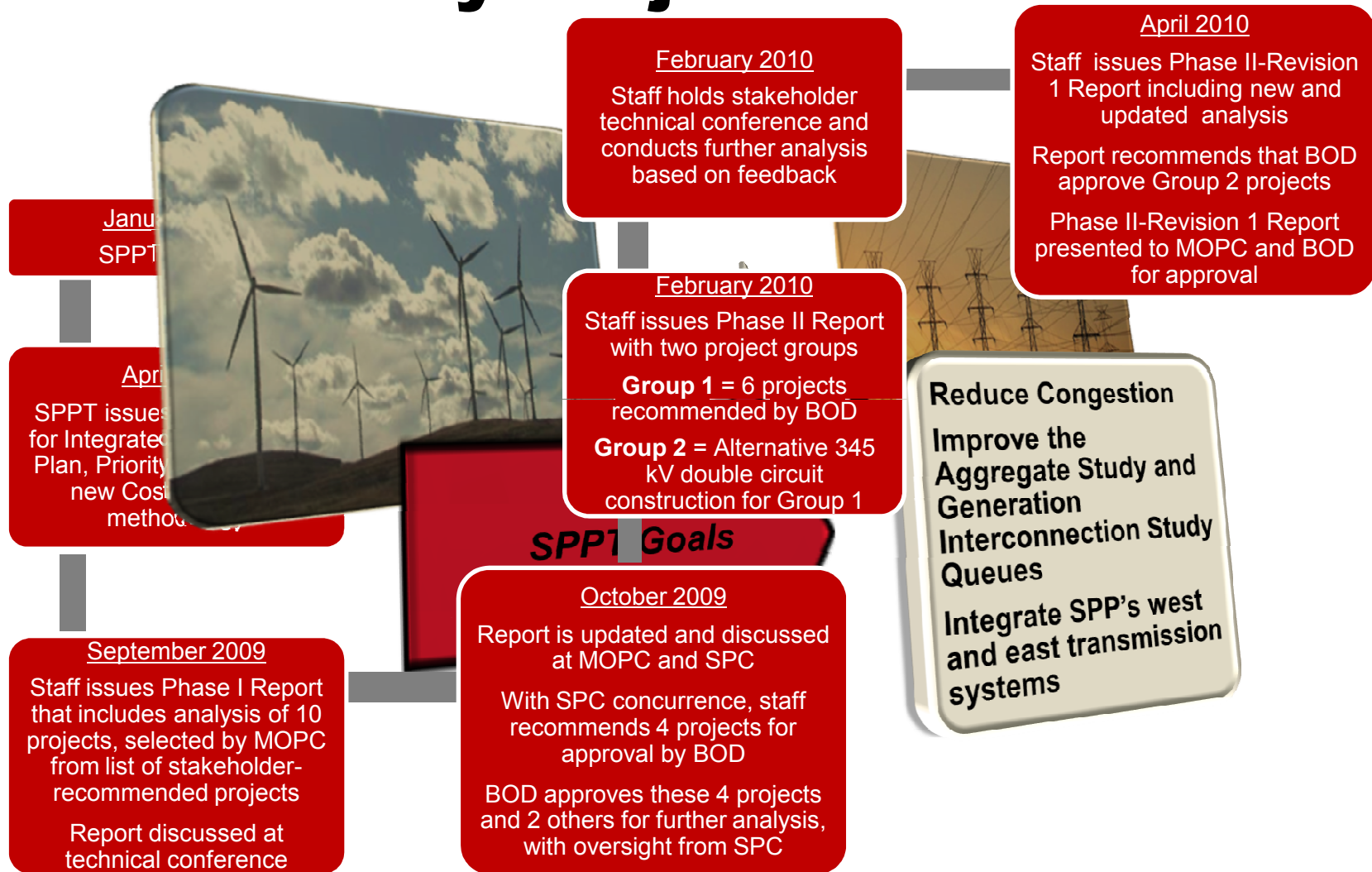
Priority Projects Phase II Rev 1 MOPC Meeting

