



## Regulatory Update - Activity in Significant Dockets Third Quarter 2011

<b>SPP Tariff/Governing Document Revisions</b>		
<b>Docket Number</b>	<b>Short Description</b>	<b>Summary</b>
<b>ER09-1050</b>	SPP Order No. 719 Compliance Filing Pursuant to the Final Rule Issued Concerning Wholesale Competition in Regions with Organized Electric Markets in Docket No. RM07-19	<p>On October 4, 2011, FERC issued an Order on Compliance Filings and Rehearing.</p> <p>FERC denied the request for rehearing, but granted the TDU Intervenor's request for clarification and found that the Commission did not intend for its determinations in the November 20, 2009 Order to conflict with the directives in Order No. 719-A.</p> <p>FERC conditionally accepted SPP's October 27, 2009 Compliance Filing, effective December 27, 2009, as discussed in the body of the Order.</p> <p>FERC conditionally accepted SPP's May 19, 2010 Compliance Filing, effective May 19, 2010 or 60 days after SPP notification to the Commission that it has completed prerequisite system changes, as applicable, as discussed in the body of the Order.</p> <p>FERC accepted the reports submitted on May 20, 2010 by SPP and the SPP Market Monitor regarding remaining barriers to demand response.</p> <p>SPP's compliance filing to modify tariff language or clarify several aspects of its previous Compliance Filings is due December 5, 2011.</p>
<b>ER10-1269</b>	SPP Submission of Tariff Revisions to Incorporate a Modified Transmission Planning Process, the Integrated Transmission Plan ("ITP")	<p>On July 21, 2011, FERC issued an Order Denying Rehearing and Granting Clarification.</p> <p>FERC denied the requests for rehearing filed by Nebraska Public Power District, East Texas Cooperatives and the Joint Protestors.</p> <p>FERC granted the East Texas Cooperatives' clarification request. FERC clarified that its determinations in this proceeding do not limit a party's ability to file a complaint under section 206 of the Federal Power Act relating to practices in the ITP Manual if it believes that the implementation processes detailed in the ITP Manual, when put into practice, have an unjust, unreasonable or unduly discriminatory effect on SPP's rates or services.</p>
<b>ER11-3967</b>	SPP Order No. 741 Compliance Filing Pursuant to the Final Rule Issued Concerning Credit Reforms in Organized Wholesale Electric Markets in Docket No. RM10-13	<p>On September 15, 2011, FERC issued an order conditionally accepting SPP's Order No. 741 Compliance Filing, effective October 1, 2011.</p> <p>SPP was directed to:</p> <ol style="list-style-type: none"> <li>1) adopt a standard risk management attestation for SPP market participants;</li> <li>2) allow a two-day cure period for risk management attestations that SPP deems insufficient; and</li> <li>3) establish the requirement of a periodic verification that risk management policies and procedures are actually being implemented as part of SPP's minimum participation criteria.</li> </ol>



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SPP Tariff/Governing Document Revisions		
Docket Number	Short Description	Summary
<b>ER11-4105</b>	SPP Order No. 745 Compliance Filing Pursuant to the Final Rule Issued Concerning Demand Response Compensation in Organized Wholesale Energy Markets in Docket No. RM10-17	<p>SPP's compliance filing is due December 14, 2011.</p> <p>On July 22, 2011, SPP submitted its Order No. 745 Compliance Filing. Because SPP's existing Tariff and Market Protocols are consistent with or superior to the requirements of Order No. 745, SPP did not propose any tariff revisions.</p> <p>On August 12, 2011, EnerNOC, Inc. ("EnerNOC") filed a Motion to Intervene and Protest. EnerNOC stated that SPP's existing cost allocation rules fail to implement requirements of Order No. 745.</p> <p>On September 6, 2011, SPP filed an answer in response to the Protest filed by EnerNOC on August 12, 2011. SPP stated that EnerNOC's concerns are addressed through locational imbalance pricing ("LIP"), under which all market participants that benefit from the price reducing effect of demand response contribute to a portion of the costs of compensating the demand response resource. Because the load is grossed-up at the settlement location, there also is no billing unit effect, and the primary beneficiary of the load response pays the greatest portion of the costs associated with demand response.</p> <p>On September 22, 2011, EnerNOC filed an answer in response to SPP's September 6, 2011 Answer.</p> <p>EnerNOC stated that SPP confirmed in its September 6 Answer that it intends to employ a "load gross-up" process which is similar to the California Independent System Operator's ("CAISO") process detailed in its July 22, 2011 Compliance Filing. EnerNOC believes CAISO and SPP are effectuating cost allocation in a way that is inconsistent with Order No. 745 in their treatment of the billing unit cost allocation process.</p> <p>On September 23, 2011, the Electric Power Supply Association ("ESPA") filed Comments and a Motion for Leave to Answer and Answer on Order No. 745 Compliance Filings submitted by the Independent System Operators ("ISOs") and Regional Transmission Organizations ("RTOs").</p> <p>The ESPA stated:</p> <ol style="list-style-type: none"> <li>1) opposition to limitations on demand response self-scheduling vitiates the comparability upon which locational marginal price-based compensation is predicated;</li> <li>2) measurement and verification tools and baseline calculation enhancements are critical to implementation; and</li> <li>3) behind-the-meter generation poses serious concerns as a demand response product or service and should not participate as demand response pursuant to Order No. 745.</li> </ol> <p>The ESPA requested that FERC hold the ISO/RTO compliance filings in abeyance until after it has acted on the pending requests for rehearing and/or clarification of Order No. 745.</p>



