

Southwest Power Pool, Inc.
Membership Agreement
Original Volume No. 3

SOUTHWEST POWER POOL, INC.

MEMBERSHIP AGREEMENT

Issued by: L. Patrick Bourne, Manager
Transmission and Regulatory Policy

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MEMBERSHIP AGREEMENT

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**Southwest Power Pool
Membership Agreement**

This Agreement is made between the Member and SPP, as defined herein.

1.0 DEFINITIONS

1.1 Agreement

This Membership Agreement.

1.2 Board of Directors

The Board of Directors elected pursuant to the Bylaws.

1.3 Bylaws

SPP's Bylaws or any successor document.

1.4 Distribution Facilities

Facilities that are the subject of a separate distribution charge pursuant to the Open Access Transmission Tariff.

1.5 Effective Date

This Agreement is effective on January 1, 2000 or upon the date of execution by Member if after January 1, 2000.

1.6 Electric Transmission System

The transmission facilities subject to SPP's tariff administration, except for any Distribution Facilities.

1.7 Existing Obligations

Shall have the meaning given in Section 4.3.2(b).

1.8 FERC

The Federal Energy Regulatory Commission or successor organization.

1.9 Financial Obligations

Shall have the meaning given in Section 4.3.2(b).

1.10 Future Interest

Shall have the meaning given in Section 4.3.2(b).

1.11 Good Utility Practice

Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods,

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and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather to be a range of acceptable practices, methods, or acts generally accepted in the region. SPP Criteria and NERC Policies and Standards are considered Good Utility Practice.

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1.12 Member

Signatory to this Agreement that has completed the application requirements pursuant to the Bylaws.

1.13 NERC

North American Electric Reliability Corporation or successor organizations.

1.14 Non-Transmission Owner

A Member that is not a Transmission Owner. A Non-Transmission Owner that owns or controls Tariff Facilities may have its status changed to a Transmission Owner under this Agreement upon notice to SPP and execution of this Agreement as a Transmission Owner.

1.15 Partial Termination

Shall have the meaning given in Section 4.1.

1.16 Regional Entity

An entity having enforcement authority delegated to it by NERC pursuant to a delegation agreement accepted by FERC.

1.17 Reliability Coordinator

SPP, in performing its reliability coordinator function as recognized by NERC pursuant to its policies, and pursuant to SPP Criteria and this Agreement.

1.18 SPP

Southwest Power Pool, Inc., or successor organization.

1.19 SPP Criteria

SPP's approved operating and planning criteria.

1.20 SPP Region

The geographic area encompassing the transmission systems of Members that are Transmission Owners.

1.21 Standards of Conduct

SPP's Standards of Conduct that apply to the conduct of its directors, officers, employees, Regional Entity trustees, contractors, and agents.

1.22 Tariff Facilities

The Electric Transmission System and the Distribution Facilities subject to SPP's tariff administration.

1.23 Termination

Shall have the meaning given in Section 4.1.

1.24 Termination Date

Shall mean the date of Termination is effective in accordance with Section 4.2.2(b).

1.25 Transmission Customer

A customer under the Open Access Transmission Tariff.

1.26 Transmission Owner

A signatory to this Agreement which transfers functional control related to the rates, terms and conditions of the OATT to SPP by executing this Agreement or appoints SPP under another agreement to provide service under the Transmission Tariff over Tariff Facilities which it owns or controls.

1.27 Open Access Transmission Tariff (OATT)

The SPP nondiscriminatory, Open-Access Transmission Tariff (OATT) on file with FERC pursuant to Section 205 of the Federal Power Act under which SPP will offer transmission service, or any such successor tariff.

2.0 RIGHTS, POWERS AND OBLIGATIONS OF SPP

SPP possesses the rights, powers, and obligations as detailed in this Section 2.

2.1 Operation and Planning

2.1.1 General

- (a) SPP shall schedule transactions and administer transmission service over Tariff Facilities as necessary to provide service in accordance with the SPP OATT.
- (b) SPP shall function in accordance with Good Utility Practice and shall conform to applicable reliability criteria, policies, standards, rules, regulations, guidelines and other requirements of SPP and NERC, Transmission Owner's specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements specified in this paragraph), and all applicable requirements of federal and state regulatory authorities.
- (c) SPP shall maintain a publicly available registry of all facilities that are not classified as critical energy infrastructure information that constitute the Electric Transmission System.

- (d) SPP shall review and approve, as appropriate, requests for service, schedule transmission transactions, and determine available transfer capability under the OATT, provided that SPP shall coordinate with the Transmission Owner when processing requests for service involving its Tariff Facilities.
- (e) SPP shall be responsible for coordinating with neighboring regional organizations and/or non-member transmission owners or providers as appropriate.
- (f) SPP shall not exercise its administration of transmission service over the Tariff Facilities in such a way as to interfere with contracts between Transmission Owner and any Transmission Customer that are in effect as of the Effective Date of this Agreement except as permitted by the OATT.
- (g) SPP shall be responsible for documenting all transmission service requests, the disposition of such requests, and any supporting data required to support the decision with respect to such requests. SPP shall negotiate as appropriate to develop reciprocal service, equitable tariff application, compensation principles, and any related arrangements.
- (h) SPP shall propose and file with FERC pursuant to Section 205 of the Federal Power Act modifications to the OATT and make any other necessary filings subject to approval by the Board of Directors.
- (i) SPP shall develop penalties and incentives, subject to FERC filings where appropriate.
- (j) SPP shall direct Transmission Owner pursuant to the provisions of Section 3.3 to construct transmission facilities in accordance with coordinated planning criteria, or if necessary under the OATT.
- (k) SPP shall have the authority to direct the day-to-day operations of the Tariff Facilities in order to carry out its responsibilities as a Transmission Provider and Reliability Coordinator as described in SPP's Operational Authority Reference Document, attached hereto as Appendix A; provided, however, nothing in this Agreement or the OATT shall be

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construed to require a change in the physical control of any Tariff Facilities using a Party's existing facilities or equipment.

- (l) SPP shall take any actions necessary for it to carry out its duties and responsibilities, subject to receiving any necessary regulatory approvals and any necessary approvals from the Board of Directors.

2.1.2 Reliability

SPP shall have responsibility for reliability of the Electric Transmission System in connection with its rights, powers, and obligations under this Agreement. SPP shall act as the Reliability Coordinator of the Electric Transmission System, and as such, shall have reliability monitoring and emergency response responsibilities pursuant to related SPP Criteria and the following requirements:

- (a) SPP shall monitor real-time data to determine whether any control areas are experiencing generation capacity deficiencies. If a generation capacity deficiency event threatens the security of the Electric Transmission System, SPP is authorized to and shall direct the acquisition of generation capacity and, if that direction is not satisfied, is authorized to and shall direct the shedding of firm load in the deficient control area.
- (b) SPP shall work with other reliability coordinators and non-member transmission owners or providers to develop regional reliability plans and emergency operating procedures.
- (c) SPP shall maintain emergency response procedures for responding to specified critical contingencies and shall continuously analyze issues that may require the initiation of such actions.
- (d) SPP is authorized to and shall direct the response to any emergency and Members shall carry out the required emergency actions as directed by SPP (except in cases involving endangerment to the safety of employees or the public), including the shedding of firm load if required for regional reliability.

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- (e) After the conclusion of an emergency condition, any affected entity that disagrees with SPP's handling of the emergency may resolve that disagreement pursuant to the dispute resolution procedures in the Bylaws.
- (f) SPP shall monitor and coordinate the maintenance of adequate Electric Transmission System voltage levels with control areas and Transmission Owner, where appropriate.
- (g) SPP shall direct redispatch of generation in accordance with the OATT and in its role as Reliability Coordinator, subject to the generator receiving appropriate compensation pursuant to an applicable rate schedule.

2.1.3 Transmission Maintenance

SPP is required to approve all planned maintenance of the Electric Transmission System consistent with the following requirements:

- (a) SPP shall review planned transmission maintenance schedules submitted by Transmission Owner for a minimum of a rolling one-year period. These planned maintenance schedules shall be updated daily. Planned transmission maintenance requests shall be submitted to SPP at least one week in advance of an outage.
- (b) SPP shall analyze a planned transmission maintenance request to determine its effect on available transfer capability, ancillary services, the reliability of the Electric Transmission System, and any other relevant effects. Within two business days of receiving a planned maintenance request, SPP shall provide a response. If SPP's response indicates that such planned transmission maintenance will have an adverse impact, Transmission Owner shall work with SPP to minimize the impact of such planned maintenance, up to and including re-scheduling the maintenance.
- (c) SPP shall notify Transmission Owner of the need to change previously reviewed planned transmission maintenance outages if forced transmission outages or other circumstances compromise the integrity or reliability of the Electric Transmission System. If Transmission Owner is fully

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compensated for any additional costs resulting from any changes in maintenance schedules as provided in an applicable rate schedule, Transmission Owner shall revise maintenance outages to address such emergency circumstances.

- (d) As part of its review process, SPP shall identify planned transmission maintenance schedules that limit available transfer capability. If requested by a Transmission Customer, SPP shall identify opportunities and associated costs for rescheduling planned maintenance to enhance available transfer capability. Transmission Owner shall be compensated for the additional costs of rescheduled maintenance as provided in the SPP OATT.
- (e) SPP shall be responsible for documenting all planned transmission maintenance requests, the disposition of those requests, and all data supporting the disposition of each request.
- (f) SPP shall coordinate with Transmission Owner to the extent practicable to implement schedules for unplanned transmission maintenance when conditions endanger the safety of employees or the public, may result in damage to facilities, or may result in the unsatisfactory operation of its transmission system or any other transmission system.

2.1.4 Generation Maintenance

SPP shall coordinate the maintenance of generating units as appropriate to the extent such generation maintenance directly affects the capacity or reliability of the Electric Transmission System and the generation is located in the SPP Region as follows:

- (a) SPP shall review planned generating unit maintenance schedules submitted by generation owners for a minimum of a rolling one-year period. The planned maintenance schedules shall be updated daily. SPP shall keep such information confidential.

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- (b) SPP shall analyze a planned generating unit maintenance schedule to determine its effect on available transfer capability, ancillary services, the reliability of the Electric Transmission System, and any other relevant effects. SPP shall inform a generation owner if its maintenance schedule is expected to have an impact on the reliability of the Electric Transmission System.
- (c) As part of its review process, SPP shall identify generating unit maintenance schedules that limit available transfer capability and shall identify opportunities and associated costs for rescheduling planned maintenance to enhance available transfer capability.
- (d) A generation owner that changes planned maintenance at the request of SPP pursuant to this Section 2.1.4 shall be compensated in accordance with the SPP OATT.
- (e) SPP shall be responsible for documenting all planned generating unit maintenance schedules, all schedule changes, and all SPP studies and services performed with respect to planned generation maintenance.