April 14, 2010

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Priority Projects Timeline

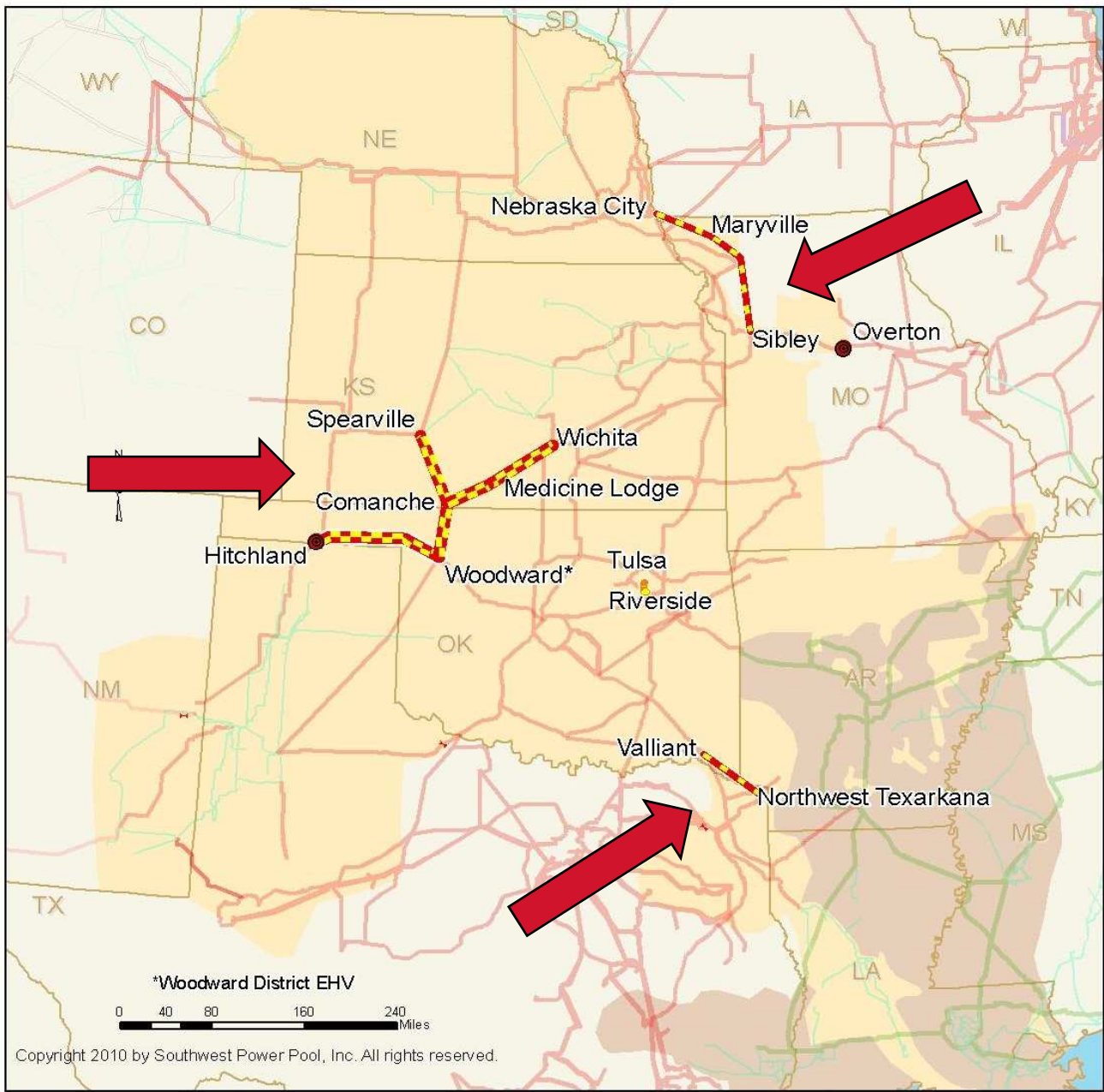




Group 2 provides the compatibility and consistency of the SPPT goals. These projects also provide the cohesion to secure a robust transmission system for the future of SPP

Staff recommends Group 2 for construction

1. Spearville – Comanche – Medicine Lodge – Wichita, double circuit construction and operated at 345 kV
2. Comanche – Woodward District EHV, double circuit construction and operated at 345 kV
3. Hitchland – Woodward District EHV, double circuit construction and operated at 345 kV
4. Valliant – NW Texarkana, constructed and operated at 345 kV
5. Nebraska City – Maryville – Sibley, constructed and operated at 345 kV
6. Riverside Station – Tulsa Power Station 138 kV reactor addition