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Other Filings of Interest		
Docket Number	Short Description	Summary
EL11-34	Midwest Independent Transmission System Operator, Inc. ("MISO") Petition for Declaratory Order Seeking Commission Confirmation Regarding Section 5.2 of the Joint Operating Agreement ("JOA") between MISO and SPP	<p>On August 1, 2011, SPP filed a Request for Rehearing or, in the Alternative, Clarification of the July 1, 2011 Order.</p> <p>SPP stated that the Commission erred:</p> <ol style="list-style-type: none"> <li>1) in interpreting Section 5.2 of the JOA by failing to make a reasoned decision based upon substantial evidence in the record;</li> <li>2) by failing to interpret the JOA's usage of the term "contract path" in a manner consistent with common industry usage of the words; and</li> <li>3) by misstating and miscomprehending the single past use of Section 5.2 of the JOA, thereby erroneously finding that its interpretation of the JOA was "consistent with the course of performance of the parties".</li> </ol> <p>SPP stated that if the Commission does not reverse its interpretation of Section 5.2 of the JOA, the Commission should clarify that Section 5.2 provides MISO only non-firm service up to the amount of interconnection capacity that MISO has with Entergy Arkansas, Inc. SPP also stated that the Commission should clarify that MISO's obligation to renegotiate in good faith includes an obligation to address changes that SPP may propose to all section of the JOA, including Section 5.2.</p> <p>Several other parties also filed rehearing requests.</p> <p>On August 26, 2011, FERC issued an Order Granting Rehearing for Further Consideration of the July 1, 2011 Order.</p>



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<b>State Cases</b>		
Docket Number	Short Description	Summary
<b>Arkansas 09-090-U</b>	In the Matter of the Impact of Federal Energy Regulatory Commission (“FERC”) Orders 719 and 719-A in FERC Docket No. RM07-19-001 on the Regulatory Authority of the Arkansas Public Service Commission	Further action in this proceeding is pending SPP’s compliance filing and FERC’s action in FERC Docket No. ER09-1050. FERC issued an Order on Compliance Filings and Rehearing on October 4, 2011.
<b>Arkansas 10-011-U</b>	In the Matter of a Show Cause Order Directed to Entergy Arkansas, Inc. (“EAI”) Regarding Its Continued Membership in the Current Entergy System Agreement, or Any Successor Agreement Thereto, and Regarding the Future Operation and Control of Its Transmission Assets	<p>On July 12, 2011, Staff and Intervenors filed Supplemental Initial Testimony. Carl Monroe and Craig Roach, Ph.D. filed testimony on behalf of SPP.</p> <p>On August 4, 2011, Kurt Castleberry, John Hurstell, Jay Lewis, Hugh McDonald, Richard Riley, and Michael Schnitzer filed Rebuttal Testimony on behalf of EAI.</p> <p>On August 18, 2011, Staff and Intervenors filed Surrebuttal Testimony. Carl Monroe and Craig Roach, Ph.D. filed testimony on behalf of SPP.</p> <p>On August 19, 2011, an on-the-record Technical Conference was held in order to discuss the Midwest Independent Transmission System Operator, Inc. (“MISO”) option proposed in EAI’s May 12, 2011 Evaluation Report.</p> <p>On August 25, 2011, Kurt Castleberry, John Hurstell, Jay Lewis, Hugh McDonald, Richard Riley, and Michael Schnitzer filed Sur-surrebuttal Testimony on behalf of EAI.</p> <p>An evidentiary hearing was held September 7-9, 2011.</p> <p>At the evidentiary hearing, MISO proposed holding a meeting to discuss concerns relating to congestion management and other seams issues. This meeting was held on September 20, 2011 at American Electric Power’s offices. Among those participating were MISO, SPP, Arkansas Electric Cooperative Corporation, The Empire District Electric Company, Oklahoma Gas and Electric Company, and Southwestern Electric Power Company.</p> <p>The Arkansas Public Service Commission is expected to issue its final order in October.</p>
<b>11-ITCE-644-MIS</b>	In the Matter of the Application of ITC Great Plains, LLC	On July 12, 2011, the Kansas Corporation Commission (“KCC”) issued an Order Granting Siting Permit.

