UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

Southwest Power Pool, Inc. ) Docket No. ER13-____-000

COMPLIANCE FILING OF  
SOUTHWEST POWER POOL, INC.

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On Behalf of  
Southwest Power Pool, Inc.

Dated: July 10, 2013
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July 10, 2013

VIA ELECTRONIC FILING

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C.  20426

Re:  Southwest Power Pool, Inc., Docket No. ER13-____-000
(Open Access Transmission Tariff)

Order No. 1000 Interregional Compliance Filing

Dear Secretary Bose:

Pursuant to Section 206 of the Federal Power Act ("FPA"), 16 U.S.C. 824e, Order Nos. 1000, 1000-A, and 1000-B\(^1\) of the Federal Energy Regulatory Commission ("Commission"), the Commission’s February 26, 2013 and July 8, 2013 Notice Granting an Extension of Time to Submit Interregional Compliance Filings,\(^2\) Southwest Power Pool, Inc. ("SPP"), as authorized by its Board of Directors ("SPP Board"), submits revisions to its Open Access Transmission Tariff ("Tariff")\(^3\) to comply with Order No. 1000’s requirements for interregional coordination and cost allocation.

I. EXECUTIVE SUMMARY

In this compliance filing, SPP includes all provisions to the Tariff necessary to address Order No. 1000’s interregional requirements, except as it pertains to the Mid-Continent Area Power Pool (“MAPP”) planning region, as explained below. As discussed in greater


\(^{2}\) Notice Granting an Extension of Time to Submit Interregional Compliance Filings, Docket No. RM10-23-000 (Feb. 26, 2013) ("February Notice"). See also Notice Granting an Extension of Time to Submit Interregional Compliance Filings, Docket No. RM10-23-000 (July 8, 2013) ("July Notice").

\(^{3}\) Southwest Power Pool, Inc., FERC Electric Tariff, Sixth Revised Volume No. 1.
detail herein, SPP developed common tariff provisions with the Southeastern Regional Transmission Planning (“SERTP”) region. For its seam with the Midcontinent Independent System Operator, Inc. (“MISO”) planning region, SPP is filing separately the Joint Operating Agreement Between the Midcontinent Independent System Operator, Inc. and Southwest Power Pool, Inc. (“SPP-MISO JOA”) to comply with Order No. 1000 interregional requirements; however, in compliance with Order No. 1000, the Tariff revisions proposed herein do contain language which references the MISO interregional coordination process. The common tariff provisions where negotiated through a dynamic and collaborative negotiation process, which included stakeholders from all regions.

In addition to the interregional coordination and cost allocation procedures with neighboring planning regions for compliance with Order No. 1000, SPP developed revisions specific to the Tariff to implement interregional coordination and cost allocation into SPP’s regional planning process. This filing is not a joint filing between SPP and the other planning regions; rather, SPP and the other planning regions are filing separately but are coordinating the filings so that the Commission may have a clear understanding of the agreed to processes for interregional coordination between the respective planning regions. Pursuant to the Commission’s July Notice, SPP was granted an extension of time to file interregional coordination procedures and cost allocation requirements of Order No. 1000 for the seam between SPP and MAPP. Therefore, the interregional coordination and cost allocation procedures currently being negotiated by SPP and MAPP are not included in this filing.

Moreover, with this filing, and pursuant to Rule 212 of the Commission’s Rules of Practice and Procedure, SPP respectfully requests 1) a waiver from the requirements to revise the Tariff to implement the interregional coordination and cost allocation requirements of Order No. 1000 as it relates to SPP’s seam with SERTP; or in the alternative, 2) clarify SPP’s obligations for Order No. 1000’s interregional coordination and cost allocation requirements with non-public utility transmission providers within the SERTP region which are non-jurisdictional to the Commission and do not have the same obligations under Order No. 1000 as SPP; and 3) clarify that SPP will not be deemed non-compliant with Order No. 1000 if it is unable to engage in interregional coordination and joint evaluation of transmission facilities proposed to be located in both regions.

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4 Formerly known as the Midwest Independent Transmission System Operator, Inc.

5 Joint Operating Agreement Between the Midwest Independent Transmission System Operator, Inc. and Southwest Power Pool, Inc. (Dec. 11, 2008) (“SPP-MISO JOA”). The SPP-MISO JOA is a “joint tariff” as described in Order No. 714, and is designated by SPP as Southwest Power Pool, Inc., Second Revised Rate Schedule FERC No. 9. See Order No. 714 at P 63 (discussing joint tariffs).
Finally, this transmittal letter complies with the Order No. 1000 requirement that “every public utility transmission provider, including an RTO or ISO transmission provider [] file its existing or proposed OATT provisions with an explanation of how these provisions meet the requirements of this Final Rule.”

Except for interregional coordination and cost allocation requirements with SERTP, SPP requests an effective for the Tariff revisions contained in this filing which is coincident to the Commission’s approval of SPP’s Order No. 1000 regional compliance filing which is pending before the Commission. In its Order No. 1000 regional compliance filing, SPP requested an effective date of March 30th the year following Commission approval of SPP’s regional planning process. For SERTP, SPP respectfully requests the proposed interregional coordination and cost allocation requirements of Order No. 1000 become effective at the SERTP transmission planning cycle subsequent to SPP’s and SERTP’s regional planning processes becoming effective.