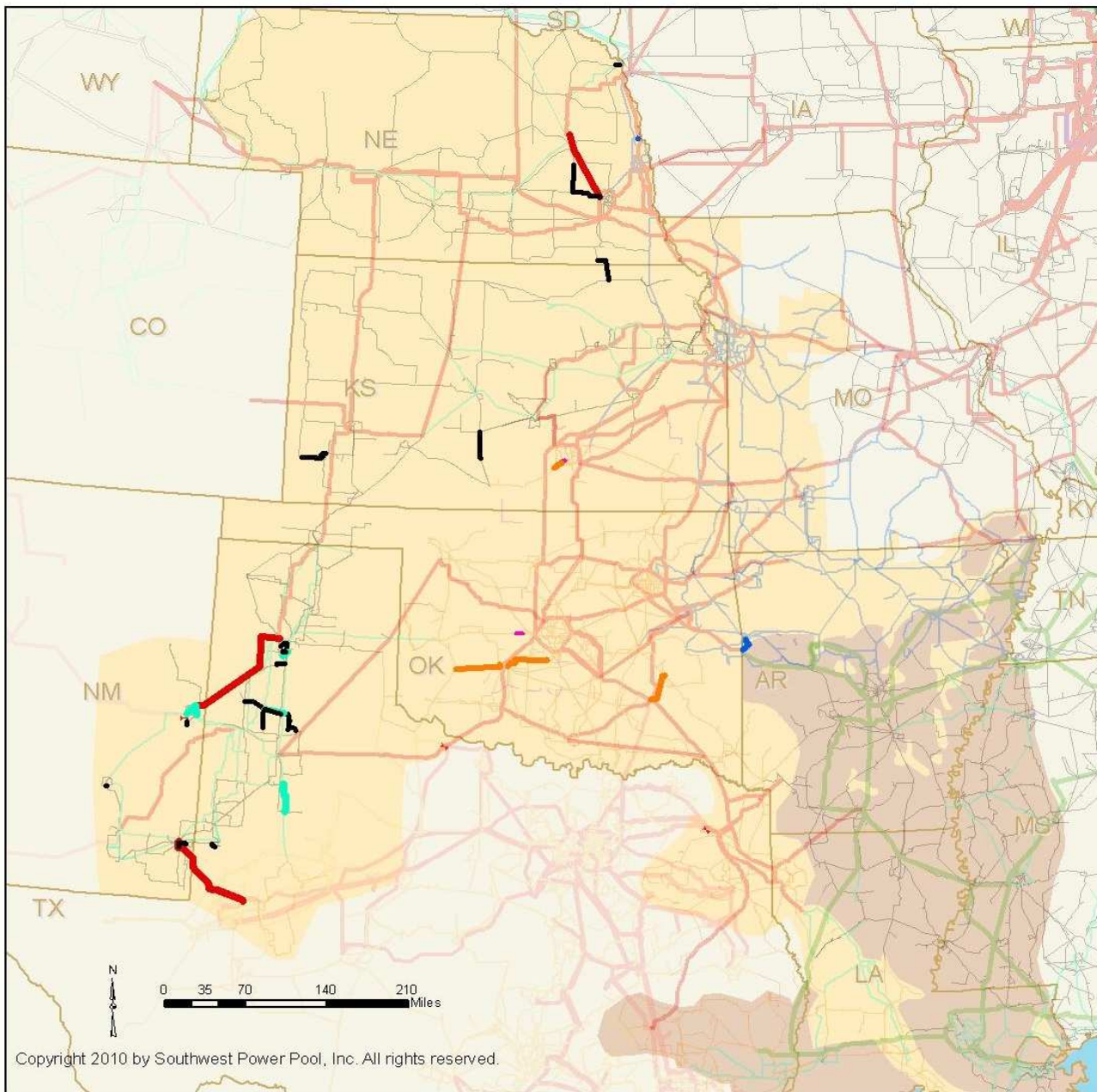


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Priority Projects (Group 2)

- Transformer Upgrade
- Single Circuit PP
- Double Circuit PP
- 230 kV
- 345 kV
- 500 kV
- 765 kV, OP @ 345kV
- Southwest Power Pool
- Entergy ICT





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Projects Approved in January 2010 Board Meeting

(All other approved projects included
in background transmission)

- 69 kV
- 115 kV
- 138 kV
- 161 kV
- 230 kV
- 345 kV

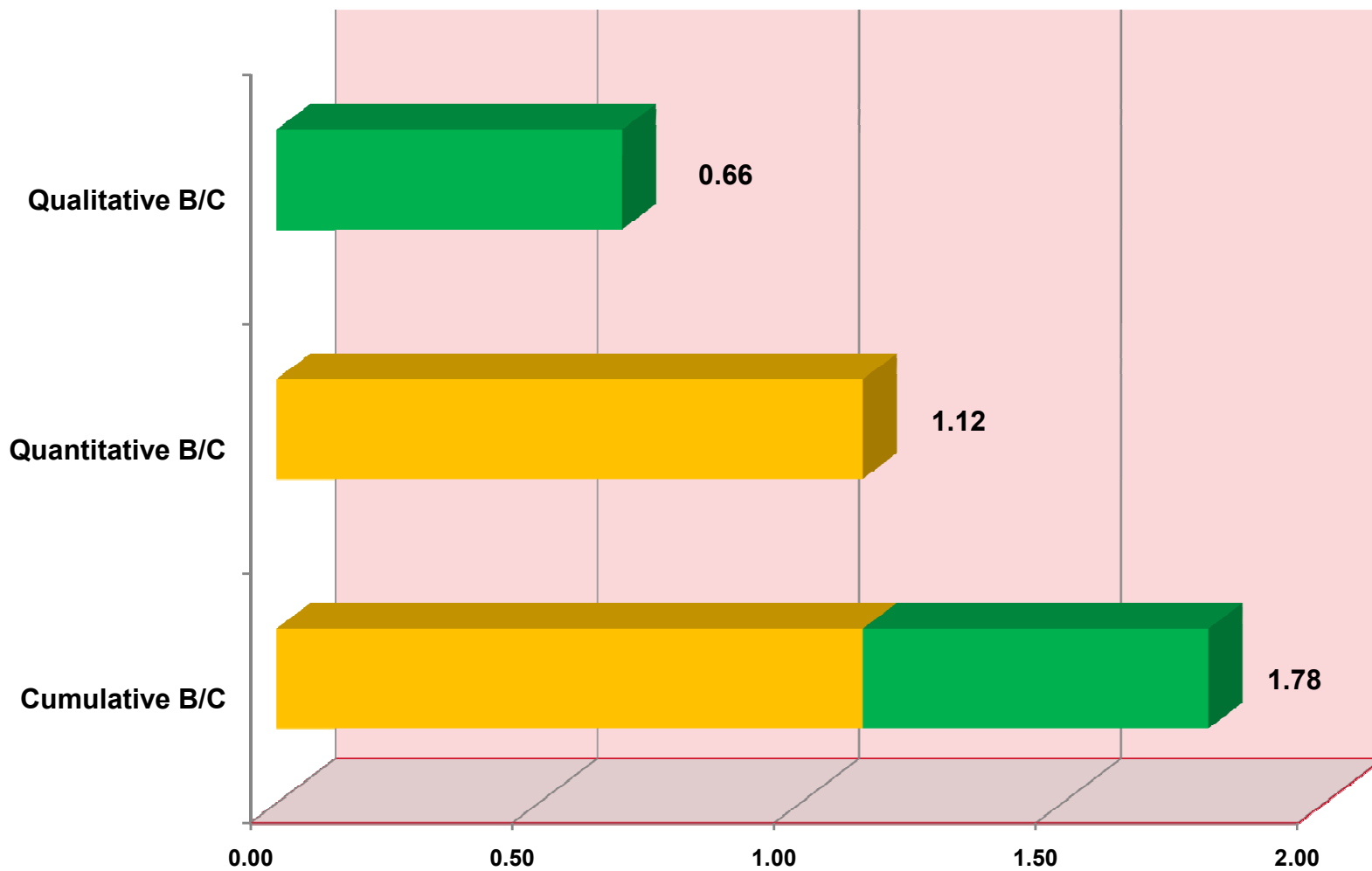




Revision 1 Modifications

- **Coal Prices**
 - Coal forecast updated from software vendor
 - New forecast indicates prices increasing over time which is consistent with data provided by members
- **11 GW Wind Level**
 - CAWG survey indicated approx. 11.3 GW needed to satisfy mandated or voluntary renewable energy targets by 2030
- **Additional PAT analysis**
 - Staff performed additional analysis to identify constraints
 - Reviewed by ESWG
- **Updated LRS**
 - Staff calculated LRS numbers from data received by SPP's Settlements Group in early 2010