2.1.5 Planning Activities

- (a) SPP shall engage in such planning activities, in coordination with Member, as are necessary to fulfill its obligations under this Agreement, SPP Criteria and the OATT. Such planning shall conform to applicable reliability requirements of SPP, NERC, Transmission Owner's specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements), and all applicable requirements of federal or state regulatory authorities. Such planning shall seek to minimize costs, consistent with the reliability and other requirements set forth in this Agreement. The division of responsibility for planning between Member and SPP is set forth in the SPP Criteria.

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- (b) As part of its planning activities, SPP shall be responsible for planning, and for directing or arranging, necessary transmission expansions, additions, and upgrades that will enable it to provide efficient, reliable and non-discriminatory transmission service and to coordinate such efforts with the appropriate state authorities.

2.2 Non-Discriminatory Transmission Service

SPP shall offer and administer transmission service over Tariff Facilities as specified in the OATT.

2.2.1 Pricing

In connection with its administration of the OATT, SPP on behalf of its Members may propose to FERC such transmission pricing for transmission service as is necessary to fulfill its obligations under this Agreement, and may propose to FERC such changes in prices, pricing methods, terms, and conditions as are necessary to continue to fulfill such obligations. The Board of Directors must approve such filings. The OATT rates shall be designed and administered so as to recover full cost of service to the greatest extent practicable associated with the provision of transmission service under the OATT for Tariff Facilities. Notwithstanding the foregoing, Transmission Owner possesses the right to revise certain rates as provided in Section 3.10 of this Agreement.

2.2.2 Standards of Conduct

SPP, its directors, officers, employees, Regional Entity trustees, contractors, and agents shall adhere to the Standards of Conduct.

2.2.3 OASIS

SPP shall administer an Open Access Same-time Information System (OASIS) or successor systems for administration of transmission service. The OASIS, or any successor system, shall conform to the requirements for such systems as specified by FERC.

2.2.4 Ancillary Services

SPP, as part of the OATT, shall facilitate the provision of such ancillary services as are required to be offered by FERC.

2.2.5 Transmission Service Scheduling

- (a) SPP shall schedule and curtail transmission service in accordance with the OATT.
- (b) SPP shall, in consultation with its Members, develop and from time-to-time amend when necessary, detailed scheduling protocols and procedures for service under the OATT, which shall be provided to all Members and be made publicly available.

2.3 Fiduciary Responsibilities and Duties of SPP to Members

SPP shall have the following fiduciary responsibilities and duties to Member under this Agreement:

- (a) Using best efforts to avoid damage to the Tariff Facilities or any other facilities of the Member affected by SPP activities;
- (b) Collecting and distributing revenues to Member in accordance with the Transmission Tariff and other SPP documents applicable to the Transmission Tariff and approved by the Members;
- (c) Using best efforts to maximize transmission service revenues associated with such transmission services in discounting transmission services in accordance with the Transmission Tariff; and
- (d) Using best efforts to promote the design and development of Transmission Tariff rates to assure recovery by Transmission Owner of transmission revenue requirements to the greatest extent practicable and subject to receiving necessary regulatory approvals.

2.4 Additional Obligations of SPP

2.4.1 Inspection and Auditing Procedures

SPP shall grant Member, its employees, agents, or external auditors, and federal and state regulatory authorities having jurisdiction over SPP or Member, such access to SPP's books, records, business practices, control procedures and required audit test results, and related financial transactions and settlement activities as is necessary to verify compliance by SPP with this Agreement, to audit and verify transactions under this Agreement, and to assist Member in

complying with its statutory and regulatory requirements. Such access shall be at reasonable times and under reasonable conditions. SPP shall also comply with the reporting requirements of federal and state regulatory authorities having jurisdiction over SPP with respect to the business aspects of its operations. Contact between officers, employees, and agents of Member and those of SPP shall comply with the Standards of Conduct.

2.4.2 Stranded Cost Recovery Charges

SPP shall collect and distribute, as appropriate, any stranded cost recovery charges pursuant to applicable schedules accepted by appropriate regulatory entities.

3.0 COMMITMENTS, RIGHTS, POWERS, AND OBLIGATIONS OF MEMBER

Member has made the following commitments, and shall have the following rights and shall be responsible for the following functions, some of which apply only to a Transmission Owner, some only to a Non-Transmission Owner.

- (a) Transmission Owner shall transfer functional control related to the rates, terms and conditions of the OATT of its Transmission Facilities, subject to receiving all necessary regulatory authorizations, thereby allowing SPP to (i) direct the operation of the Transmission Facilities in accordance with the terms of this Agreement; (ii) administer transmission service under the Transmission Tariff over that Transmission Owner's Tariff Facilities; and (iii) receive funds from Transmission Customers relating to transmission service over Tariff Facilities and distribute funds to the Transmission Owner. Where Member, owns generators within the SPP Region which directly affect the capacity or reliability of the Electric Transmission System, it shall offer to provide the ancillary services required under the OATT at rates approved by regulatory authorities, where appropriate, to the extent such generators are able to provide such ancillary services.
- (b) Transmission Owner shall operate and maintain its Tariff Facilities subject to the requirements of this Agreement.

- (c) Where Transmission Owner is a balancing area operator, it shall continue to operate its balancing areas for local generation control and economic dispatch, and shall be responsible for identifying and addressing local problems in a reliable manner.
- (d) Transmission Owner shall provide transmission service over its Tariff Facilities at the direction of SPP pursuant to the terms of the OATT.
- (e) Member agrees to comply with the instructions of SPP in its role as Reliability Coordinator.
- (f) Transmission Owner shall retain all rights of ownership, including legal and equitable title in its Tariff Facilities, subject to the provisions of this Agreement. Transmission Owner, or one acting under its authority, shall retain all rights to access to its Tariff Facilities so long as such access is consistent with the provisions of this Agreement.
- (g) Notwithstanding any other provision in this Agreement, Transmission Owner shall not be obligated or be considered to be allowing transmission over its facilities if such transmission would cause the loss of the tax-exempt status of Transmission Owner or any bonds or other debt of Transmission Owner.
- (h) Member reserves the right to exercise operational authority of Member's Tariff Facilities (1) to protect public safety and the safety of its workers, to prevent damage to equipment, and to preserve reliability in compliance with NERC standards, and (2) as necessary to preserve Member's rights, duties and obligations regarding electric service to its retail and wholesale native load customers pursuant to its state law and consistent with NERC standards, if SPP's exercise of operational authority over the Tariff Facilities would endanger said electric service or is contrary to or would curtail, surrender or delegate such state law rights, duties and obligations. Member will, as soon as reasonably practicable thereafter, notify SPP of such actions taken by Member. Member and SPP will meet and confer regarding the matter and, as necessary, negotiate in good faith to modify the Agreement to address the matter.

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3.1 Redispatch and Curtailment

Where Member owns or controls generation, it shall follow the instructions of SPP in its role as Reliability Coordinator in redispatching generation if such generation directly affects the reliability and capability of the Electric Transmission System and is located within the SPP Region. Member shall follow the instructions of SPP in its role as Reliability Coordinator or as administrator of the OATT to effectuate curtailment of load. Member shall submit to and coordinate with SPP unit schedules and must-run units within the SPP Region that affect Electric Transmission System capability or reliability. Where Member is providing redispatch it shall receive appropriate compensation in accordance with appropriate rate schedules.

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3.2 Transmission and Generation Maintenance Practices

Transmission Owner shall maintain its Tariff Facilities in accordance with Good Utility Practice. Member shall maintain its generation facilities subject to this Agreement in accordance with Good Utility Practice. Transmission Owner shall coordinate and obtain SPP approval for maintenance on its Tariff Facilities in accordance with Section 2.1.3 of this Agreement. Where Member owns or controls generation facilities within the SPP Region directly affecting Electric Transmission System capability or reliability, it shall coordinate maintenance of such facilities with SPP in accordance with Section 2.1.4 of this Agreement.

3.3 Construction

- (a) As part of its planning activities, SPP shall be responsible for planning, and for directing or arranging, necessary transmission expansions, additions, and upgrades that will enable it to provide efficient, reliable and non-discriminatory transmission service and to coordinate such efforts with the appropriate state authorities, including the Member's governing board where it serves as that authority. Transmission Owner shall use due diligence to construct transmission facilities as directed by SPP in accordance with the OATT and this Agreement, subject to such siting, permitting, and environmental constraints as may be imposed by state, local and federal laws and regulations, and subject to the receipt of any necessary federal or state regulatory approvals, including, as necessary, the Member's governing board where it serves as that authority. Such construction shall be performed in accordance with Good Utility Practice, applicable SPP Criteria, industry standards, Transmission Owner's specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements), and in accordance with all applicable requirements of federal or state regulatory authorities. Transmission Owner shall be fully compensated to the greatest extent permitted by FERC, or other regulatory authority for the costs of construction undertaken in accordance with the OATT.
- (b) After a new transmission project has received the required approvals and been approved by SPP, SPP will direct the appropriate Transmission Owner(s) to begin implementation of the project. If the project forms a connection between facilities of a single Transmission Owner, that Transmission Owner will be designated to

provide the new facilities. If the project forms a connection between facilities owned by multiple parties, all parties will be designated to provide their respective new facilities. The parties will agree among themselves as to how much of the project will be provided by each entity. If agreement cannot be reached, SPP will facilitate the ownership determination process.

- (c) A designated provider for a project can elect to arrange for a new entity or another Transmission Owner to build and/or own the project in its place. If a designated provider(s) does not or cannot agree to implement the project in a timely manner, SPP will solicit and evaluate proposals for the project from other entities and select a replacement.

3.4 Use of Distribution Facilities

Transmission Owner shall provide such service over its Distribution Facilities, where applicable, as is necessary to effectuate transmission transactions administered by SPP, at approved rates, and subject to a separate tariff or agreement as appropriate.

3.5 Providing Information

Member shall provide such information to SPP as is necessary for SPP to perform its obligations under this Agreement and the OATT, and for planning and operational purposes. Such information shall be treated as confidential when so designated so long as its designation is reasonable.

3.6 Facilities Access

Transmission Owner shall allow SPP such access to Tariff Facilities as is necessary for SPP to perform its obligations under this Agreement. Such access shall be at reasonable times and under reasonable conditions.

3.7 Inspection and Auditing Procedures

Transmission Owner shall grant SPP such access to its books and records as is necessary for SPP to perform its obligations under this Agreement and to audit and verify transactions under this Agreement. Such access shall be at reasonable times and under reasonable conditions.

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Transmission Owner shall not be required to provide access to confidential information unless it consents, which consent will not be unreasonably withheld. Transmission Owner may require reasonable disclosure conditions before giving its consent. Disclosure of confidential information shall be made consistent with such disclosure conditions or in accordance with any effective order requiring production of such confidential information issued by a court or regulatory authority. SPP shall provide Transmission Owner immediate notice of any request by an entity to review any such confidential information.