II. BACKGROUND

A. SPP

SPP is a Commission-approved Regional Transmission Organization (“RTO”). It is an Arkansas non-profit corporation with its principle place of business in Little Rock, Arkansas. SPP has 72 Members, including 14 investor-owned utilities, 11 municipal systems, 13 generation and transmission cooperatives, 4 state agencies, 11 independent power producers, 10 power marketers and 9 independent transmission companies. As an RTO, SPP is a transmission provider currently administering transmission service over portions of Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma and Texas serving more than 6 million households in a 370,000 square-mile area. As an RTO, SPP administers open access Transmission Service over approximately 48,930 miles of transmission lines covering portions of Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, and Texas, across the facilities of SPP’s Transmission Owners, administrators a centralized real-time energy imbalance service market, and has received conditional Commission approval to implement day ahead and

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6 See Order No. 1000 at P 795.
real-time energy and operating reserve markets with locational marginal pricing and market-based congestion management,\textsuperscript{10} which SPP plans to commence in March 2014.

**B. Summary and Description of Testimony**

Accompanying this filing, SPP provides supporting testimony from Mr. David Kelley, SPP Manager, Interregional Coordination. Mr. Kelley’s testimony explains the proposed sections upon which SPP and SERTP have not reached agreement, and provides justification why the sections proposed by SPP are compliant with Order No. 1000.\textsuperscript{11}

**C. Order No. 1000**

The Commission issued Order No. 1000 on July 21, 2011, directing public utility transmission providers, in consultation with their stakeholders, to implement a series of reforms to existing transmission planning and cost allocation processes to ensure that the rates, terms, and conditions of service provided by public utility transmission providers are just and reasonable and not unduly discriminatory or preferential.\textsuperscript{12} Indicating that Order No. 1000 “builds on Order No. 890,”\textsuperscript{13} the Commission directed public utility transmission providers to: (1) participate in a regional transmission planning process that produces a regional transmission plan; (2) modify their Open Access Transmission Tariffs (“OATTs”) to describe procedures that provide for the consideration of transmission needs driven by Public Policy Requirements in both local and regional transmission planning processes; (3) eliminate provisions in Commission-jurisdictional tariffs and agreements that establish a federal right of first refusal for an incumbent transmission provider with respect to transmission facilities selected in a regional transmission plan for purposes of cost allocation; (4) coordinate, through their regional transmission planning processes, with each of their neighboring transmission planning regions within their interconnection to implement interregional transmission coordination procedures; and (5) adopt in their OATTs a method or set of methods for allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation and interregional transmission facilities.\textsuperscript{14}


\textsuperscript{11} Exhibit No. SPP-4.

\textsuperscript{12} See Order No. 1000 at P 795.

\textsuperscript{13} Id. at P 1.

\textsuperscript{14} Id. at PP 149, 203, 313, 415, 482.

SPP submitted its compliance filing for regional transmission planning and cost allocation requirements of Order No. 1000 on November 13, 2012. The November 13 Filing consisted of two parts and contained proposed revisions to the Tariff and Membership Agreement to effectuate and demonstrate compliance with Order No. 1000. SPP argues that through SPP’s rigorous stakeholder process, and the Commission-approved Integrated Transmission Plan (“ITP”) process and Highway/Byway, and other cost allocation methodologies, SPP’s Tariff already complies with the majority of requirements established by Order No. 1000 for regional transmission planning, consideration of transmission needs driven by Public Policy Requirements, and the Commission’s six cost allocation principles. SPP has requested an effective date of the March 30 that follows the Commission’s issuance of an order on the November 13 Filing. SPP’s November 13 Filing is currently pending before the Commission.

On January 24, 2013, SPP, joined by MISO, submitted a motion for a 32-day extension of time, until May 13, 2013, of the compliance deadline set forth in Order No. 1000 for

18 See Order No. 1000-B at P 4 n.3.
20 Id. at 1.
21 See generally id. at 2-5.
22 Id. at 101.
interregional coordination and cost allocation requirements. The Commission granted a 90 day extension of Order No. 1000’s interregional compliance filing deadline for all public utility transmission providers and set a new compliance filing date of July 10, 2013. The Commission granted the extension to allow public utility transmission providers additional opportunity to work with stakeholders and develop interregional coordination processes with broad-based support.

On June 13, 2013, SPP, together with MISO, submitted a joint motion for extension of time and expedited Commission action as it pertains to SPP and MISO’s compliance requirements and respective development of an interregional coordination process with NorthWestern Corporation (“NorthWestern”), which is part of MAPP’s planning region. The Commission granted SPP’s extension request in the July Notice to allow SPP additional time to negotiate interregional coordination and cost allocation requirements of Order No. 1000 with MAPP and NorthWestern. In the July Notice, the Commission granted SPP an extension of 120 days to submit an interregional compliance filing relative to MAPP with the extension commencing upon NorthWestern’s submittal of its further regional compliance filing.

D. SPP Stakeholder Process and Development of Interregional Coordination with Neighboring Planning Regions

As required by Order No. 1000, SPP developed its Tariff revisions proposed for compliance with Order No. 1000 through its stakeholder process. SPP stakeholders were provided with reasonable opportunity to participate in discussions and development of the interregional proposals submitted herein. Stakeholders were given opportunity to voice opinions and provide inputs into the formulation of the policies that guided the drafting process for Tariff revisions, and influenced the negotiations with SPP’s neighboring planning regions.