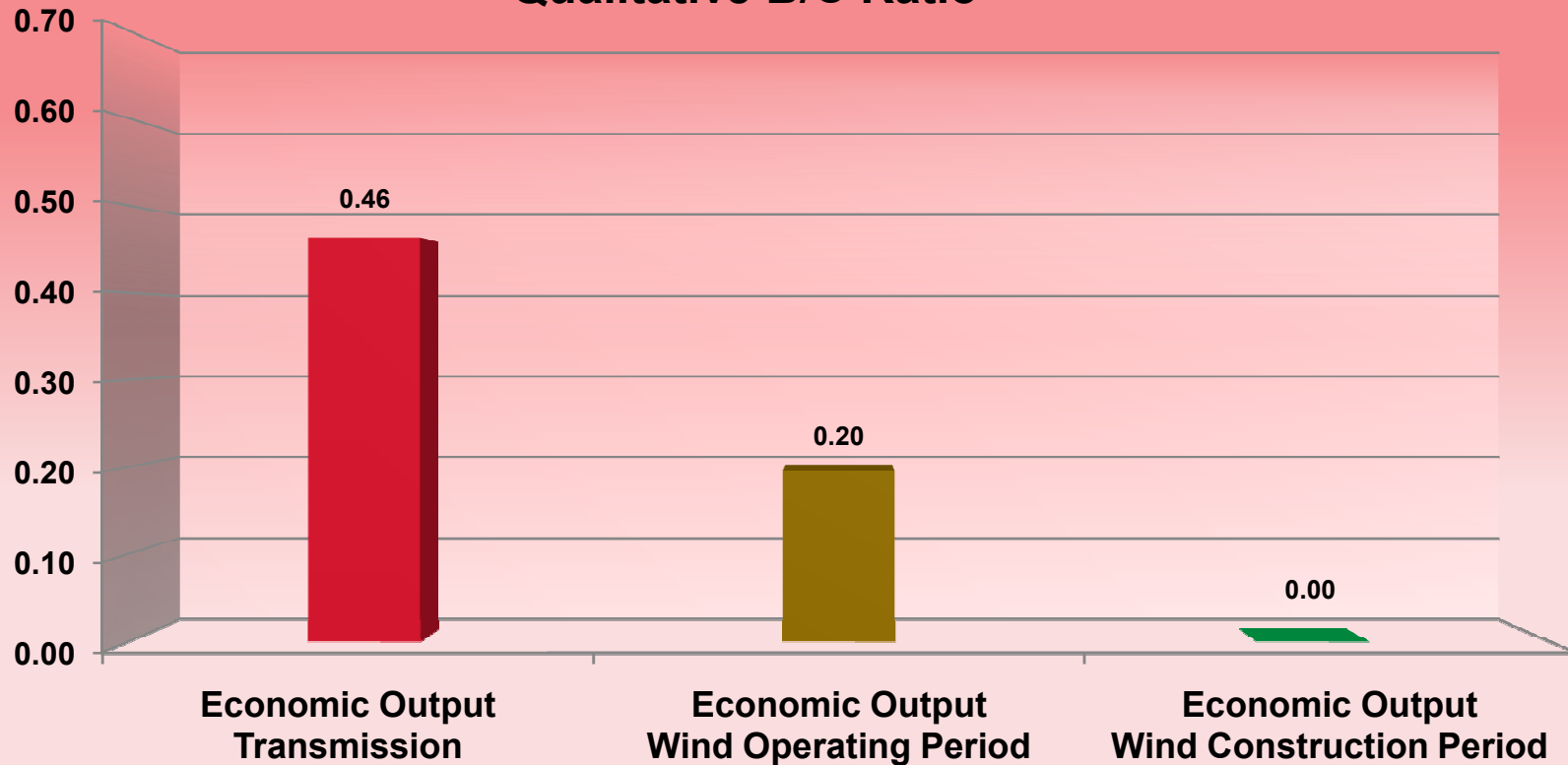
Group 2 B/C Ratio



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Group 2 Qualitative B/C Ratio