3.8 Compliance with Bylaws and Other Policies and Procedures

- (a) Member agrees to and will comply with and abide by the provisions of the SPP Bylaws and pay, when due, any dues, assessments, OATT charges, and other amounts owing to SPP.
- (b) Member shall comply with all approved and applicable SPP and NERC policies, principles, criteria, standards, and guides and monitoring and certification procedures.
- (c) Where Member is also a member of another NERC Regional Entity it may, at its request and upon approval of the President, be granted a waiver of responsibilities associated with SPP Criteria and/or Bylaws that are duplicative of or inconsistent with responsibilities of membership in another Regional Entity. Where Member receives such a waiver, it agrees to forgo voting privileges on issues before any organizational group pertaining to waived responsibilities.

3.9 Planning and Participation

Transmission Owner shall participate in regional joint planning and coordinated operation of the Electric Transmission System. Non-Transmission Owner shall be entitled to participate in regional joint planning and coordinated operation of the Electric Transmission System.

3.10 Pricing

Transmission Owner shall possess the unilateral right to file with FERC, and, if the Transmission Owner is non-jurisdictional, the Transmission Owner shall have the option to file with FERC, or submit to SPP for filing with FERC, pursuant to Section 205 of the Federal Power Act modifications to change the rates or rate structure for transmission service over its Tariff Facilities, including filing a fixed revenue requirement and supporting data or a rate formula template for its cost of service revenue requirements, and to submit proposals or filings governing new construction with FERC; provided, however, Transmission Owner may not submit a proposal which results in a Transmission Customer paying two or more transmission charges for transmission for one transaction under the OATT (excluding Distribution Facilities for which an additional charge may be imposed, and Grandfathered Agreements as defined in the OATT). Transmission Owner shall notify SPP in advance of its intention to submit a filing to FERC and provide SPP with a copy of the filing. No approval from SPP is required for such filings.

3.11 No Waiver of Jurisdictional Immunity

If Member is not subject to the jurisdiction of FERC as a public utility under the Federal Power Act, Member shall not be required to take any action or participate in any filing or appeal that would confer FERC jurisdiction over Member that does not otherwise exist. Any order, decision, rule or regulation issued by FERC to SPP or any other Members or Member of SPP relating to matters exempt from FERC jurisdiction under Section 201(f) of the Federal Power Act shall not apply directly or separately to a non-jurisdictional Member. Without limiting the generality of the foregoing, except as otherwise provided in the Federal Power Act, a non-jurisdictional Member shall not be bound or obligated by any FERC order, decision, rule or regulation requiring a change in the rates, terms or conditions for transmission service or compensation for utilizing the transmission facilities of a non-jurisdictional Member, which conflicts with applicable state law, including any order requiring the suspension of the use of such rates, terms or conditions or the payment of refunds of rates or compensation previously collected or received. A non-jurisdictional Member and SPP acknowledge that FERC, in the context of its jurisdiction over SPP's rates, may review a non-jurisdictional Member's revenue requirement and rates to the extent they comprise or affect the rates charged by SPP or other Members. If FERC does not accept a non-jurisdictional

Member's revenue requirement or rates, the non-jurisdictional Member may terminate this Agreement pursuant to the withdrawal provisions of the Agreement. In such event, the non-jurisdictional Member and SPP agree to meet and confer prior to any termination of this Agreement. Nothing in this Agreement, or the participation of a non-jurisdictional Member in SPP and its operations waives any objection to or otherwise constitutes a consent to, the jurisdiction by FERC that does not otherwise exist over the non-jurisdictional Member or its transmission service, facilities and rates.

3.12 Compliance with State Law

Notwithstanding any other provision of this Agreement, a non-jurisdictional Member shall not be required to take any action or do any other thing with respect to rates, charges, terms or conditions of service, the resolution of disputes under this Agreement or any other matter regarding its obligations and performance under this Agreement, that (i) the non-jurisdictional Member is not permitted by state law to undertake or that is prohibited in whole or in part by any state law or regulation applicable to the non-jurisdictional Member; or (ii) would require the non-jurisdictional Member to violate a provision of such state law or regulation in order to comply with this Agreement. Determination of compliance with and permissible action, conduct or obligations under this Section 3.12 by a non-jurisdictional Member shall be within the sole jurisdiction of the non-jurisdictional Member's governing board, subject to applicable state court review. A non-jurisdictional Member shall not object to SPP's participation in any state proceedings that impact the non-jurisdictional Member's ability to perform under this Agreement or determinations regarding such impact. To the extent possible without violating state law, a non-jurisdictional Member shall notify SPP in advance of any action that the non-jurisdictional Member is required to take that the non-jurisdictional Member believes would constitute a violation of state law, and the non-jurisdictional Member and SPP promptly shall meet and confer regarding the matter. As necessary, the non-jurisdictional Member and SPP agree to negotiate in good faith to modify the Agreement as consistent as possible with the original intent to allow SPP to exercise operational authority over the non-jurisdictional Member's Tariff Facilities as otherwise provided in the Agreement. If the non-jurisdictional Member and SPP are unable to resolve the matter, the non-jurisdictional Member may terminate this Agreement pursuant to the withdrawal provisions of the Agreement.

4.0 TERMINATION OF MEMBERSHIP

This Section states the terms and conditions applicable to any Termination or Partial Termination.

4.1 Events of Termination and Partial Termination. A “Termination” shall mean any cessation of Membership, voluntary or involuntary, or a termination of this Agreement for any reason including the following:

- a. Member voluntarily withdraws from membership under Sections 4.0 or 5.0 of this Agreement;
- b. An involuntary termination of membership occurs pursuant to Section 6.0 of this Agreement;
- c. Member withdraws from membership or terminates this Agreement to comply with the terms of any applicable law or regulation;
- d. A withdrawal from membership or termination of this Agreement is ordered by any court or administrative agency of competent jurisdiction; SPP reserves the right, but is not obligated, to maintain before such court or administrative agency, or on any appeal, that FERC has preemptive jurisdiction;
- e. A material breach or repudiation of this Agreement, in the discretion of the non-breaching or non-repudiating party;
- f. The liquidation or dissolution of SPP, unless a third party has assumed the rights and obligations of SPP under this Agreement and has reasonably demonstrated capability to perform SPP’s obligations under this Agreement;
- g. An agreement between SPP and the Member to terminate this Agreement.

A “Partial Termination” occurs upon a Member’s voluntary removal of a portion of its transmission facilities or customers from the SPP Region, including, by way of example and not limitation, sale of a part of the Member’s distribution or transmission network or transfer to another service provider of a portion of its retail load.

4.2 Termination Procedures and Effective Dates

4.2.1 Notice of Voluntary Withdrawal

Subject to Section 4.3, a Member may withdraw voluntarily from this Agreement, provided that it has given written notice to the President of its intent to withdraw. Notice of intent to withdraw must state a proposed date for the withdrawal and be delivered to the President no less than twelve (12) months prior to such date. The President will advise the Members and the Board of Directors of any withdrawal notices received. In order to assure that there is no more than one proposed termination date with respect to a Member, a withdrawal notice shall be deemed to rescind any prior withdrawal notice given by the Member. Voluntary withdrawal is a Termination and creates the same obligations as a Termination for any other reason.

4.2.2 Effective Date of Termination

(a) **Voluntary Withdrawal.** If the withdrawing Member is not a Transmission Owner subject to FERC jurisdiction, the Termination Date shall be the date proposed in the withdrawal notice under Section 4.2.1 or otherwise agreed by SPP. If the withdrawing Member is a Transmission Owner subject to FERC jurisdiction, the Termination Date shall be the later of (i) the proposed date specified in the withdrawal notice or otherwise agreed by SPP, (ii) the effective date, if any, set by the FERC order approving the withdrawal; or (iii) the date that such FERC order is no longer subject to review by a court of competent jurisdiction.

(b) **Termination other than Voluntary Withdrawal.** If the Termination occurs for any reason other than the Member's voluntary withdrawal under Section 4.2.1 or by agreement with SPP, the Termination Date shall be as follows:

(i) If the Member is not a Transmission Owner subject to FERC jurisdiction, the Termination Date shall be the date of the event by which the Termination occurs, for example, the date a party gives notice that it will treat a breach or repudiation as a Termination or the date a Member withdraws in order to comply with the terms of a law or regulation. The foregoing notwithstanding, if the Termination occurs due to the order of a court or administrative agency, the

Termination Date shall be the date the order is no longer subject to review by a court of competent jurisdiction.

(ii) If the Member is a Transmission Owner requiring regulatory agency approval prior to effectively withdrawing from SPP, then the Termination Date shall be the later of (i) the effective date, if any, set by the regulatory agency order approving the Termination; or (ii) the date that such regulatory order is no longer subject to review by a court of competent jurisdiction.

(iii) In conjunction with the requirements and limitations imposed in Section 4.2.2(b)(ii) above; Transmission Owning Members of SPP wishing to withdraw from SPP and requiring regulatory agency approval prior to such withdrawal being effective are required to initiate the required regulatory filings seeking approval to withdraw prior to the end of the 12 month notice period. Additionally, these members must provide SPP copies of the regulatory filings in a timely manner after filing with the appropriate regulatory agency. Failure to comply with the terms of this paragraph will effectively rescind the notice of the withdrawing member.

(iv) Member may terminate this Agreement with less than the required twelve (12) months notice, in the event that the state law governing Member changes, or any provisions of this Agreement or the provisions of SPP's OATT are changed or modified in a manner that causes a conflict with the Member's state law, regulations, or rate schedules, and the internal dispute resolution process described in Section 12 of the OATT is unable to resolve such conflict. In such event, Member and SPP shall meet and confer to facilitate the withdrawal as soon as practicable as necessary to ensure compliance with state law.

4.3 Obligations Upon Termination

4.3.1 Obligation to Hold Users Harmless

Transmission Customers taking service which involves facilities being withdrawn by a Transmission Owner from the functional control of SPP and where such service is under transmission contracts executed before the Termination Date shall continue to receive the same service for the remaining term of each such contract at the same rates, terms, and conditions that would have been applicable if the Termination or Partial Termination had not occurred. Transmission Owner agrees to continue providing service to such Transmission Customers in accordance with the preceding sentence, and shall receive revenues calculated in accordance with the OATT but no more in revenues for that service than if there had been no Termination or Partial Termination.

4.3.2 Obligation to Pay Current and Existing Obligations

(a) In the event of a Termination or Partial Termination, Member shall pay all obligations incurred under this Agreement at any time prior to the Termination Date. In addition, in order for SPP to recover a portion of certain debts and cost payable by SPP after the Termination Date as further specified in this Agreement, the Member shall pay all Existing Obligations (as defined herein) calculated as of the Termination Date. SPP shall make reasonable efforts to mitigate the Member's Existing Obligations by commercially reasonable actions (such as prepayment of allocable debt, or investment of part or all of the Member's payment in an interest-bearing instrument) and, in its discretion, may further discount the Member's Existing Obligations to reflect any additional mitigation SPP determines it will achieve.