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25 Id. at 2.
26 MISO has formally changed its name to Midcontinent Independent System Operator, Inc.
28 See July Notice at 2.
29 Id.
30 See Order No. 1000 at P 466.
Ultimately, as required by SPP’s policies, the Tariff revisions to implement Order No. 1000 interregional and cost allocation requirements were approved by the SPP Board. With this approval, the SPP Board directed SPP to file the Tariff modifications proposed herein for compliance with the Commission’s July 10, 2013 deadline for compliance.

SPP’s stakeholder process is a robust and dynamic process which allows SPP Members, SPP customers, and all interested parties, to participate. The magnitude of resources expended by SPP and SPP stakeholders on SPP’s Order No. 1000 interregional compliance effort has not been calculated; however, it is evident that SPP stakeholders and staff spent significant time and effort developing the policies that guided SPP’s compliance effort, and drafting of necessary Tariff and other agreements to implement the interregional requirements of Order No. 1000. To illustrate this effort, SPP has included a table as Exhibit No. SPP-2 to this transmittal letter which depicts the number and content of stakeholder meetings that were dedicated, in part, to compliance with the interregional requirements of Order No. 1000. It should be noted that this Section I.C does not substantively address the work done within SPP’s Regional State Committee (“RSC”), and its working groups, regarding the allocation of costs for interregional projects, which will be described in detail and explained below in Section III.B.4.a of this transmittal letter.

Along with the stakeholder process to develop the policies, necessary Tariff language, and agreements to implement Order No. 1000 reforms, SPP negotiated separate processes with MISO and SERTP. As relevant to this filing, the timeline for negotiations and process drafting between SPP and SERTP is contained in Exhibit No. SPP-3.

III. DESCRIPTION OF TARIFF REVISIONS

Order No. 1000 set forth the following requirements for interregional coordination:

(1) A commitment to coordinate and share the results of each transmission planning region’s regional transmission plans to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities, as well as a procedure for doing so;

(2) A formal procedure to identify and jointly evaluate transmission facilities that are proposed to be located in both transmission planning regions;

(3) An agreement to exchange, at least annually, planning data and information; and

31 See Exhibit No. SPP-2. A comparable timeline for negotiations with MISO is included in the SPP-MISO JOA compliance filing.
(4) A commitment to maintain a Web site or e-mail list for the communication of information related to the coordinated planning process.32

A. Common Tariff Provisions for Interregional Coordination with Neighboring Planning Regions

To satisfy the requirements of Order No. 1000, the Commission requires public utility transmission providers to include in its respective open access transmission tariff(s) ("OATT(s)") common tariff language with other neighboring public utility transmission providers.33 Common tariff language between the paired neighboring public utility transmission providers must describe the interregional coordination procedures for that particular pair of regions.34 In the alternative, public utility transmission providers may reflect interregional coordination procedures between neighboring regions through an interregional transmission coordination agreement filed with and approved by the Commission.35

SPP identified three potential neighboring planning regions with which to engage in interregional coordination. The planning regions include MISO, MAPP and SERTP.36 SPP has conducted extensive negotiations with these planning regions to create formal interregional coordination procedures which are mutually acceptable by both parties. Except as otherwise noted, the proposed Tariff provisions described below represent the mutual agreement between the parties. Any differences between the agreed terms, and other terms not mutually agreed to by the parties but requested by a party shall be described in full detail for Commission consideration. In this compliance filing, SPP proposes to utilize both a transmission coordination agreement and common tariff provisions to comply with Order No. 1000’s requirements. SPP has determined to effectuate interregional coordination with MISO through a coordination agreement to be filed at the Commission. As will be described in more detail below, the coordination agreement with MISO will be filed in a docket separate to this filing. SPP’s interregional coordination with SERTP will be memorialized in common tariff provisions included in this filing.

It should be noted that the common tariff provisions between SPP and its neighboring regions are not identical to each other. Rather, each respective neighboring planning

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32 See Appendix C to Order No. 1000 (“Interregional Transmission Coordination” provisions of Attachment K to Pro Forma OATT).
33 See Order No. 1000 at P 476.
34 Id.
35 Id.
36 As stated herein, SPP and MAPP negotiations are ongoing and SPP is not filing the MAPP process pursuant to the July Notice.
region’s interregional coordination procedures with SPP are unique in their approaches to compliance with the requirements of Order No. 1000. In Order No. 1000, the Commission recognizes the differences between existing transmission planning regions, and therefore declined to adopt standardized or pro forma interregional transmission coordination procedures.37 The Commission also declined to require public utility transmission providers to adopt or model coordination procedures on any particular agreement to coordinate transmission planning between two regions.38 Given the differences between RTO regions and non-RTO regions such as SERTP, SPP has developed interregional coordination with SERTP which generally accommodates the differences existing between SPP and SERTP. However, while unique to each planning region, each respective process complies with the Commission’s requirements for interregional coordination. Additionally, as included in this Section III.A.2.a, SPP requests a waiver of the Order No. 1000 interregional coordination requirements with SERTP given that SPP’s only interconnection with SERTP is through a non-jurisdictional utility that does not intend to memorialize interregional coordination and cost allocation requirements of Order No. 1000 in its safe harbor tariff.