State Cases		
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	(“ITC”) for a Siting Permit for the Construction of a Double-Circuit 345-kV Transmission Line in Ford, Clark, Kiowa and Barber Counties, Kansas	<p>The KCC approved ITC's Application for a siting permit to construct an electric transmission line as proposed in its preferred route, conditioned on the inclusion of certain landowner-proposed alternative routes approved in the Order.</p> <p>The KCC conditioned its approval on the costs of this project being recovered through SPP's Highway/Byway cost allocation method. If SPP or the Federal Energy Regulatory Commission reconsider or change the previously approved cost allocation method, the KCC reserves the right to reconsider the Order in this proceeding.</p> <p>The KCC approved the agreement for ITC to provide quarterly reports detailing the progress and costs of the project, and notes that the information will remain confidential as agreed. ITC was directed to submit a final report after line construction is complete, which indicates the specific route with any modifications from the proposed route, the original cost provided to the KCC, and the final cost of the project.</p>
<b>Missouri EO-2006-0142</b>  <b>and</b>  <b>EO-2009-0179</b>	<p>In the Matter of the Application of Kansas City Power &amp; Light Company (“KCPL”) for Authority to Transfer Functional Control of Certain Transmission Assets to the Southwest Power Pool, Inc.</p> <p>In the Matter of the Application of KCP&amp;L Greater Missouri Operations Company (“KCP&amp;L-GMO”) for Authority to Transfer Functional Control of Certain Assets to Southwest Power Pool, Inc.</p>	<p>On September 30, 2011, KCPL and KCP&amp;L-GMO (collectively the "Companies") submitted an Interim Report containing a study and analysis comparing the estimated benefits and costs of participation in SPP.</p> <p>The Companies met with Missouri Public Service Commission Staff and Office of Public Counsel on several occasions in early 2011 to discuss the scope of the Interim Report and agreed to expand the original scope of the Interim Report from a test year analysis of SPP's Energy Imbalance Service market to a comprehensive benefit-cost analysis for a range of SPP's Regional Transmission Organization activities over a multi-year period, extending up to 2017.</p> <p>The study showed a projected net benefit for continued participation in SPP of approximately \$23 million per year for both Companies combined.</p> <p>The Companies requested that the Commission accept the Interim Report and issue an order approving their continued participation in SPP beyond October 1, 2013.</p>
<b>Missouri EW-2010-0187</b>	<p>In the Matter of an Investigation into the Coordination of State and Federal Regulatory Policies for Facilitating the Deployment of all Cost-Effective Demand-Side Savings to Electric Customers of All Classes Consistent with the Public</p>	<p>On October 4, 2011, the Missouri Public Service Commission held a workshop to discuss Demand Response aggregation issues related to Aggregators of Retail Customers, Independent System Operators and Regional Transmission Organizations.</p>



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State Cases		
Docket Number	Short Description	Summary
	Interest	
<b>Oklahoma PUD 201000043</b>	Inquiry of the Oklahoma Corporation Commission ("OCC") to Investigate Issues Arising from the Federal Energy Regulatory Commission's Orders No. 719, 719-A and 719-B	Further action in this proceeding is pending SPP's compliance filing and FERC's action in FERC Docket No. ER09-1050. FERC issued an Order on Compliance Filings and Rehearing on October 4, 2011.
<b>Texas 38877</b>	Application of Southwestern Public Service Company ("SPS") to Amend a Certificate of Convenience and Necessity for a Proposed Tuco to Texas/Oklahoma Interconnection 345-kV Transmission Line Within Hale, Floyd, Motley, Cottle, Briscoe, Hall, Childress, Donley, Collingsworth, and Wheeler Counties	<p>A settlement conference was held on August 16, 2011.</p> <p>On August 22, 2011, the PUCT issued SOAH Order No. 6, Granting Motion on Adequacy of Routes. Mill Iron and Allred Parties' motion for a hearing on route adequacy was partially granted. A hearing on adequacy of routes was held on August 23, 2011.</p> <p>On August 24, 2011, the PUCT issued SOAH Order No. 7, Addressing Adequacy of Route Issues. Mill Iron and Allred Parties withdrew the request for hearing on other potential routes within the current study area. The Administrative Law Judges denied the request for Mill Iron and Allred Parties to conduct a hearing on expanding the study area.</p> <p>On September 30, 2011, numerous parties filed Direct Testimony and/or Statements of Position.</p> <p>On September 30, 2011, Charles Cates filed Direct Testimony on behalf of SPP.</p>
<b>Texas 39070</b>	Application of Sharyland Utilities, L.P. ("Sharyland") to Approve Study and Plan Pursuant to the Commission's Order in Docket No. 37990 Concerning the Movement of Sharyland's Stanton and Colorado City Divisions from the Southwest Power Pool to ERCOT	On September 15, 2011, Sharyland submitted a filing pursuant to Section II.B.1 of the Stipulation and Agreement. Sharyland provided an audit report setting forth the original cost and appropriately depreciated book value of all of Sharyland's existing transmission facilities within SPP.
<b>Texas 39385</b>	Project to Consider Entergy Texas, Inc.'s ("ETI") Integration into the MISO	On July 28, 2011, a workshop was held to discuss ETI's proposal to join the Midwest Independent Transmission System Operator, Inc.