(b) "Existing Obligations" are all of the following and other obligations as may be set forth in the Bylaws from time to time;

- i. Member's unpaid annual membership fee,

- ii. Member's unpaid dues, assessments, and other amounts charged under Section 3.8 or otherwise under the Bylaws, plus the Member's share of costs SPP customarily includes in such dues, assessments or other charges, but which as of the Termination Date SPP had not included in such dues assessments or other charges.
- iii. Member's share (computed in accordance with the Bylaws) of the entire principal amounts of all SPP Financial Obligations outstanding as of the Termination Date. "Financial Obligations" are all long-term (in excess of six (6) months) financial obligations of SPP, including but not limited to the following:
 - a. debts under all loans, loan agreements, borrowings, promissory notes, bonds, and credit lines under which SPP is obligated, including principal and interest;
 - b. all payment obligations under equipment leases, financing leases, capital leases, real estate and office space leases, consulting contracts, and contracts for outsourced services;
 - c. any unfunded liabilities of any SPP employee pension funds, whether or not liquidated or demanded; and
 - d. the general and administrative overhead of SPP for a period of three (3) months.
- iv. Any costs, expenses or liabilities incurred by SPP directly due to the Termination, regardless of when incurred or payable, and including without limitation prepayment premiums or penalties arising under SPP Financial Obligations.
- v. Member's share (computed in accordance with the Bylaws) of all interest that will become due for payment with respect to all interest bearing Financial Obligations after the Termination Date and until the maturity of all Financial Obligations in accordance with their respective terms ("Future Interest"). In the effect at the Termination Date shall be used to calculate the applicable

Future Interest. In determining the Member's share of Future Interest, SPP shall take into account any reduction of Financial Obligations due to mitigation under this Section.

(c) In the event of a Partial Termination, Existing Obligations shall first be calculated as though a Termination occurred, and the Member shall pay a percentage thereof as Existing Obligations due to the Partial Termination. Such percentage shall be the percentage reduction of the Net Energy for Load Ratio applicable to the Member resulting from the Partial Termination.

(d) SPP shall invoice Member for Existing Obligations within one month after the Termination Date, except that delay by SPP in issuing the invoice shall not diminish Member's obligation to make timely payment. The invoice shall be due and payable no later than five (5) business days after issuance. Any amounts owed by SPP to the Member shall, solely at SPP's election and in its discretion, be offset against the Member's Existing Obligations or paid to the Member concurrently with issuance of the invoice.

(e) The Member acknowledges and agrees that Existing Obligations include amounts that SPP expects to accrue and that will become payable by SPP between the date of Member's Notice of Termination and the Member's Termination Date, and that no part of a payment of Existing Obligations shall be refundable to the Member under any circumstances, including (except as provided in this Section with respect to mitigation) any reduction of the Financial Obligations. Any disagreement as to the calculation of Existing Obligations shall be resolved in accordance with the dispute resolution procedures in the Bylaws.

4.3.3 Construction of Transmission Facilities

Any obligations relating to the construction of new facilities pursuant to an approved plan of SPP shall be renegotiated between SPP and the Transmission Owner prior to the Termination Date or promptly thereafter. If such obligations cannot be resolved through negotiations, they shall be resolved in accordance with the dispute resolution procedures in the Bylaws.

4.3.4 Regulatory and Other Approvals or Procedures

Any Termination with respect to a Transmission Owner shall be subject to applicable federal and state law and regulatory approvals or procedures.

5.0 REGULATORY, TAX, AND OTHER AUTHORITIES

5.1 Regulatory and Other Authorities

This Agreement and the participation of Member is subject to acceptance or approval by FERC, and may be subject to actions of respective state regulatory authorities to which Member may be subject, and to the actions of any other governmental body which may affect the ability of Member to participate in this Agreement. The following items describe Member's rights and obligations in the event regulatory and other approvals or acceptances are not obtained or changes are required:

- (a) In the event FERC disapproves or refuses to accept this Agreement or the changes to the OATT developed together with this Agreement, then this Agreement shall cease to be effective except that the signatories shall be obligated to attempt expeditiously and in good faith to negotiate a substitute agreement and OATT which address the reasons for such FERC action. If, despite such good faith negotiation, the signatories are unable to produce such a substitute agreement and OATT, then the signatories shall have no further obligations under this Agreement or any filing associated herewith.

- (b) In the event of any order or decision by FERC or by a court modifying this Agreement or the OATT submitted as part of the initial filing seeking FERC acceptance or approval, that in the judgment of Member adversely affects it, then Member, at its sole discretion, may withdraw from this Agreement by providing written notice to the President of SPP no later than thirty days after such order or decision without receiving any FERC authorization. In such event, Member will in good faith negotiate to determine whether changes should be made to the Agreement or OATT to address the reasons for Member's withdrawal.

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Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

5.2 Tax Authorities

If the Internal Revenue Service or any other federal, state, or local taxing authority issues, or fails to issue, any ruling, or imposes any requirement or obligation, in connection with this Agreement on Member adverse to Member (in its sole judgment), or if adherence to this Agreement jeopardizes the tax-exempt status of Member or its bonds, then Member may, within 30 days of the date of such final order, or a good faith belief of such adverse consequences, withdraw from this Agreement subject to receiving any necessary regulatory approvals. In such event, Member and SPP will, in good faith, negotiate to determine whether changes should be made to the Agreement to address the reasons for Member's withdrawal.

Nothing in this Agreement, nor Member's obligations and performance thereunder, shall affect, or require Member to take or refrain from taking any action that would affect the rights and obligations or enforceability of Member's present or future bond resolutions, tax-exempt debt covenants and financing agreements. Member shall determine in its sole discretion and judgment, in accordance with advice and opinions from its legal counsel, what actions, conduct and performance it is permitted to or must take under its bond resolutions, tax-exempt debt covenants and financing agreements. Member and SPP will meet and confer regarding the matter and, as necessary, negotiate in good faith to modify the Agreement to address the matter.

5.3 Effectiveness as to Certain Members

The effectiveness of this Agreement as to Member where it is a governmental entity and has outstanding tax-exempt bonds issued to finance, in whole or in part, generation, transmission, or Distribution Facilities is dependent upon satisfaction or Member's written waiver of the following conditions precedent:

- (a) Receipt of an unqualified opinion of a nationally recognized bond counsel to the effect that the provisions of this Agreement do not adversely affect the exclusion from gross income of interest on any such outstanding bonds issued to finance generation, transmission, and Distribution Facilities under the Internal Revenue code of 1986, as amended;

- (b) Receipt of an unqualified opinion of a nationally recognized bond counsel or general counsel to Member to the effect that the provisions of this Agreement do not constitute a breach or impairment of, or a default under, any agreement to which it is a party, including, but not limited to, its master bond resolution, as amended, and any power sales contracts with its municipal transmission users (if any), as amended, or other agreements;
- (c) Receipt of a certificate of the trustee for any such outstanding bonds issued for generation, transmission and Distribution Facilities to the effect that Member's entry into this Agreement is permitted under the master bond resolution, as amended; and

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Issued on: February 25, 2009

Effective: April 27, 2009

- (d) Receipt of an opinion of nationally recognized bond counsel or general counsel to Member that it has full constitutional and statutory authority to enter into this Agreement.

In the event that any of the foregoing conditions are not satisfied or waived by Member, then it shall promptly give notice of its objections or conditions which have not been satisfied to SPP, and SPP shall expeditiously attempt in good faith to negotiate a substitute agreement.

6.0 REMOVAL OF MEMBERS

The Board of Directors may terminate the membership of Member for cause, including but not limited to material violation of the Bylaws or nonpayment of obligations, subject to any applicable regulatory approvals. Such Board of Directors termination shall be after an affirmative vote consistent with the voting procedures in the Bylaws. Where membership is terminated by the Board, Member shall comply with the requirements of Section 4.3 of this Agreement.

7.0 EFFECTIVE DATE, DURATION, AND TRANSITION

- (a) This Agreement shall be effective on the Effective Date and shall remain in force until any Termination Date. All obligations incurred pursuant to Section 4.3 of this Agreement shall survive a termination.
- (b) Where Member has, prior to the Effective Date of this Agreement, executed an agency agreement and/or a membership agreement with SPP, upon the Effective Date of this Agreement any prior agreements shall be considered terminated between Member and SPP.

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8.0 MISCELLANEOUS PROVISIONS

8.1 Governing Law

This Agreement shall be interpreted, construed, and governed by the laws of the State of Arkansas, except to the extent preempted by the law and/or unless a court with jurisdiction rules otherwise, provided, however, that (i) all matters relating to real property or any interest in realty shall be governed by the laws of the State wherein such real property or interest in realty is physically located, and (ii) any court or regulatory body applying Arkansas law shall give full effect to Section 3.12 of this Agreement regarding Member's obligations under state law.

8.2 Successors and Assigns

This Agreement shall inure to the benefit of, and be binding upon SPP and Member, their respective successors and assigns permitted hereunder, but shall not be assignable by Member, by operation of law or otherwise, without the approval of the Board of Directors which approval shall not be unreasonably withheld, except that no Board of Directors approval is required as to a successor in the operation of Transmission Owner's Tariff Facilities committed to administration by SPP by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all such transmission facilities are acquired by such successor, and such successor becomes a Transmission Owner under this Agreement.

8.3 No Implied Waivers

The failure of Member or SPP to insist upon or enforce strict performance of any of the specific provisions of this Agreement at any time shall not be construed as a waiver or relinquishment to any extent of Member's or SPP's rights to assert or rely upon any such provisions, rights, or remedies in that or any other instance, or as a waiver to any extent of any specific provision of this Agreement; rather the same shall be and remain in full force and effect.

8.4 Severability

Each provision of this Agreement shall be considered severable, and if for any reason any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, then the remaining provisions of this Agreement shall continue in full force and

effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision shall be replaced with a suitable and equitable provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid, void, or unenforceable provision. This Section 8.4 does not modify or change in any way the right of Member to withdraw as provided elsewhere in this Agreement.

8.5 Renegotiation

If any provision of this Agreement, or the application thereof to any person, entity or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, Member and SPP shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification, or condition. If after 60 days such negotiations are unsuccessful, Member or SPP may exercise any withdrawal or termination rights available under Sections 4, 5 or 6 of this Agreement.