1. **Interregional Coordination with MISO**

SPP proposes to memorialize interregional coordination and cost allocation requirements of Order No. 1000 with MISO in the standing SPP-MISO JOA. SPP and MISO intend to make separate filings to the SPP-MISO JOA to satisfy Order No. 1000’s compliance requirements for interregional coordination and cost allocation between the two RTOs. Filing interregional coordination and cost allocation between SPP and MISO through the SPP-MISO JOA is consistent with the Commission’s requirement in Order No. 1000 that “[interregional transmission planning coordination procedures] may be reflected in an interregional transmission coordination agreement filed on compliance for approval by the Commission.”39 However, Order No. 1000 also requires that public utilities utilizing formal transmission coordination agreements with other utilities to satisfy interregional coordination requirements must still provide in its OATT “enough description for stakeholders to follow how interregional transmission coordination will be conducted, with links included to the actual agreement where the details can be found.”40

To satisfy the requirement that the Tariff contain enough description to allow an interested party to access the SPP-MISO JOA, SPP is proposing to include in the Tariff, as Addendum 3 to Attachment O, a high-level summary of the SPP-MISO interregional coordination process and a link to where the SPP-MISO JOA can be accessed online. As

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37 See Order No. 1000 at P 449.
38 See Order No. 1000 at P 450.
39 See Order No. 1000 at P 475.
40 See Order No. 1000 at n. 372.
stated previously, the JOA contains the in-depth and authoritative interregional coordination process between SPP and MISO.

Addendum 3 to Attachment O provides a high-level overview of the process contained in the JOA. The objective of coordinated interregional transmission planning with MISO is to identify potential Interregional Projects, calculate the benefits to each region and present that information to SPP and MISO for study and consideration. The process for coordinated interregional transmission planning between SPP and MISO provides for joint identification and analysis of proposed Interregional Projects which may benefit the regions served by SPP and MISO. The process includes, but is not limited to:

i. Establishment of a joint planning committee and stakeholder committee;

ii. Voting procedures whereby proposed Interregional Projects may be approved for construction by both parties;

iii. Data exchange requirements;

iv. Coordinated system planning between the parties to identify and evaluate proposed Interregional Projects;

v. Determination of costs and benefits for each party; and

vi. Construction and ownership of approved Interregional Projects.

Additionally, Addendum 3 to Attachment O provides that any proposed Interregional Projects shall be reviewed by SPP in accordance with Section IV.6 of Attachment O. Further, Addendum 3 to Attachment O recognizes that construction by SPP of its part of any approved Interregional Project is in accordance with Section VI of Attachment O. Finally, any cost obligation of the SPP Region related to an Interregional Project(s) shall be allocated in accordance with Section VI of Attachment J.

The addition of Addendum 3 to Attachment O provides a high-level description of the SPP-MISO interregional coordination process. Addendum 3 to Attachment O also provides a link to allow interested parties to access the SPP-MISO JOA. The proposed Tariff revisions described provide basic information how identified interregional projects will be handled within SPP’s regional process, and for allocation of costs and construction obligations within SPP. These references will direct stakeholders to the appropriate section of the Tariff. As Addendum 3 to Attachment O describes the basic interregional coordination process between SPP and MISO and provides a link to allow a stakeholder to access the SPP-MISO JOA, the proposed revisions to include Addendum 3 to Attachment O is compliant with the requirements of Order No. 1000.
2. Interregional Coordination and Cost Allocation with SERTP

   a. Request for Waiver of Order No. 1000 Interregional Coordination and Cost Allocation Requirements for SPP’s seam with SERTP

In this filing, SPP conditionally proposes Tariff revisions to implement interregional coordination and cost allocation with SERTP, which is comprised of both jurisdictional public utilities and utilities that are not subject to the Commission’s jurisdiction, and which, therefore, are not bound by the requirements of Order No. 1000. In accordance with Order No. 1000-A, SPP respectfully requests a limited waiver of the Order No. 1000 interregional coordination and cost allocation requirements with respect to SPP’s seam with SERTP, given that SPP’s only interconnection with the SERTP region is through Associated Electric Cooperative, Inc. (“AECI”), a non-Commission jurisdictional utility that does not intend to revise its Tariff to implement the Order No. 1000 interregional coordination and cost allocation reforms. As depicted in attached Exhibit No. SPP-5, SPP’s only interconnection with the SERTP is with AECI.

Denying the requested limited waiver would place an undue burden on SPP and its Members and stakeholders to engage in interregional coordination and cost allocation with an entity that is not subject to the requirements of Order No. 1000, and places SPP in the untenable position of incorporating language into its Tariff that it could possibly violate due to inaction on the part of a party that is not bound by the SPP Tariff. If the Commission grants the requested limited waiver, it should not require SPP to incorporate into its Tariff the revisions proposed herein to adopt interregional coordination and cost allocation with SERTP. To the extent that the Commission denies SPP’s waiver request, SPP requests that the Commission clarify that SPP will not be deemed non-compliant with Order No. 1000 if it is unable to effectuate the SPP-SERTP Proposal and fails to engage in interregional coordination and joint evaluation of transmission facilities proposed to be located in both regions, or else clarify SPP’s obligations for Order No. 1000’s interregional coordination and cost allocation requirements with non-jurisdictional public utility transmission providers within the SERTP region that do not have the same obligations under Order No. 1000 as SPP.