Transmission

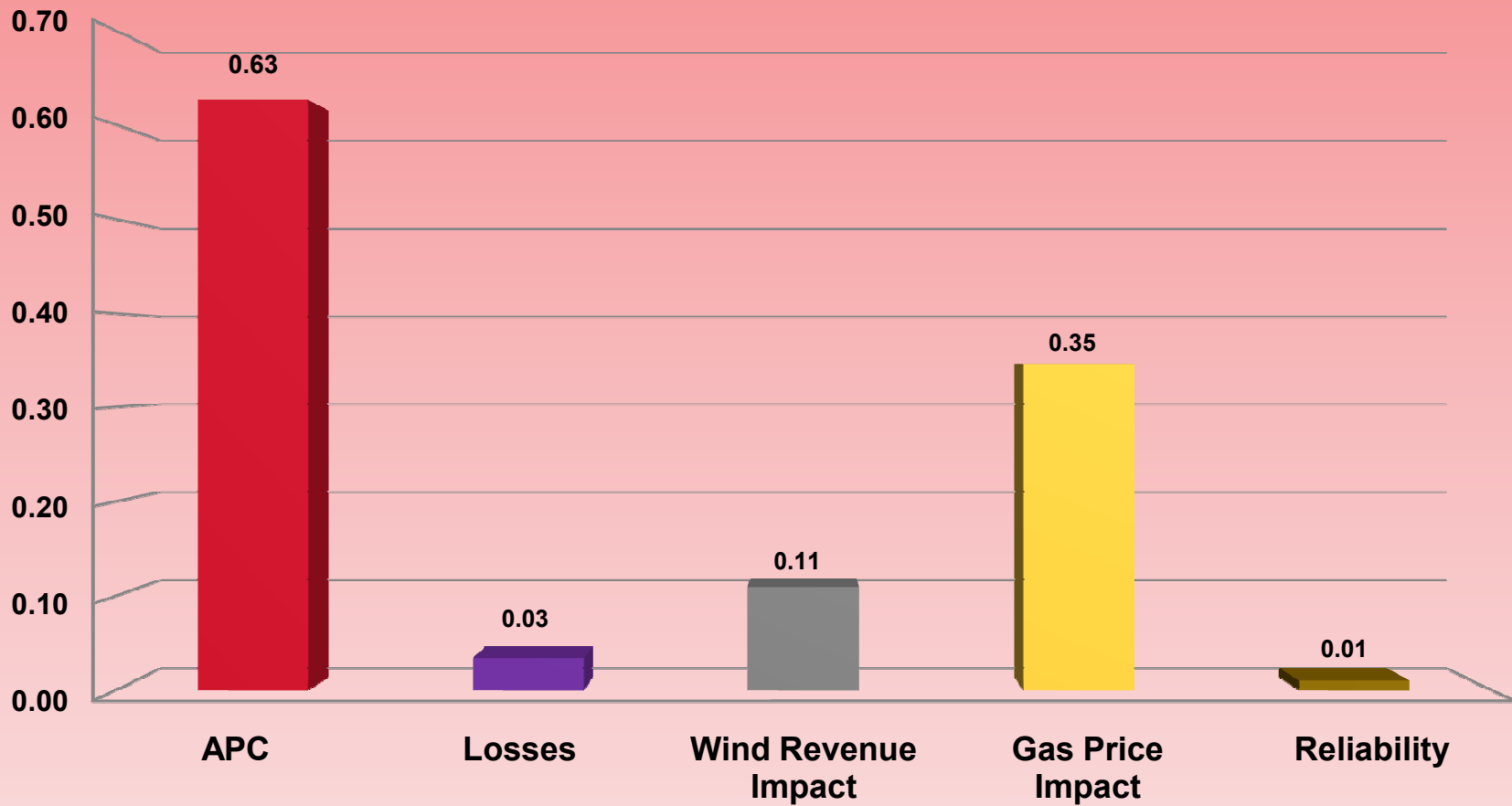
Overall job impacts: ~ 7,475 FTE-years
 Overall earnings: ~ \$368 million
 Tax impacts: ~ \$34.4 million

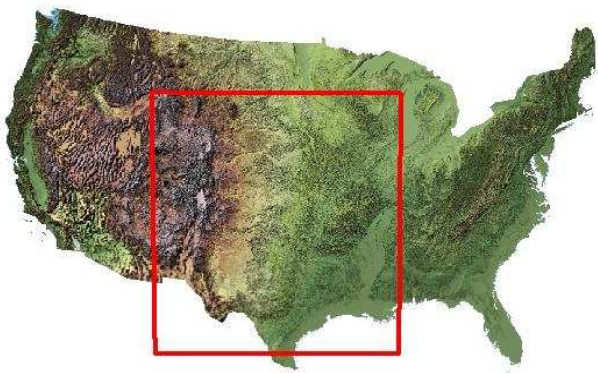
Wind Operation

Overall job impacts: ~ 3,275 FTE-years
 Overall earnings: ~ \$125 million

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Group 2 Quantitative B/C Ratio



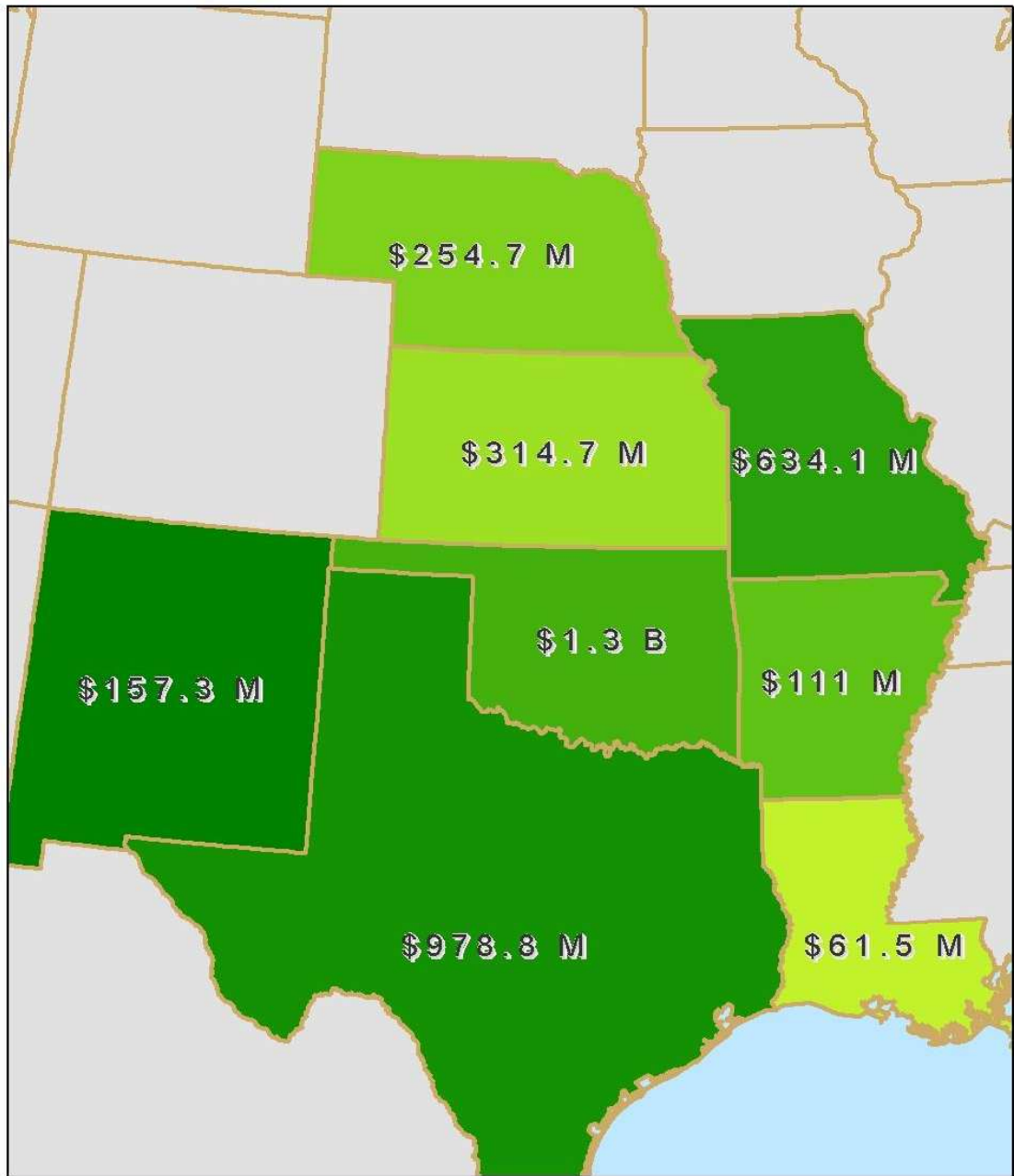
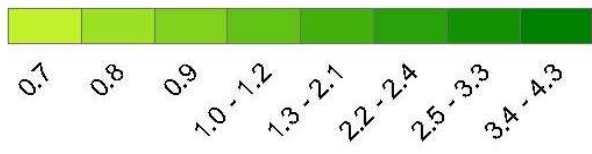