8.6 Representations and Warranties

Member and SPP each represent and warrant to the other that as of the later of the date it executes this Agreement or the Effective Date of this Agreement:

- (a) It is duly organized, validly existing, and in good standing under the laws of the jurisdiction where organized;
- (b) Subject to any necessary approvals by federal or state regulatory authorities of SPP, the execution and delivery by Member and SPP of this Agreement, and the performance of its respective obligations hereunder have been duly and validly authorized by all requisite action on the part of the signatories and does not conflict with any applicable law or with any other agreement binding upon the signatories, other than third party joint agreements covered in this Agreement. This Agreement has been duly executed and delivered by Member and SPP, and, subject to the conditions set forth in this Agreement, constitutes the legal, valid,

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- and binding obligation on the part of Member and SPP, enforceable against it in accordance with its terms except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws affecting the enforcement of creditor's rights generally, and by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity; and
- (c) There are no actions at law, suits in equity, proceedings, or claims pending or, to the knowledge of Member or SPP, threatened against Member or SPP before or by any federal, state, foreign or local court, tribunal, or governmental agency or authority that might materially delay, prevent, or hinder the performance by such entity of its obligations hereunder.

8.7 Further Assurances

Member and SPP agree that each shall hereafter execute and deliver such further instruments, provide all information, and take or forbear such further acts and things as may be reasonably required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the provisions of this Agreement.

8.8 Delivery of Notices

Except as otherwise expressly provided herein, notices required under this Agreement shall be in writing and shall be sent to Member or SPP by U.S. mail, overnight courier, hand delivery, facsimile, or other reliable electronic means. Any notice required under this Agreement shall be deemed to have been given either upon delivery, if by U.S. mail, overnight courier, or hand delivery, or upon confirmation, if given by facsimile or other reliable electronic means.

8.9 Entire Agreement

This Agreement constitutes the entire agreement between Member and SPP with respect to the subject matter of this Agreement, and no previous oral or written representations, agreements, or understandings made by any officer, agent, or employee of Member or SPP shall be binding upon either party unless contained in this Agreement.

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8.10 Good Faith Efforts

Member and SPP agree that each shall in good faith take all reasonable actions necessary to fulfill its respective obligations under this Agreement. Where the consent, agreement, or approval of Member or SPP must be obtained hereunder, such consent, agreement, or approval shall not be unreasonably withheld, conditioned, or delayed. Where Member or SPP is required or permitted to act, or omit to act, based on its opinion or judgment, such opinion or judgment shall not be unreasonably exercised. To the extent that the jurisdiction of any federal or state regulatory authority applies to any part of this Agreement and/or the transactions or actions covered by this Agreement, Member and SPP secure any necessary or desirable approval or acceptance of such regulatory authorities of such part of this Agreement and/or such transactions or actions.

8.11 Third Party Joint Agreements

This Agreement shall not be construed, interpreted, or applied in such a manner as to cause Member to be in material breach, anticipatory or otherwise, of any agreement (in effect on the later of the Effective Date of this Agreement or the date that it becomes a Member under this Agreement) between Member and one or more third parties who are not signatories (regardless of the inclusion of one or more other Members as parties to such agreement) for the joint transmission, operation, or maintenance of any electrical facilities covered by this Agreement or the OATT. If such a conflict arises, Member shall advise the Board of Directors, but resolution remains within the sole discretion of Member; provided, however, that Member shall utilize all available remedies and informal and formal dispute resolution procedures to resolve such conflict, and provided, further, that in no event shall Member enter into a resolution of such conflict which would impair the reliability of the Electric Transmission System.

8.12 Amendment

This Agreement may be amended, repealed, or added to by the Board of Directors, only upon 30 days written notice to the Membership of the proposed modification(s), and subject to any necessary regulatory approvals. Approval of amendments to this Agreement by the Board of Directors must be by an affirmative vote of at least five directors. Member agrees to be bound by this Agreement as it may be amended, provided that Member possesses the right to challenge any amendments at FERC and to exercise any withdrawal rights that it possesses under this Agreement if it is dissatisfied with the amendment.

8.13 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, binding upon Member and SPP.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, Member and SPP have caused their duly authorized representatives to execute this Agreement on their respective behalves.

MEMBER:

Name of Member

Type of Entity (Transmission Owner or Non-Transmission Owner)

Name of Authorized Representative

Title of Authorized Representative

Signature of Authorized Representative

Date of Execution

SOUTHWEST POWER POOL, INC.:

Name of Authorized Representative

Title of Authorized Representative

Signature of Authorized Representative

Date of Execution

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Transmission and Regulatory Policy

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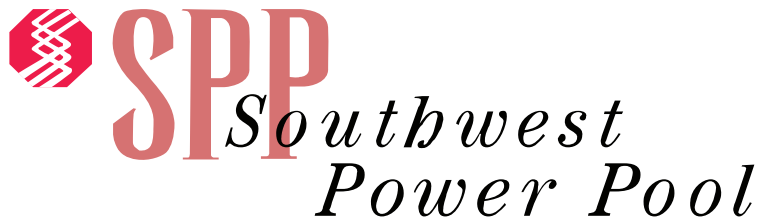
APPENDIX A TO SPP'S MEMBERSHIP AGREEMENT

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SPP's Operational Authority Reference Document

PREPARED BY
Southwest Power Pool

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Background

In its order issued on February 10, 2004, the Federal Energy Regulatory Commission (FERC) granted Southwest Power Pool (SPP) RTO status subject to the fulfillment of certain requirements. Among those requirements is that the RTO demonstrate clear operational authority as required in Order 2000. As part of its February 10 order (the Order), FERC directed SPP to report on how it intends to exercise day to day operational authority using the functions and terminology outlined in the recent NERC classification of service functions.¹

This document is intended to serve as a strawman offered to the responsible SPP staff and working groups to ensure that the required information conveys the information required by FERC completely, accurately and effectively.

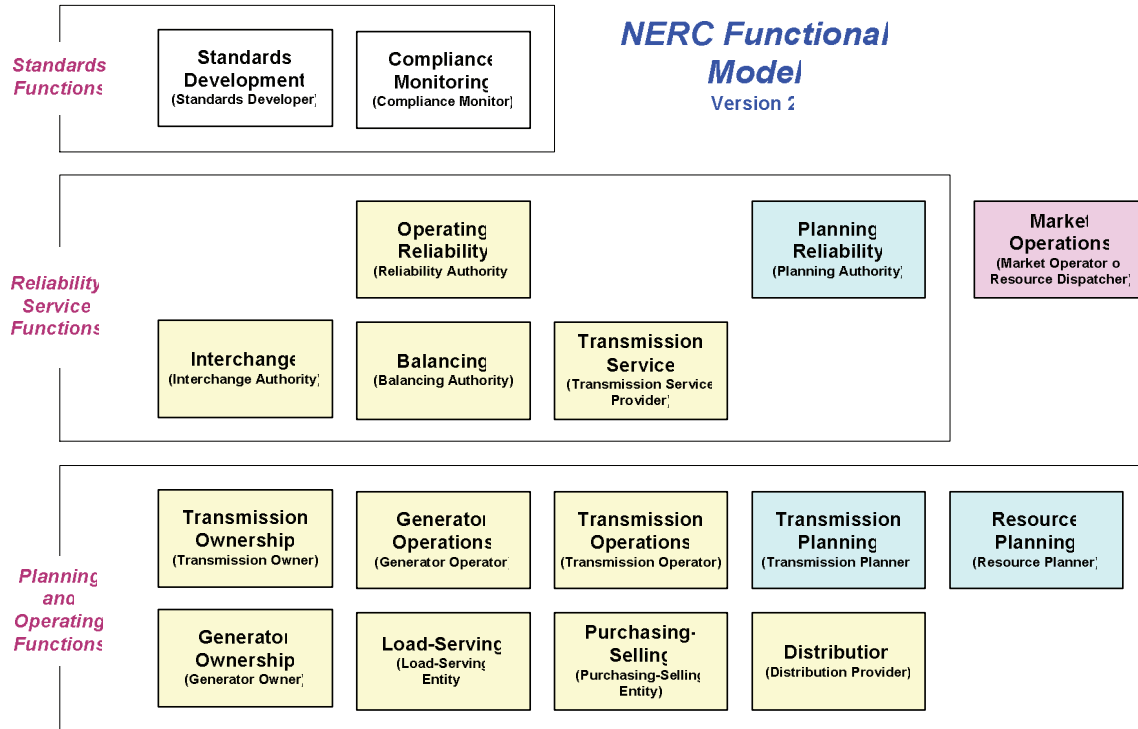
Operational Authority Needed by an RTO

Order 2000 States that the RTO must have *Operational Authority* for the facilities under its control. Furthermore, the RTO must be the reliability coordinator for its region. Although SPP does not directly operate the elements of the transmission system (i.e., SPP does not operate switches or other devices), as outlined in the remainder of the document based on the NERC Functional Model, SPP does have operational *authority* over facilities under the RTO. Thus, SPP (in a manner similar to PJM, MISO and others) meets the hierarchical control structure outlined in Order 2000.²

¹ NERC Reliability Functional Model: Function Definitions and Responsible Entities, Version 2 (Approved by Standing Committees on November 11-13, 2003).

² FERC Order 2000, pp. 280-281.

Overview of the NERC Functional Model



The goal of the NERC functional model is to (1) define the functions necessary to ensure the reliable operation of the bulk electric system and (2) explain the relationships between those entities performing such functions.³

³ NERC Functional Model document, p. 6.

In the second revision of the functional model, NERC makes a distinction between entities and functions. In the Order, FERC asked SPP to adopt the following terminology in describing its roles: Reliability Authority, Balancing Authority, Interchange Authority, Transmission Service Provider, Transmission Owner, Transmission Operator, Market Operator and Planning Authority. These relate to functions in the NERC functional model as follows⁴:

Function Name	Responsible Entity
Operating Reliability Function	Reliability Authority
Planning Reliability Function	Planning Authority
Balancing Function	Balancing Authority
Interchange Function	Interchange Authority
Transmission Service Function	Transmission Service Provider ("TSP")
Transmission Ownership Function	Transmission Owner ("TO")
Transmission Operations Function	Transmission Operator ("TOP")
Transmission Planning Function	Transmission Planner ("TP")
Resource Planning Function	Resource Planner
Market Operations Function	Market Operator (or Resource Dispatcher)

Note that in the functional model, the roles "Transmission Planner" and "Resource Planner" exist in addition to the Planning Authority.

⁴ Id., p. 7 has a complete list of functions and responsible entities.

SPP AND OPERATIONAL AUTHORITY

Bases for SPP Authority

The bases for SPP's operational authority are principally derived from the following documents: the SPP Membership Agreement, SPP Criteria, NERC Operating Policies , NERC Planning Standards and the SPP Open Access Transmission Tariff ("the Tariff," or "OATT").