41 Order No. 1000-A at P 752 (“[A] public utility transmission provider will not be deemed out of compliance with Order No. 1000 if it demonstrates that it made a good faith effort, but was ultimately unable, to reach resolution with neighboring non-public utility transmission providers on . . . interregional transmission coordination procedures [or an] interregional cost allocation method.”).

42 This exhibit illustrates SPP’s geographic seam with SERTP, with AECI being depicted as the blue and red shaded area. The map is intended to be illustrative only and is not an exact depiction of the AECI and SERTP service territories.

43 SPP and SERTP refer to their agreed-upon approach as the “SPP-SERTP Proposal.”
Order No. 1000 requires “each public utility transmission provider through its regional transmission planning process to coordinate with the public utility transmission providers in each of its neighboring transmission planning regions within its interconnection to implement the interregional transmission coordination requirements adopted in [the Order].”\footnote{See Order No. 1000 at P 415 (emphasis added).} In Order No. 1000-A, the Commission clarified that public utility transmission providers that make a good faith effort but are ultimately unsuccessful in adopting interregional coordination and cost allocation procedures with neighboring non-public utilities will not be deemed out of compliance with Order No. 1000.\footnote{See Order No. 1000-A at P 752.} With respect to the SPP seam with SERTP,\footnote{As of the date of this filing, SERTP has not been formally recognized as an Order No. 1000 compliant planning region, and there is uncertainty whether the SERTP membership of both jurisdiction Public Utility Transmission Providers and non-jurisdictional entities is conducive to interregional coordination with SPP.} SPP’s only interconnection with the SERTP region is through AECI, a non-jurisdictional utility that did not modify its Tariff to comply with the regional transmission planning and cost allocation requirements of Order No. 1000\footnote{In its regional compliance filing, Southern represented that AECI did support the Southern Companies’ filing effort.} and has informed SPP that it does not intend to modify its Tariff to address interregional coordination and cost allocation.

SPP has engaged in discussions with the members of SERTP, who intend to implement the Commission’s Order No. 1000 interregional coordination and cost allocation requirements through filings to modify the tariffs of SERTP’s Commission-jurisdictional entities. SERTP has expanded to include non-jurisdictional entities; however, only jurisdictional public-utility transmission providers filed tariff revisions to implement the regional planning requirements of Order No. 1000.\footnote{Filing entities include Southern Co., LG&E, OVEC.} SPP does not share an interconnection with a member of SERTP that is Commission-jurisdictional, and thus, to the extent that SPP is required to engage in interregional coordination and cost allocation with SERTP, it would be through SPP’s interconnection with a non-jurisdictional utility that is not obligated under its Tariff to coordinate or share cost allocation for interregional facilities.

SPP negotiated in good faith with SERTP representatives regarding interregional coordination and cost allocation. Unfortunately, SPP and SERTP were unable to...
negotiate terms that allow for meaningful interregional coordination procedures and cost allocation mechanisms that would include both jurisdictional public utility transmission providers in SERTP and non-jurisdictional SERTP sponsors, including SPP’s neighbor AECI. Therefore, absent a concrete commitment by non-jurisdictional entities to include the SPP-SERTP proposal in their safe harbor tariffs, SPP will not be able to effectively engage in meaningful interregional coordination with SERTP sufficient to comply with Order No. 1000. Accordingly, consistent with paragraph 752 of Order No. 1000-A, good cause exists for the Commission grant SPP a limited waiver of the interregional coordination and cost allocation requirements of Order No. 1000 with respect SERTP and to find that SPP is not “deemed out of compliance” with Order No. 1000’s interregional coordination and cost allocation requirements.

When confronting a similar situation involving a public utility whose interconnections were exclusively with non-jurisdictional utilities, the Commission granted a waiver of Order No. 1000 regional planning requirements for similar reasons. Specifically, in its order granting a waiver of the Order No. 1000 regional planning and cost allocation requirements to Maine Public Service Company, the Commission found that a waiver was appropriate because “[the public utility transmission provider] must rely on neighboring non-public utility transmission providers to voluntarily comply with Order No. 1000’s requirements…”49 The Commission added that “because the non-public utility transmission provider to which [the public utility transmission provider] is interconnected does not propose to comply with the requirements of Order No. 1000…[the public utility transmission provider] cannot participate in a transmission planning region that meets Order No. 1000’s regional scope requirements.”50

The Commission’s findings in the Maine Order should inform the Commission’s decision here. While Maine Public’s situation is not entirely analogous, the same principle should apply because SPP cannot coordinate with SERTP through a non-participating, non-jurisdictional member of SERTP. SPP is required to comply with Order No. 1000 interregional coordination requirements but this commitment is inhibited by interconnection with a non-Commission jurisdictional utility that has not decided to comply voluntarily with the requirements of Order No. 1000. In other words, SPP is not interconnected with an entity that provides a foundation for interregional coordination and cost allocation procedures. Therefore, a waiver of Order No. 1000 interregional coordination and cost allocation requirements is appropriate for SPP’s seam with SERTP because SPP negotiated in good faith with the representatives of the SERTP region, but ultimately the non-jurisdictional entity in SERTP with which SPP shares a seam has opted not to comply with the interregional requirements of Order No. 1000 through adoption of the SPP-SERTP proposal into its Tariff.

