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September 20, 2010

Mr. David Cook
Vice President and General Counsel
North American Electric Reliability Corporation
Princeton Forrestal Village
116-390 Village Boulevard
Princeton, New Jersey 08540-5721

Re: Transfer of Certain Nebraska Entities from Midwest Reliability Organization to Southwest Power Pool Regional Entity

Dear Mr. Cook:

Southwest Power Pool, Inc. in its capacity as a Regional Entity ("SPP RE") provides these comments in response to the letter and report of the Midwest Reliability Organization ("MRO") dated August 16, 2010 regarding the request by the Nebraska Utilities[1] to change their Compliance Enforcement Authority from MRO to SPP RE.

SPP Regional Entity is unique among the eight regional entities in that it is the only FERC approved regional transmission organization that has also been delegated authority to be a regional entity.[2] When the regional entity boundaries were established in 2007, the boundary for the SPP Regional Entity included all the Balancing Authorities and Transmission Owners that had committed their transmission facilities to the SPP Open Access Transmission Tariff. If the Nebraska Utilities had been members of the SPP RTO during the original assignment in 2007, it is almost certain that they would have been registered in the SPP RE.

However, since we are not at the inception of the Regional Entities it is appropriate to ask the threshold question: Will the proposed change in registration be detrimental to the reliability of the Bulk Electric System ("BES")? In the case of the request of the Nebraska Utilities, SPP RE has found no negative impacts to the BES associated with the change. Moreover, a review of

[1] Nebraska public Power District, Omaha Public Power District, Hastings Utilities and the City of Grand Island

[2] Appropriate independence is maintained between the Regional Entity and registered entity functions through the separation of the RE compliance and enforcement functions from the registered entity functions. The RE is an independent division led by a General Manager reporting directly to the RE Trustees. Pursuant to the SPP, Inc. Bylaws, the RE Trustees are independent of the SPP Board of Directors, any Member, industry stakeholder, or SPP organizational group. Regional Entity Trustees do not serve as members of the SPP Board of Directors. While the SPP, Inc. bylaws have always required the audits of SPP, Inc. to be conducted by a third party, SPP RE has taken that a step further by entering into a contract with SERC to be the CEA for the registered entity functions of SPP, Inc. in the SPP Region.

MRO's letter and report reveal that MRO has likewise identified no negative impacts to the reliability of the BES that would result from granting the Nebraska Utilities' request.

The Nebraska Utilities request the change in registration to concentrate all of their efforts in one reliability area rather than split their resources between the SPP RTO activities and the MRO RE activities.

MRO cites the increased costs that would be incurred by the other MRO Registered Entities as a reason to deny the Nebraska Utilities' request. Anytime there is a change in the status quo, there are likely to be cost decreases for some registered entities and cost increases for others. Opposing the change merely on the basis of cost changes relies on the premise that the original cost assignment is the only fair cost assignment. However, cost assignments are by their nature an administrative creation not a mathematical axiom.

SPP RE wishes to place the issue of RE costs in context. Under the current geographic boundaries, the SPP RE has the fewest number of NELs upon which to spread its costs of all the eight regions. If the Nebraska Utilities' request is granted, SPP RE would have NELs that are essentially the same as FRCC's. Ranking the Regional Entities by NELs, MRO would become sixth, SPP RE seventh and FRCC eighth.

Rank	Regional Entity	2009 NEL MWh*
1	SERC	990,093,522
2	RFC	889,208,026
3	WECC	847,828,789
4	NPCC	652,049,000
5	TRE	308,277,759
6	MRO	240,703,238
7	SPP	227,071,333
8	FRCC	226,802,655

* Adjusted to reflect the transfer of the Nebraska Utilities

SPP RE does not dispute MRO's calculation that its remaining registered entities will see an increase in costs as a result of having a smaller assignment of NELs. Again it is useful to place this increase in context. MRO's calculated 9% increase as a result of the transfer is less than the

increase in costs that MRO has requested in its budget in each of the years 2009, 2010 and 2011. If the transfer is granted, SPP RE's current registered entities will see a cost decrease.

Taken as a whole, the distinguishing facts of SPP's structural organization as a regional transmission organization and a regional entity, the changed circumstances of the Nebraska Utilities in joining the SPP RTO and the determination that the proposed transfer creates no detriment to reliability provide sufficient support to grant the Nebraska Entities' request.

Please do not hesitate to contact me with questions.

Sincerely,

Stacy Dochoda

Stacy Dochoda
Regional Entity General Manager