Priority Projects Benefit/Cost Analysis

(Group 2)

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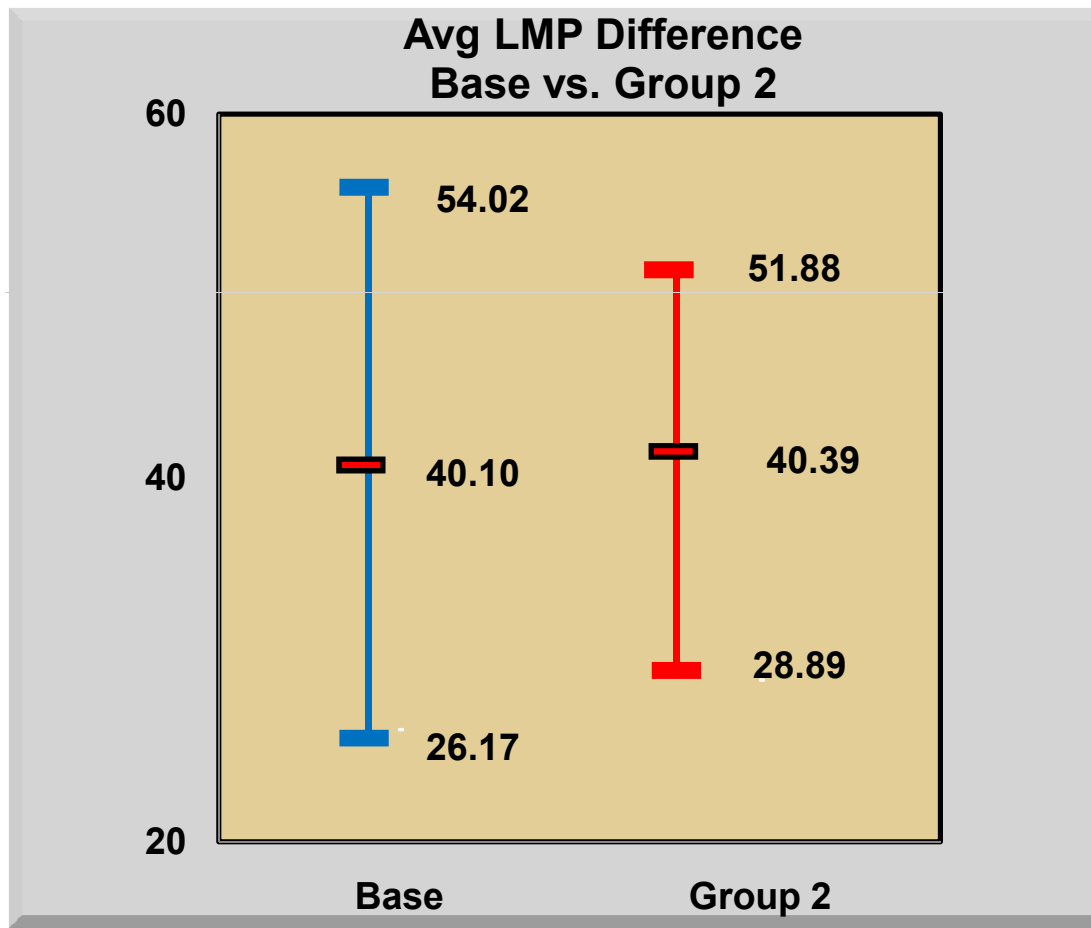
Benefit/Cost