50 Id.
SPP’s request for a waiver also is appropriate because of its limited scope. SPP is not asking for a blanket waiver of interregional coordination requirements of Order No. 1000 with its other neighboring planning regions, MAPP and MISO. SPP only seeks a limited waiver of the Order No. 1000 interregional coordination and cost allocation requirements with regard to SERTP, which will only impact the seam between SPP and a non-jurisdictional non-public utility transmission provider, AECI. Because AECI is not placing the SPP-SERTP Proposal into its safe harbor tariff, and because AECI is SPP’s only interconnection with SERTP, SPP cannot engage in interregional coordination with SERTP without AECI’s involvement, and therefore a waiver is appropriate per paragraph 752 of Order No. 1000-A. SPP fully intends to comply with the Order No. 1000 interregional coordination and cost allocation requirements with respect to its MAPP and MISO seams, and its waiver request is narrowly tailored to address a situation where its only interconnection to the SERTP region, a non-jurisdictional entity, has opted not to adopt interregional coordination and cost allocation provisions into its tariff.

Additionally, a waiver is appropriate because SPP and AECI already engage in interregional coordination through a Joint Operating Agreement (“SPP-AECI JOA”) on file with the Commission. Both SPP and AECI have committed to exploring revisions to the SPP-AECI JOA to provide similar benefits that the requirements of Order No. 1000 intend to provide, but have not yet reached agreement. Any such updates to the SPP-AECI JOA will be filed for Commission acceptance.

For all of these reasons, the Commission should grant SPP’s request for a limited waiver of the Order No. 1000 interregional coordination and cost allocation requirements with respect to SERTP, and should not require SPP to incorporate language into its Tariff to effectuate interregional coordination and cost allocation procedures with SERTP.

To the extent that the Commission denies SPP’s limited waiver request, SPP requests that the Commission clarify that SPP will not be deemed non-compliant with Order No. 1000 if it is unable to effectuate the SPP-SERTP Proposal and fails to engage in interregional coordination and joint evaluation of transmission facilities proposed to be located in both regions, or else clarify SPP’s obligations for Order No. 1000’s interregional coordination and cost allocation requirements with non-public utility transmission providers within the SERTP region that do not have the same obligations under Order No. 1000 as SPP. SPP conditionally proposes in this filing the language that SPP has negotiated with SERTP to achieve interregional coordination and cost allocation between the two transmission planning regions. If the Commission denies SPP’s waiver request and accepts the conditionally-proposed Tariff language, the practical result will be that SPP will be obligated to engage in interregional coordination under the Tariff without a similar commitment from the entity with which it shares an interregional seam.

Additionally, SPP’s compliance with Order No. 1000’s interregional requirements will be dependent on a non-jurisdictional entity with no obligation to negotiate planning and cost
allocation agreements with SPP under Order No. 1000. SPP is concerned that it will be contractually obligated to comply with the SPP-SERTP Proposal without a parallel contractual obligation by the non-jurisdictional non-public utility transmission provider in the SERTP region with which SPP shares its only interconnection to the SERTP region.

This presents uncertainty to SPP and its stakeholders regarding whether SPP can comply with its own Tariff. Absent a waiver or Commission clarification otherwise, implementation of the SPP-SERTP Proposal will result in undesirable consequences on SPP’s Transmission Owners and Members who are required to comply with the one-sided interregional coordination and cost allocation provisions of the Tariff. The contractual requirements of the SPP-SERTP Proposal will only be applicable to SPP, and by default the Transmission Owners and Members. Without a parallel contractual obligation on the SERTP non-public utility transmission provider with which SPP is interconnected, requiring SPP to engage in the cost allocation requirements of the SPP-SERTP Proposal has a potentially discriminatory impact on SPP’s Transmission Owners and Members and is unjust, unreasonable and contrary to the intent of Order No. 1000.

Accordingly, if the Commission denies SPP’s request for a waiver, the Commission should clarify that if SPP is unable to effectuate the SPP-SERTP proposal due to its interconnection with a non-jurisdictional SERTP member that is not under the same obligations as SPP to engage in interregional coordination and cost allocation, SPP will not be deemed to be out of compliance with Order No. 1000 or in violation of its Tariff. Without such a clarification, SPP risks violating its Tariff if it fails, through no fault of its own, to pursue interregional coordination with its neighbor AECI. If the Commission declines to grant such a clarification, the Commission should provide guidance regarding exactly what SPP’s obligations are with respect to interregional coordination and cost allocation with the SERTP region, given its lack of interconnection with any SERTP member that is bound by the requirements of Order No. 1000.

b. SPP’s and the Jurisdictional SERTP Sponsors’ Agreed-Upon Language to Address Order No. 1000’s Interregional Requirements for their Respective Seams.

In the event the Commission denies SPP’s request for waiver of Order No. 1000 interregional coordination and cost allocation requirements for its seam with SERTP, SPP is conditionally filing a proposed interregional coordination and cost allocation process with SERTP as Addendum 4 to Attachment O (“SPP-SERTP Proposal”). The filing of the SPP-SERTP Proposal in conjunction with the waiver is necessary to comply with the Commission’s July 10, 2013 compliance filing requirement.