Membership Agreement

SPP's operational authority over transmission facilities is granted to it in principle by the Membership Agreement between it and transmission owners. Much of the authority is conveyed in Section 2 of the Membership Agreement, specifically⁵:

- Operational and Planning authority;
 - SPP to be scheduling authority over tariff facilities;
 - SPP to be the determinant of ATC under its OATT;
 - SPP shall coordinate with other regions;
 - SPP to direct transmission construction under coordinated planning criteria or under its OATT;
- Reliability authority.
 - SPP to act as reliability coordinator;
 - SPP to direct control areas to maintain adequate reserves up to and including directing them to shed firm load;
 - SPP shall coordinate reliability with other regions;
 - SPP is authorized to direct the emergency response of any of its members, including the shedding of firm load;

⁵ The information following is paraphrased from Section 2 of the SPP Membership Agreement.

- SPP shall monitor voltage and coordinate voltage schedules;
- SPP shall direct redispatch of generation in accordance with its OATT.
- Transmission Maintenance.
 - SPP to review and coordinate transmission maintenance schedules;
 - SPP may redirect maintenance outage schedules for reliability reasons and may provide compensation.
- Generation Maintenance.
 - SPP to review and coordinate generation maintenance schedules;
 - SPP may offer compensation in order to redirect generation outage schedules.

The Membership Agreement also requires members to abide by SPP criteria, which outline planning, reliability and operational principles.

NERC Policies

By virtue of the Membership Agreement and its associated Criteria, SPP and its members are contractually obligated to comply with NERC Operating Policies. NERC Policies give SPP operational authority in certain areas, especially in its role as reliability coordinator. There is intentionally much overlap between the Membership Agreement, Criteria and NERC Policies. This overlap helps emphasize, clarify and fully define the authorities and responsibilities within SPP.

SPP Criteria

SPP Criteria provides specific details of how SPP and its members implement NERC Policies and Standards. These Criteria are the policies, standards or principles of conduct by which the coordinated planning and operation of the interconnected electric system is achieved. Certain Criteria deal with aspects of operational authority, most notably Criteria 5. Under Criteria 5, SPP shall perform the following tasks:

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- Monitor real-time operating information and daily forecasts from control area;
- Utilize its model to assess reliability of the system, including contingency analysis;
- Work to resolve conditions where reliability is threatened;
- Monitor and approve bulk transmission equipment maintenance;
- Monitor and coordinate the implementation of operating reserve, transmission loading relief, load shedding and restoration and black start procedures;
- Approve interchange schedules as reliability authority; and
- Implement transmission loading relief procedures.

SPP Regional Transmission Tariff

The Tariff outlines SPP's authority and responsibility as a transmission provider. It also contains terms and provisions that apply to both members and non-members who wish to connect to SPP's transmission system. For example, the large generator interconnection agreement obligates generators to abide by SPP's operational policies.

NERC Functional Model/SPP Authority Matrix

Appendix A details each of the tasks associated with the NERC functional model and details how the responsibility for each task is handled within SPP.

SPP as Reliability Authority

SPP, in performing the Operating Reliability Function, performs several activities that are essential for its role.

- SPP operates a single reliability area (see Appendix B) monitored from Little Rock, Arkansas.

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- SPP reliability coordinators have the authority (see Appendix A) and responsibility to direct activities associated with maintaining (and restoring) the electric reliability within the Reliability Authority Area.
- SPP reliability coordinators are provided with fully redundant voice and data communications facilities.
- SPP is collecting real-time data needed for essential monitoring, including frequency, reserves and ACE of each Balancing Authority area, and the loading and limits of critical facilities impacting its Reliability Authority area.
- Transmission outage plans are prepared by owners or operators and submitted to the SPP. SPP has the final approval authority for transmission outages on critical facilities within the Reliability Area.
- SPP has access to the NERC IDC, interacts with it as necessary, and uses NERC provided tools to coordinate transmission loading relief with other regions.
- SPP has a back up operations center with all the equipment and communications necessary to perform reliability coordination in the event that the coordination center is uninhabitable. SPP plans to have fully redundant critical systems in place by year-end.

SPP as Transmission Provider

In its role as transmission provider, SPP performs the following activities associated with operational authority:

- Calculates ATC's and AFC's for the Tariff.
- Administers an OASIS node, evaluates and has approval authority for all new requests for transmission service in the SPP Tariff footprint.

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SPP and the Interchange Function

SPP coordinates approvals and implementation on all schedules sourcing or sinking in the scheduling footprint. In its role as scheduling agent for its members, SPP also does the following:

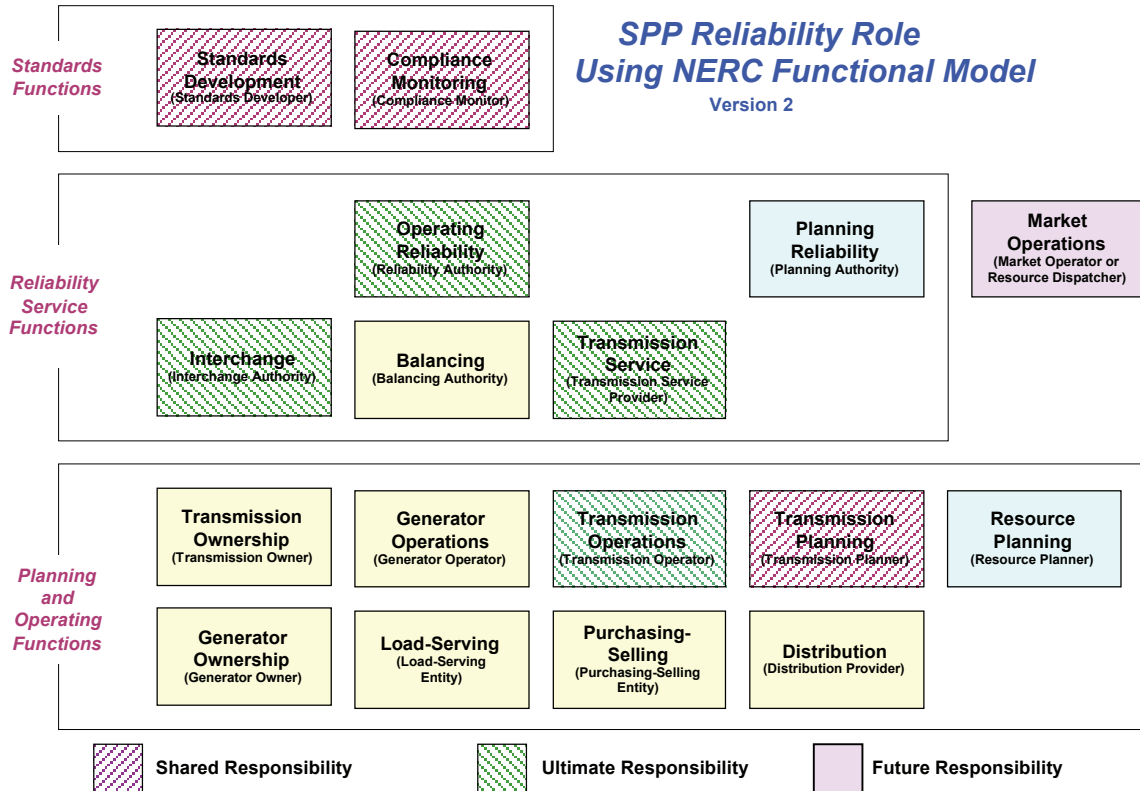
- Has approval rights as a scheduling entity as well as a transmission provider;
- Maintains and monitors RTO_SS, SPP's regional scheduling software;
- Evaluates schedules against reservations made on SPP and member OASIS systems;
- Checks schedules for correctness and consistency;

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CONCLUSION



SPP has the operational authority necessary to perform as an RTO under Order 2000. This authority is given to it principally by the SPP Membership Agreement (and associated Criteria), NERC Policies and the Tariff. An analysis of authority in terms of the NERC functional model emphasizes that SPP performs much of its task using a hierarchal structure, and SPP has the authority to direct, or redirect, actions affecting the reliability of the system as well as SPP's ability to provide transmission service under the Tariff.

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Appendix A: NERC Functional Responsibility Matrix

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	<i>Current Responsibility</i>	<i>RTO Day-1 Responsibility</i>	<i>RTO Post- Market Responsibility</i>	<i>Authority Given By</i>
Function – Operating Reliability				
<i>Ensures the real-time operating reliability of the interconnected bulk electric transmission systems within a Reliability Authority Area⁶.</i>				
Tasks				
1. Enforce operational reliability requirements	SPP	SPP	SPP	NERC Operating Policies SPP Criteria 5.2.4.3, 5.2.1 (with modifications), 14.4.1.1 SPP Membership Agreement 2.1.2
2. Monitor all reliability-related parameters within the Reliability Authority Area, including generation dispatch and transmission maintenance plans	SPP`	SPP	SPP	NERC Operating Policies 4 and 9 SPP Criteria 5.1, 5.2.1, 5.2.4.1, 5.2.4.2 (with modifications), 14.4.1.1, and Appendix 7 Membership Agreement 2.1.2a, 2.1.2f, 3.5, 3.8

⁶ For these purposes the Reliability Authority Area is the SPP Reliability Coordination area. To the extent that TO's have responsibility for similar functions on a smaller scale, that is included as part of the Transmission Owner role.

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3. Direct revisions to transmission maintenance plans as required and as permitted by agreements	SPP	SPP	SPP	NERC Operating Policies (only stated specifically in functional model) SPP Criteria 5.2.1 (with modifications), 5.2.4.2 (with modifications) Membership Agreement 2.1.1k, 2.1.3, 3.2, 3.8
4. Request revisions to generation maintenance plans as required and as permitted by agreements	SPP	SPP	SPP	NERC Operating Policies (only in functional model) SPP OATT (LGIA) Membership Agreement 2.1.4
5. Develop Interconnection Reliability Operating Limits (to protect from instability and cascading outages).	SPP	SPP	SPP	NERC Operating Policies 9 SPP Membership Agreement 3.8 SPP Criteria (authority needs to be added 14.4.1.3)
6. Perform reliability analysis (actual and contingency) for the Reliability Authority Area	SPP	SPP	SPP	NERC Operating Policies 9, Appendix 9D SPP Criteria 14.3

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7. Approve or deny bilateral schedules from the reliability perspective ⁷	SPP	SPP	SPP	NERC Operating Policies 9, Appendix 9D SPP Criteria 5.2.5, 14.4.3 SPP OATT Membership Agreement 2.2.5, 3.8
8. Assist in determining Interconnected Operations Services requirements for balancing generation and load, and transmission reliability (e.g., reactive requirements, location of operating reserves).	SPP	SPP	SPP	NERC Operating Policies Appendix 9D SPP Criteria 5.2.4.4 SPP OATT (with modifications) Membership Agreement 2.1.2a, 2.1.2f, 3.8
9. Identify, communicate, and direct actions to relieve reliability threats and limit violations in the Reliability Authority Area	SPP	SPP	SPP	NERC Operating Policies 9, Appendix 9D SPP Criteria 5.2.4.1, 5.2.4.4, 5.2.5, 14.4.3 Membership Agreement 2.1.1k, 2.1.2d
10. Direct implementation of emergency procedures	SPP	SPP	SPP	NERC Operating Policies Appendix 9D SPP Criteria 5.2.4.4, 5.2.5 Membership Agreement 2.1.2d
11. Direct and coordinate System Restoration	SPP TOP's	SPP	SPP	NERC Operating Policies Appendix 9D SPP Criteria 9.1.2 (with modifications) Membership Agreement 2.1.2d (add language to for restoration in addition to emergency) Membership Agreement 3.8

⁷ Current tagging specifications do not currently allow for this kind of approval. These transactions can be curtailed as part of the TLR process.

