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May 4, 2012

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

Re: *Southwest Power Pool, Inc.*, Docket No. ER12-140-____
Informational Filing

Dear Secretary Bose:

Southwest Power Pool, Inc. (“SPP”) is submitting this informational filing to the Federal Energy Regulatory Commission (“Commission”) to notify the Commission and the parties in this proceeding that SPP will be updating the Annual Transmission Revenue Requirement (“ATRR”) for Kansas Power Pool (“KPP”) effective as of December 20, 2011.

I. BACKGROUND

A. ER12-140

On October 20, 2011, at the request of KPP, a non-jurisdictional entity, SPP submitted revisions to Attachment H of SPP’s Open Access Transmission Tariff (“Tariff”) to implement KPP’s formula rate for transmission service in the Westar Energy, Inc. (“Westar”) zone. The changes to Attachment H specified an ATRR for KPP of \$528,917.¹ As explained in the October 20 Filing, KPP calculated this ATRR based on its proposed formula rate template.² SPP requested an effective date of December 1, 2011 for the Tariff revisions.

¹ See Submission of Tariff Revisions to Incorporate Kansas Power Pool as a Transmission Owner, Docket No. ER12-140-000, at Tariff, Attachment H (Oct. 20, 2011) (“October 20 Filing”).

² See *id.* at Exh. No. KPP-2.

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Several entities protested the October 20 Filing. One protester argued that KPP used incorrect service years to calculate accumulated depreciation.³ On November 23, 2011, KPP filed a response to the protests.⁴ In its answer, KPP stated that using updated input data for 2010 in its proposed formula rate template, its ATRR should be \$440,265, instead of \$528,917.⁵ On December 15, 2011, the Commission accepted the October 20 Filing, effective December 20, 2011, and set the filing for hearing and settlement judge proceedings.⁶ The settlement proceedings currently are still on-going.

B. ER12-74

On October 13, 2011, SPP filed revisions to its Tariff to incorporate a formulaic process for updating the ATRRs for various SPP Transmission Owners that have adopted transmission formulas and protocols (a group that includes KPP), to alleviate the need to file updates to the SPP Transmission Owner's formula rates.⁷ As a result of the October 13 Filing, the specified numeric value of ATRRs in Attachment H of the Tariff were removed and replaced by a reference to the Revenue Requirements and Rates File ("RRR File") posted on the SPP website. On December 5, 2011, the Commission accepted the October 13 Filing effective December 13, 2011.⁸ Therefore, the currently effective Attachment H of the Tariff now references the RRR File for KPP's ATRR. The RRR File on the SPP website currently lists the ATRR for KPP as \$528,917.

³ Joint Motion to Intervene and Protest of Sunflower Electric Power Corporation and Mid-Kansas Electric Company, LLC, Docket No. ER12-140-000, at 9 (Nov. 10, 2011).

⁴ Motion for Leave to File Answer, and Answer of Kansas Power Pool to Protests, Docket No. ER12-140-000 (Nov. 23, 2011) ("KPP Answer").

⁵ *Id.* at 4.

⁶ *Sw. Power Pool, Inc.*, 137 FERC ¶ 61,197 (2011) ("December Order").

⁷ Submission of Revisions to Open Access Transmission Tariff to Incorporate Formulaic Process to Update Transmission Owner Formula Rates of Southwest Power Pool, Inc., Docket No. ER12-74-000 (Oct. 13, 2011).

⁸ *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER12-74-000 (Dec. 5, 2011).

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II. INFORMATIONAL FILING

Consistent with its answer in Docket No. ER12-140, KPP recently notified SPP that it should be charging a lower ATRR for KPP. KPP stated that the ATRR should be \$432,438, which is consistent with the ATRR that KPP filed with the Kansas Corporation Commission (“KCC”) in Docket No. 12-KPPE-630-MIS. In response to KCC’s notification, SPP determined that it has a duty to update the ATRR at this time. The Commission has held that Regional Transmission Organizations (such as SPP) have the duty to *ensure* that a formula rate is being calculated properly.⁹ Therefore, SPP is making the informational filing to notify all parties in this proceeding that it will be adjusting KPP’s ATRR to the level KPP notified SPP was the correct ATRR, which KPP proposed before the KCC, i.e. \$432,438, effective as of December 20, 2011, the effective date granted in the December Order. SPP further clarifies that this filing does not constitute an amendment to the October 20 Filing.¹⁰

III. CONCLUSION

For the foregoing reasons, SPP respectfully submits the informational filing to the Commission.

⁹ See *NRG Power Marketing, Inc. v. New York Independent System Operator, Inc.*, 91 FERC ¶ 61,346, at 62,166 (2000) (citing *ISO New England, Inc.*, 90 FERC ¶ 61,141 (2000)) (“Under these circumstances involving the erroneous calculation of a formula rate, the NYISO did not have to rely on any temporary authority or interim procedures to correct incorrect energy clearing prices. In *ISO New England, Inc.*, the Commission held that consistent with the filed rate doctrine, the ISO has the authority, and is required, to correct all prices that do not reflect operation of the ISO market rules (which are the filed rate). This ensures that both buyers and sellers are protected if the ISO makes computational errors and thus fails to fully follow the market rules. The NYISO has that same authority and is required to promptly correct its errors.”).

¹⁰ *Am. Elec. Power Serv. Corp.*, 124 FERC ¶ 61,306 at P 34 (2008) (“In approving any formula rate, the Commission approves the formula itself, the algebraic equation used to calculate the rates. It does not approve the inputs into the formula or the charges resulting from the application of the inputs to the algebraic equation.”).

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Respectfully submitted,

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cc: Presiding Judge Michael J. Cianci, Jr.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC, this May 4, 2012.

/s/ Tyler R. Brown

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