With the exception of two discrete areas of disagreement discussed further below, the SERTP Sponsors and SPP have agreed to a common approach and parallel tariff
language in their respective tariffs to satisfy Order No. 1000's interregional coordination and cost allocation requirements for their seam. The tariff language describing the proposal for interregional coordination between SPP and SERTP is found in proposed Addendum 4 of Attachment O in the Tariff.

For the Jurisdictional SERTP Sponsors, this parallel tariff language for the SPP-SERTP Joint Proposal is included in their respective OATTs as follows:

- For Duke Energy ("Duke"), the implementing tariff language is found at Attachment N-1- SPP of the Joint Duke OATT.
- For Louisville Gas and Electric Company and Kentucky Utilities Company ("LG&E/KU"), the implementing tariff language is found at Appendix 10 to Attachment K of LG&E/KU’s OATT.
- For Ohio Valley Electric Corporation ("OVEC"), the implementing tariff language is found at Attachment M-5 of OVEC’s OATT.
- For Southern Companies, the implementing tariff language is found at Attachment K-8, "Interregional Transmission Coordination Between the SERTP and SPP Regions" of Southern Companies’ OATT.

In addition to adopting essentially matching tariff language, in an effort to facilitate the Commission’s review of this filing and that being made contemporaneously by SERTP, SPP and the Jurisdictional SERTP Sponsors have developed essentially parallel discussions in their respective transmittal letters of their agreed-upon approach. In other words, the transmittal letters of SPP and the Jurisdictional SERTP sponsors will contain essentially matching language to describe the parallel tariff language being adopted.

To that end, the following language describes the tariff modifications required to adopt the interregional coordination process between SPP and the Jurisdictional SERTP Sponsors. The areas of disagreement between SPP and the Jurisdictional SERTP Sponsors are explained at the end of this discussion in Section II.A.3.c, along with supporting legal rationale for why SPP’s preferred approach is more appropriate for interregional coordination.

1. Preamble/Introduction and Section 1: The Proposed Interregional Transmission Coordination Procedures

SPP and the Jurisdictional SERTP Sponsors have introductory paragraphs at the beginning of their respective proposed tariff revisions which provide the framework for the interregional coordination process. The introductory paragraphs differ somewhat due
to structural differences in tariff organization; however, both are substantively similar in providing that SPP and the Jurisdictional SERTP Sponsors engage in interregional coordination and cost allocation. With regard to the differences, the Jurisdictional SERTP Sponsors have adopted language in their introductory materials from the pro forma tariff language provided at pages 591-593 in Order No. 1000-A. SPP is filing as an Addendum to Attachment O consistent with its tariff structure. For purposes of clarity, the introductory materials in both SPP’s Tariff and the Jurisdictional SERTP Sponsors’ OATTs include language to clarify that the references therein to regional transmission planning processes and regional transmission plans are to those of SPP and the Jurisdictional SERTP Sponsors required by Order No. 1000.

2. Interregional Coordination Procedures

With regard to interregional transmission coordination, Order No. 1000 states that the purpose of these requirements is to "obligate public utility transmission providers to identify and jointly evaluate interregional transmission facilities that may more efficiently or cost-effectively address the individual needs identified in their respective local and regional transmission planning processes." Order No. 1000 requires the public utility transmission providers in neighboring regions to engage in "joint evaluation" of proposed interregional projects and establishes "data exchange" and "transparency" requirements.

a. Annual Coordination

Section 1.1 of the SPP-SERTP Joint Proposal essentially provides for an annual (or more frequent) process.

b. Data Exchange

Order No. 1000 requires the adoption of interregional procedures that provide for the exchange of data and information at least once a year so that neighboring regions are aware of and are able to utilize each other's plans, including underlying assumptions and analysis. In accordance with these requirements, Section 1.2 provides for the exchange, on at least an annual basis, of the power-flow models and associated data used in the

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See Order No. 1000 at P 393.
See id. at P 435.
Id. at P 454.
Id. at P 458.
See Proposed Addendum 5 to Attachment O at Section 1.1.
See Order No. 1000 at P 454.
planning processes, along with additional transmission-based models and data used in the respective planning processes as requested. These materials will be posted upon each region's website along with then-current iterations of local and regional transmission plans. Section 1.2.3 provides for the appropriate treatment of confidential and CEII information. In this regard, the Tariff language between the Jurisdictional SERTP Sponsors and SPP is not identical, with the Tariff language for the former providing, that “[a]ny CEII and Confidential Non-CEII data exchanged pursuant to this Exhibit [K-__] shall be subject to appropriate CEII and Confidential Non-CEII treatment” while that for SPP making reference to the Attachment O of SPP's OATT.

c. Joint Evaluation

Order No. 1000 requires the development of procedures for the joint evaluation of proposed interregional facilities so as to provide "greater certainty that the transmission facilities in each regional transmission plan are the more efficient and cost-effective solutions to meet the region's needs." Order No. 1000 also provides that the Commission was not prescribing the requisite time frames but expects the transmission providers in neighboring regions "to cooperate and developed timelines for coordination and joint evaluations." Consistent with the foregoing, Section 1.3.1 of SPP-SERTP Joint Proposal provides that the public utility transmission providers in the regions will biennially review one another's plans, and if potentially more efficient and cost-effective interregional projects are identified through this review, then they will engage in joint evaluation of such projects. Section 1.3.2 provides that this joint evaluation may also be triggered by stakeholders identifying potential interregional projects. Section 1.3.2 also contains one of the areas of disagreement between SPP and the Jurisdictional SERTP Sponsors, which is discussed in more detail at the end of this discussion of the SPP-SERTP interregional seam.