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Function – Planning Reliability (SPP Staff)				
<i>Ensures a long-term (generally one year and beyond) plan is available for adequate resources and transmission within a Planning Authority Area⁸. It integrates and assesses the plans from the Transmission Planners and Resource Planners within the Planning Authority Area to ensure those plans meet the reliability standards, and develops and recommends solutions to plans that do not meet those standards.</i>				
Tasks				
1. Develop and maintain transmission and resource (demand and capacity) system models to evaluate transmission system performance and resource adequacy.	TO's SPP	SPP	SPP	SPP Criteria (3.4.1 –MDWG) MDWG procedure manual, MDWG charter SPP OATT (with revisions) NERC Planning Standards I A M1-M4 & II A M1-M6
2. Maintain and apply methodologies and tools for the analysis and simulation of the transmission systems in the assessment and development of transmission expansion plans and the analysis and development of resource adequacy plans.	TO's SPP	SPP	SPP	SPP Criteria (Section 3.1 ,3.3 and 3.4 and 12.0) SPP OATT (with revisions) (Attachment O) NERC Planning Standards II A M1-M6 Membership Agreement (2.1.J. and 2.1.5) TWG and GWG charter
3. Define and collect or develop information required for planning purposes, including:				

⁸ For Day 1 operations, the Planning Authority Area refers to area encompassing facilities under the SPP OATT.

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a. Transmission facility characteristics and ratings,	TO's SPP	TO's SPP	TO's SPP	SPP Membership Agreement with revisions NERC Planning Standards II.C SPP Criteria 12.2
b. Demand and energy end-use customer forecasts, capacity resources, and demand response programs,	LSE's (ultimate responsibility) SPP	LSE's (ultimate responsibility) SPP	LSE's (ultimate responsibility) SPP	SPP Membership Agreement SPP OATT (with modifications) SPP Criteria 2 and 12
c. Generator unit performance characteristics and capabilities, and	Generation Owners	Generation Owners	Generation Owners	SPP OATT Generation 12.1, 2.3 (reporting)
d. Long-term capacity purchases and sales.	LSE's	LSE's	LSE's Generation Owners, etc.	SPP OATT
4. Evaluate plans for customer requests for transmission service.				
a. Evaluate responses to long-term (generally one year and beyond) transmission service requests.	SPP	SPP	SPP	SPP OATT Section 17 & 29 SPP Criteria 4.5 Membership Agreement Section 2.1
b. Review transmission facility plans required to integrate new (end-use customer, generation, and transmission) facilities into the interconnected bulk electric systems.	SPP (ultimate responsibility) TO's	SPP (ultimate responsibility) TO's	SPP (ultimate responsibility) TO's	SPP OATT Section 19 & 32 SPP OATT Attachment V SPP Criteria 3 Membership Agreement Section 2.1
5. Review and determine TTC values (generally one year and beyond) as appropriate.	SPP	SPP	SPP	SPP OATT SPP Criteria 4.4

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6. Assess, develop, and document resource and transmission expansion plans.				
a. Integrate and verify that the respective plans for the Planning Authority Area meet reliability standards.	SPP	SPP	SPP	NERC Planning Standards Membership Agreement 2.1.1b, 2.1.1J SPP OATT Attachment O SPP Criteria 3.0, 3.1
b. Identify and report on potential transmission system and resource adequacy deficiencies, and provide alternate plans that mitigate these deficiencies.	SPP TO's/TOP's	SPP (ultimate responsibility) TO's/TOP's	SPP (ultimate responsibility) TO's/TOP's	NERC Planning Standards I.A Membership Agreement 2.1.1b SPP Criteria 3.4.2, 3.4.3, and 3.4.4
7. Provide analyses and reports as required on the long-term resource and transmission plans for the Planning Authority Area.	SPP TO's	SPP (ultimate responsibility) TO's	SPP (ultimate responsibility) TO's	NERC Planning Standards I.A Membership Agreement 2.1.1b SPP Criteria, 3.4.3, and 3.4.4
8. Monitor transmission expansion plan and resource plan implementation.	SPP TO's	SPP (ultimate responsibility) TO's	SPP (ultimate responsibility) TO's	NERC Planning Standards Membership Agreement 3.3
9. Coordinate projects requiring transmission outages that can impact reliability and firm transactions.	SPP	SPP	SPP	NERC Operating Policies 2A1, 2A3, 4C, 6A, 6 B3 and 9.1 NERC Planning Standards 1.AS.2 Membership Agreement 2.1.3 and 2.1.4 SPP Criteria 3.3, 5.2.1 SPP OATT Attachment G 3.5 and 4.4

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10. Evaluate the impact of revised transmission and generator in-service dates on resource and transmission adequacy.	SPP	SPP	SPP	NERC Operating Policies 2A1, 2A3 4C, 6A, B3and 9.1 NERC Planning Standards 1.AS.2, SPP Membership Agreement 2.1.3 , 2.1.4, and 3.3 SPP OATT (LGIA)
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Function – Balancing^{9,10}				
<i>Integrates resource plans ahead of time, and maintains load-interchange-generation balance within a Balancing Authority Area and supports Interconnection frequency in real time.</i>				
Tasks				
1. Must have control of any of the following combinations within a Balancing Authority Area:				
a. Load and Generation (an isolated system)	N/A	N/A	N/A	
b. Load and Scheduled Interchange	CA's SPP	CA's SPP	CA's SPP	NERC Operating Policies SPP Membership Agreement 2.1.1d
c. Generation and Scheduled Interchange	CA's SPP	CA's SPP	CA's SPP	NERC Operating Policies SPP Membership Agreement 2.1.1d
d. Generation, Load, and Scheduled Interchange	CA's SPP	CA's SPP	CA's SPP	NERC Operating Policies SPP Membership Agreement 2.1.1d
2. Calculate Area Control Error within the Balancing Authority Area.	CA's	CA's	CA's	NERC Operating Policies
3. Review generation commitments, dispatch, and load forecasts.	CA's SPP	CA's SPP	CA's SPP	NERC Operating Policies SPP OATT SPP Membership Agreement SPP Criteria 5.2.4.1, Appendix 7

⁹ Currently, the existing SPP control areas are performing the Balancing Area.

¹⁰ As part of its feasibility analysis of becoming a single control area, SPP will be evaluating shifting many BA authorities to SPP.

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4. Formulate an operational plan (generation commitment, outages, etc) for reliability assessment	CA's	CA's	CA's SPP	NERC Operating Policies SPP OATT SPP Membership Agreement 2.1.2 SPP Criteria 5.2.4.1, and Appendix 7
5. Approve Interchange Transactions from ramping ability perspective	CA's	CA's	CA's	NERC Operating Policies
6. Implement interchange schedules by entering those schedules into an energy management system	CA's SPP	CA's SPP	SPP CA's	NERC Operating Policies SPP OATT (Market Protocols) SPP Criteria Appendix 7 (with revisions)
7. Provide frequency response	CA's	CA's	CA's	NERC Operating Policies
8. Monitor and report control performance and disturbance recovery	CA's (CPS) SPP (DCS)	CA's (CPS) SPP (DCS)	CA's(CPS) SPP (DCS)	NERC Operating Policies SPP Criteria 5.2.4.3
9. Provide balancing and energy accounting (including hourly checkout of Interchange Schedules and Actual Interchange), and administer Inadvertent energy paybacks	CA's SPP	CA's SPP	CA's SPP ¹¹	NERC Operating Policies SPP OATT (Market Protocols, TBD) SPP Membership Agreement 2.1.1d (scheduling)
10. Determine needs for Interconnected Operations Services	CA's SPP	CA's SPP ¹²	SPP	NERC Operating Policies SPP OATT (Market Protocols)

¹¹ In recognition of the requirement of Order 2000, this may be shifted to SPP under the market.

¹² SPP's involvement is currently with Operating Reserve and Black Start services

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11. Deploy Interconnected Operations Services.	CA's SPP	CA'S SPP ¹²	CA's SPP	NERC Operating Policies SPP OATT (Market Protocols)
12. Implement emergency procedures	CA's SPP	CA's SPP	CA's SPP	NERC Operating Policies SPP Membership Agreement 2.1.2d

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Function – Market Operations				
<i>Integrates energy, capacity, balancing, and transmission resources to achieve an economic, reliability-constrained dispatch of resources. The dispatch may be either cost-based or bid-based.</i>				
Tasks				
1. Administer a market that provides capacity, energy, balancing resources, and other Ancillary Services subject to system requirements and constraints.	None	None	SPP (expanding as markets developed for ancillary services) ¹³	SPP OATT (Market Protocols)
2. Arrange resources for congestion management.	CA's SPP (not market based)	CA's SPP (not market based)	SPP (expanding as markets developed for ancillary services)	SPP OATT (Market Protocols) SPP OATT Attachment R SPP Criteria 14
3. Provide dispatch plans.	CA's	CA's	SPP (expanding as markets developed for ancillary services)	SPP OATT (Market Protocols) SPP Criteria 5 and Appendix 7

¹³ Ancillary service markets (other than EIS) to be implemented subject to cost/benefit analyses.

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<i>Special Considerations</i> <i>The Market Operations function, its tasks, and the interrelationships with other entities is included in the Functional Model only as an interface point with other types of industry models.</i>				
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Function – Resource Planning				
<i>Develops a long-term (generally one year and beyond) plan for the resource adequacy of specific loads (customer demand and energy requirements) within a Planning Authority Area¹⁴.</i>				
Tasks				
1. Maintain resource models and apply appropriate tools for the development of adequate resource plans.	LSE's	LSE's	LSE's	NERC Planning Standards I.A.S1 SPP Criteria 3.4.1
2. Define and collect or develop demand and resource information required for planning purposes.	LSE's	LSE's	LSE's	NERC Planning Standards II.D.S1 SPP Criteria 1.0
3. Provide capacity resource information to planning and operating functions and service functions.	LSE's	LSE's	LSE's	NERC Planning Standards II.D.S1 SPP Criteria 2.2
4. Assist in the evaluation of the deliverability of resources to customers.	TP	TP	TP	NERC Planning Standards I.A.S1 (Table 1 Category A) SPP Criteria 3.3.2
5. Include consideration of generation capacity from resources both within and outside of the Planning Authority Area.	LSE's	LSE's	LSE's	NERC Planning Standards I.A.S1 (Table 1 Category A) SPP Criteria

¹⁴ This function has oversight by the Planning Authority function.