Achieving SPPT Goals

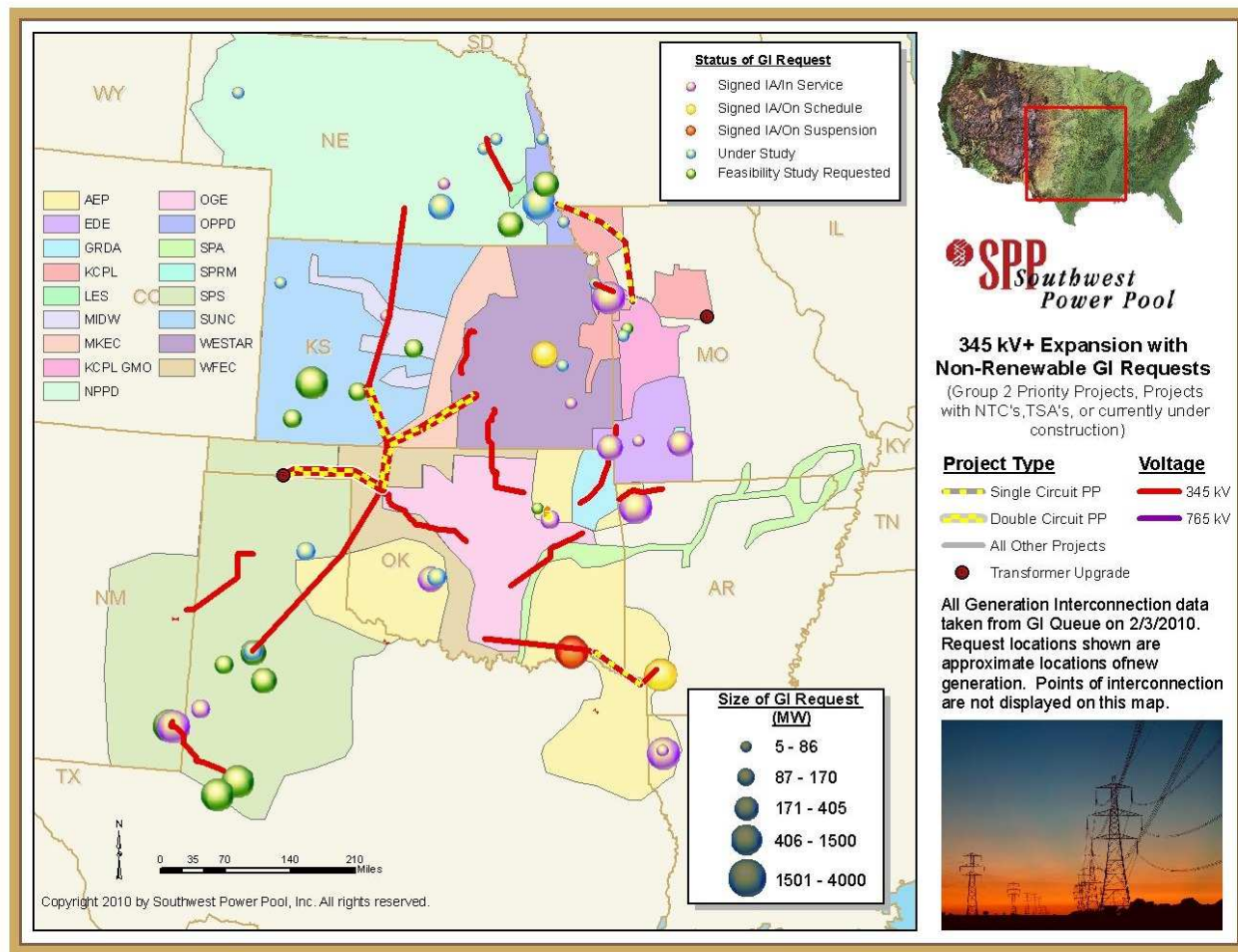
1. Reduce congestion: Levelization of LMP's