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6. Develop and report, as appropriate, on its resource plans to others for assessment and compliance with reliability standards.	LSE's	LSE's	LSE's	NERC Planning Standards I.B. S1, S2, M2, M3 SPP Criteria 2.3, 3.4.4
7. Monitor and report, as appropriate, on its resource plan implementation.	LSE's	LSE's	LSE's	NERC Planning Standards I.B S1, S2, M2, M3 SPP Criteria 2.4. 3.4.4

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Function – Transmission Operations				
<i>Operates or directs the operations of the transmission facilities¹⁵.</i>				
Tasks				
1. Maintain reliability of the transmission area in accordance with Reliability Standards.	SPP (ultimate authority) TOP's	SPP (ultimate authority) TOP's	SPP (ultimate authority) TOP's	NERC Operating Policies All of Policies 2,4,5,9 SPP Criteria 5.2.4, 6.4.2, 14.4.3
2. Provide detailed maintenance schedules (dates and times)	TOP's	TOP's	TOP's	NERC Operating Policies Requirements section of 2A1, 2A2, 2A3, 4C1 SPP Criteria 5.2.1, 5.2.4.2
3. Adjust dc ties within the transmission area for those Interchange Transactions that include the dc tie in the transmission path	TOP's	TOP's	TOP's	NERC Operating Policies 3B4.1.3, Appendix 3A2A and B SPP Criteria 5.2.4.5 (doesn't specify DC ties but talks about Interregional coordination)
4. Maintain defined voltage profiles.	TOP's Generators	TOP's Generators	TOP's Generators	NERC Operating Policies All of Section 2B, but specifically 2B1 SPP Criteria 7.8.2
5. Define operating limits, develop contingency plans, and monitor operations of the transmission facilities.	SPP TOP's	SPP TOP's	SPP TOP's	NERC Operating Policies 1A2, 2, 4A, 5C, 9, Appendix 9B & 9C1. SPP Criteria Section 4.2.4, 5.2.4, 14.4
6. Provide telemetry of transmission system information	TOP's (as directed by SPP)	TOP's (as directed by SPP)	TOP's (as directed by SPP)	NERC Operating Policies 1H, 2B4, 2B6, 4A, 4B, Appendix 4B SPP Criteria 5.1, 5.2.4.1A, Appendix 7

¹⁵ Actions are subject to SPP oversight in its roles as Transmission Service Provider and Reliability Authority.

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Function – Interchange				
<i>Authorizes implementation of valid and balanced Interchange Schedules between Balancing Authority Areas, and ensures Interchange Transactions are properly identified for reliability assessment purposes.</i>				
Tasks				
1. Determine valid, balanced, Interchange Schedules (validation of sources and sinks, transmission arrangements, interconnected operations services, etc.).	SPP ¹⁶	SPP	SPP	Membership Agreement (with modifications) Section 2.2.5, Section 3.8b-c NERC Operating Policies (Policy 3A4, Appendix 3A4, Policy 9C 3.3)
2. Verify ramping capability of the source and sink Balancing Authority Areas for requested Interchange Schedules	CA	SPP	SPP	Membership Agreement Section 3.8b-c NERC Operating Policies (Policy 3A4, Policy 9C 3.3)
3. Collect and disseminate Interchange Transaction approvals, changes, and denials	SPP	SPP	SPP	Membership Agreement Section 3.8b-c NERC Operating Policies (Policy 3A5, 3A6, 9C 3.3) SPP Criteria Appendix 7
4. Authorize implementation of Interchange Transactions	SPP	SPP	SPP	Membership Agreement Section 3.8b-c NERC Operating Policies (3A6, 9C 3.3)
5. Enter Interchange Transaction information into Reliability Assessment Systems (e.g., the Interchange Distribution Calculator in the Eastern Interconnection)	SPP	SPP	SPP	Membership Agreement Section 3.8b-c NERC Operating Policies (9C 1.1, 9C 1.1.1, 9C 3.2.1.2) SPP Criteria Appendix 7

¹⁶ Currently, SPP validates these attributes only for attributes inside its geographical area.

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6. Maintain record of individual Interchange Transactions	SPP	SPP	SPP	Membership Agreement Section 2.4.1, Section 3.8b-c NERC Operating Policies (1F4)
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Function – Transmission Planning				
<i>Develops a long-term (generally one year and beyond) plan for the reliability (adequacy) of the interconnected bulk electric transmission systems within its portion of the Planning Authority Area¹⁷</i>				
Tasks				
1. Maintain transmission system models (steady-state, dynamics, and short circuit) and apply appropriate tools for the development of transmission plans.	TP's SPP	SPP TP's	SPP TP's	SPP Criteria 3.4.1 SPP OATT (Attachment O) NERC Planning Standards I A M1-M4 & II A M1-M6
2. Define and collect transmission information and transmission facility characteristics and ratings.	SPP TP's	SPP TP's	SPP TP's	SPP Criteria 3.4.1 SPP OATT (Attachment O) NERC Planning Standards I A M1-M4 & II A M1-M6
3. Develop plans within defined voltage and stability limits and within appropriate facility thermal ratings.	SPP TP's	SPP TP's	SPP TP's	SPP Criteria 3.4.1 SPP OATT (Attachment O) NERC Planning Standards I A M1-M4 & II A M1-M6
4. Define system protection and control needs and requirements, including special protection systems (remedial action schemes), to meet reliability standards.	TP's	TP's	TP's	NERC planning standards
5. Determine TTC values as appropriate.	TP's/SPP	SPP	SPP	SPP Criteria 4.4 SPP OATT

¹⁷ The tasks of this function are subject to oversight by the planning authority.

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6. Notify others of any planned transmission changes that may impact their facilities.	TP's	TP's	TP's	SPP OATT (Attachment O) SPP Membership Agreement 2.1.3 , 2.1.4, and 3.3 NERC Planning Criteria
7. Evaluate and plan for transmission service and interconnection requests beyond one year.	SPP	SPP	SPP	SPP OATT Section 19 & 32 SPP OATT Attachment V SPP Criteria 3 Membership Agreement Section 2.1
8. Develop and report, as appropriate, on its transmission expansion plan for assessment and compliance with reliability standards.	TP's SPP	SPP TP's	SPP TP's	SPP Criteria (Section 3.1 ,3.3 and 3.4 and 12.0) SPP OATT (with revisions) (Attachment O) NERC Planning Standards II A M1-M6 Membership Agreement (2.1.J. and 2.1.5)
9. Monitor and report, as appropriate, on its transmission expansion plan implementation.	TP's	SPP TP's	SPP TP's	NERC Planning Standards Membership Agreement 3.3

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Function – Transmission Service				
<i>Administers the transmission tariff. Provides transmission services to qualified market participants under applicable transmission service agreements (for example, the pro forma tariff).</i>				
Tasks				
1. Receive transmission service requests and process each request for service according to the requirements of the tariff.	SPP/TO's	SPP	SPP	SPP OATT, Section 17.1, Section 18.1, Section 29.2
a. Maintain commercial interface for receiving and confirming requests for transmission service according to the requirements of the tariff (e.g., OASIS).	SPP/TO's	SPP	SPP	SPP OATT Section 4
2. Approve or deny transmission service requests	SPP/TO's	SPP	SPP	SPP OATT Section 15
3. Approve Interchange Transactions from transmission service arrangement perspective	SPP	SPP	SPP	SPP OATT Section 13.8, 14.6, Attachment G (Section 6.0) Membership Agreement Section 2.2.5
4. Determine and post available transfer capability (ATC ¹⁸) values.	SPP/TO's	SPP	SPP	SPP OATT Attachment C (Short-term) Membership Agreement 2.1.1.d SPP Criteria 4
5. Allocate transmission losses (MWs or funds) among Balancing Authority Areas.	SPP	SPP	SPP	SPP OATT Attachment M

¹⁸ ATC and AFC are used herein synonymously

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Function – Transmission Ownership				
<i>Owns and maintains transmission facilities.</i>				
Tasks				
1. Install and maintain transmission facilities according to prudent utility practice	TO's	TO'S	TO's	SPP Criteria (Introduction) SPP Membership Agreement Section 2.1.1j, Section 3.2, Section 3.3a
2. Establish ratings of transmission facilities.	TO's	TO'S	TO's	SPP Criteria Section 12.2, Section 12.2.2.5
3. Develops interconnection agreements.	SPP	SPP	SPP	SPP OATT Appendix V (Section 1.10, Section 1.10.4)

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Appendix B: Specific Identification of NERC Functional Responsibilities

This appendix contains a list of several vertically integrated utilities and how they participate with SPP's tariff, reserve sharing and reliability coordination functions.

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	CLEC	CSWS	DENL	EDE	EES	GRDA	INDN	KACY	KCPL	LAFA	LAGN	LEPA	MCLN	MIDW	MPS	OKGE	SECI
Executed Membership Agreement	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Existing Authority																	
Reliability Authority		SPP		SPP		SPP	SPP	SPP	SPP	SPP		SPP	SPP	SPP		SPP	SPP
Balancing Authority	X	X	X	X	X	X	X	X	X	X	X	X	X	WR	X	X	X
Interchange Authority																	
Transmission Provider (Trans Provider on SPP's OASIS Node)		X		X		X			X					X	X	X	X
Tariff		X		X		X			X					X		X	
Transmission Operator		X		X		X			X					X		X	
Market Operator	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X
Planning Authority		Shared		Shared		Shared	Shared	Shared	Shared	Shared		Shared	Shared	Shared		Shared	Shared
Tariff				X		X											
Using Regional Scheduling System		X		X		X	X	X	X	X		X		X		X	
SPP Implement Schedules		X			N/A				X		N/A		N/A		N/A	X	N/A
Reserve Sharing Group	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X
RTO DAY 1 Authority																	
Reliability Authority		SPP		SPP		SPP	SPP	SPP	SPP	SPP		SPP	SPP	SPP		SPP	SPP
Balancing Authority	X	X	X	X	X	X	X	X	X	X	X	X	X	WR	X	X	X
Interchange Authority																	
Transmission Provider (Trans Provider on SPP's OASIS Node)																	
Tariff		X		X		X			X					X		X	
Transmission Operator		X		X		X			X					X		X	
Market Operator	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X
Planning Authority		SPP		SPP		SPP			SPP					SPP		SPP	
Tariff		X		X		X			X					X		X	
Using Regional Scheduling System		X		X		X	X	X	X	X		X		X		X	
SPP Implement Schedules		X			N/A				X		N/A		N/A		N/A	X	N/A
Reserve Sharing Group	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X

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