Avg. LMP price spread reduces from +/- 35% to +/- 28% for Group 2



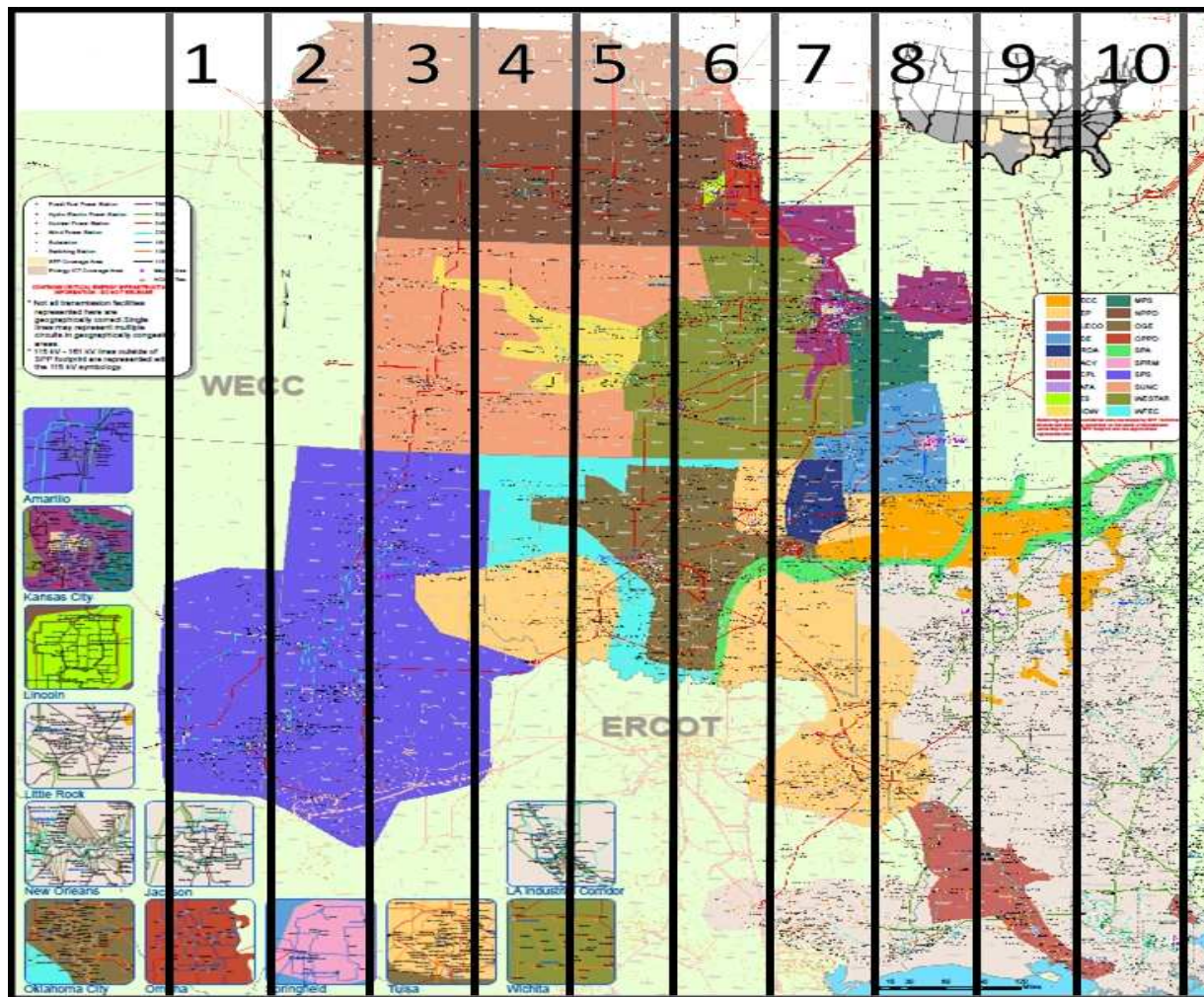
Achieving SPPT Goals

2. Improve the Aggregate Study and GI Study queues

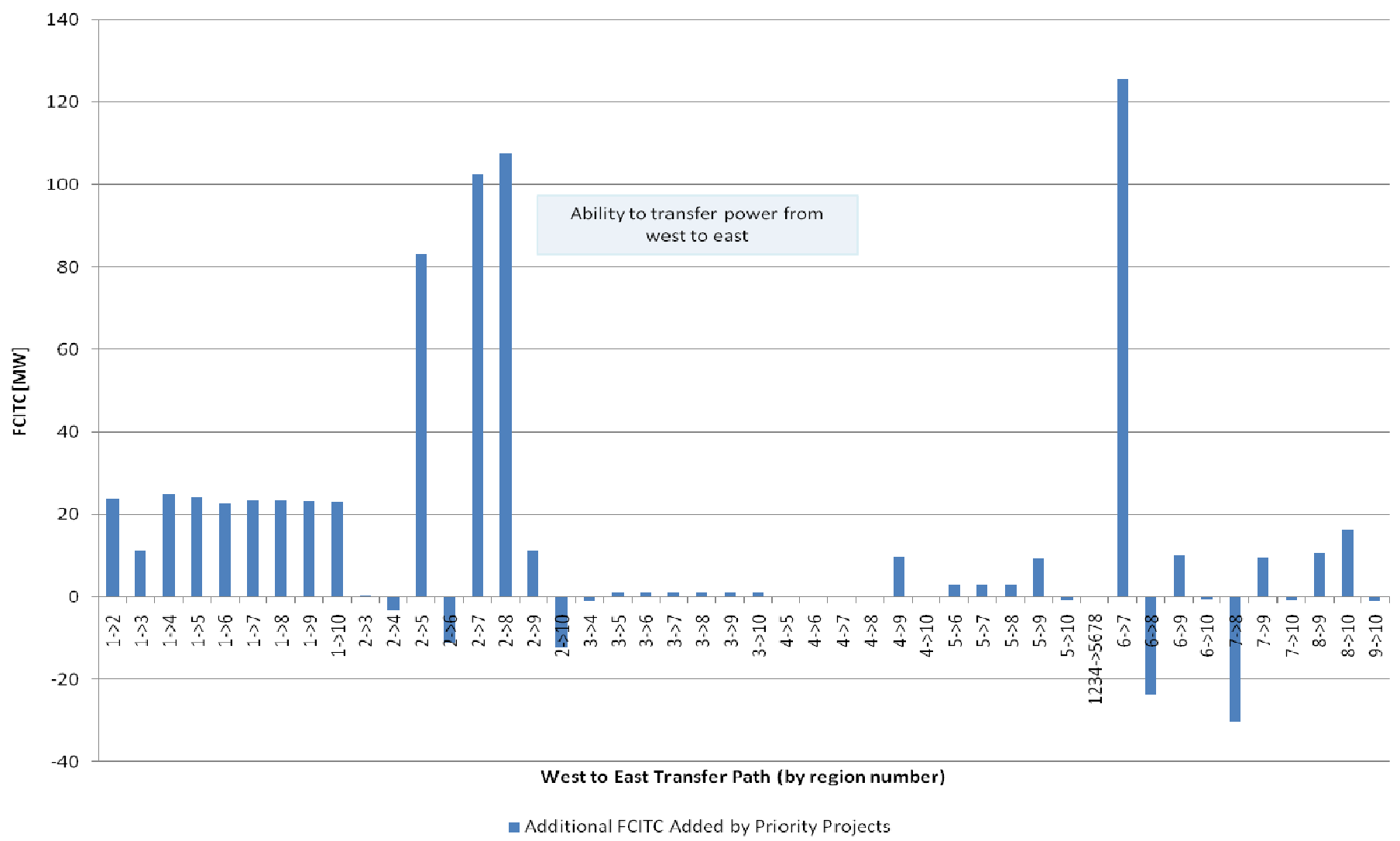


Achieving SPPT Goals

3. Integrate SPP's west and east transmission systems



Improvement to First Limiting Element for West to East Transfers





Recap

- **Group 2 Priority Projects provide benefits to the region greater than the costs**
 - **Cumulative B/C Ratio of 1.78**
- **The Priority Projects achieve the goals as set forth by the SPPT in April 2009**
 - **Relieve congestion**
 - **Improve Aggregate Study & GI Processes**
 - **Connect the west and east transmission systems**



Recommendation

- **Staff requests the MOPC endorse the recommendation by SPP Staff to construct Group 2 Priority Projects as presented.**
- **If approved, NTC letters for the six Priority Projects will be issued after a favorable ruling from FERC on the highway/byway cost allocation methodology.**