Section 1.3.3.1 of the SPP-SERTP Joint Proposal provides that SERTP Sponsors and SPP will evaluate, through their respective regional processes, whether the proposed interregional project would be a more efficient and cost effective project than projects included in their existing regional transmission plans. Order No. 1000 requires that OATT language include a description of the types of analysis that the regions will

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57 See Proposed Addendum 5 to Attachment O at Section 1.2.
58 See Order No. 1000 at P 435.
59 See id. at P 438.
60 See Proposed Addendum 5 to Attachment O at Section 1.3.1.
61 See id. at Section 1.3.2.
62 See id. at Section 1.3.3.1.
undertake when evaluating interregional projects. In accordance with that requirement, Section 1.3.3.1 specifies that the evaluation procedures for interregional projects will be the same as the procedures used for the evaluation of regional projects pursuant to the respective regional transmission planning processes. Order No. 1000 further requires that neighboring regions provide some effort "to harmonize differences in the data, models, assumptions, planning horizons, and criteria used to study a proposed transmission project." In this regard, Section 1.3.3.1 generally provides that the SERTP Sponsors and SPP will coordinate and exchange assumptions, models, data, and other necessary materials as possible and needed pursuant to the above-described coordination and data exchange provisions. Finally, this section references the coordination of website postings related to the interregional coordination activities.

In addition to the procedures outlined in Section 1.3.3.1, projects proposed for purposes of interregional cost allocation, identified pursuant to Section 2.1.B, will undergo the analysis described in Section 1.3.3.2 as well as the further procedures described in Section 2. Section 1.3.3.2 includes the preliminary analysis conducted to facilitate the avoided cost calculation that forms the basis for interregional cost allocation. Namely, the region will quantify the costs of projects that would be displaced from their respective regional transmission plans if the proposed project was included. Section 1.3.3.2 also details the coordination between the two regions that will accompany such evaluations.

2. Cost Allocation

Section 2 of the SPP-SERTP Joint Proposal details the mechanics of the cost allocation methodology adopted under the SPP-SERTP Joint Proposal.

Order No. 1000 requires that a project that will receive interregional cost allocation must be selected for cost allocation purposes in the regional plans of both neighboring regions. In this regard, Order No. 1000's joint evaluation provisions provide that an interregional transmission project is to first be proposed in the regional processes of both/all of the neighboring regions in which the facility is to be located so as to "trigger the procedure under which the public utility transmission providers, acting through their regional transmission planning process, will jointly evaluate the proposed transmission project." This is reflected in Section 2.1.A, which requires that the proposed

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63 See Order No. 1000 at P 398.
64 See id. at P 437.
65 See Proposed Addendum 5 to Attachment O at Section 1.3.3.2.
66 See id. at Section 2.
67 See Order No. 1000 at P 436.
68 Id.
transmission project not only interconnect to both regions, but also meet the qualification criteria for regional transmission projects eligible for Order No. 1000 cost allocation in both regions. SPP agrees with the language of Section 2.1.A contingent on including SPP’s proposed language for section 2.1.B, which differs from SERTP’s proposed 2.1.B. The differences between the two proposed Section 2.1.B and SPP’s explanation and justification for its proposal are contained in Section III.A.2.c below.

In the absence of approval of SPP’s proposed Section 2.1.B, SPP does not support the limited qualification criteria defined for the SERTP region as a threshold for determining applicable projects. Section 2.1.B is intended to provide some flexibility in the event that an interregional project does not satisfy all of the threshold criteria for both regions. However, SPP and the Jurisdictional SERTP Sponsors were unable to reach complete agreement in this regard, with this point of contention discussed in more detail below. Section 2.1.C requires that the interregional transmission project be proposed in both planning regions for purposes of cost allocation. Additionally, proposed Section 2.2, requires that projects must be fully accepted in each region’s regional transmission planning process in order to be selected for purposes of interregional cost allocation.

Section 2.3 of the proposed interregional tariff language details the mechanics of the cost allocation methodology. At a high level, this section provides that the costs of an interregional project selected by the two regions for purposes of interregional cost allocation will be divided between the two regions based on the ratio of the each region’s “Regional Benefit” to the sum of the Regional Benefits identified for both regions. Section 2.3 also provides that, should one region be willing to bear more costs of the interregional transmission project than those identified pursuant to the preceding methodology, the regions can voluntarily agree to a different cost split between the regions, so long as such allocation is approved through each regional transmission planning process.

Section 2.4 echoes Order No. 1000’s directive that regions may establish certain milestones that must be met in order for a project to maintain its status as “selected in the regional plan[s] for purposes of cost allocation.” While Order No. 1000 requires certain

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69 See Proposed Addendum 5 to Attachment O at Section 2.1.A.
70 See id. at Section 2.1.B.
71 See id. at Section 2.1.C.
72 See id. at Section 2.2.
73 See id. at Section 2.3.
74 See id. at Section 2.4.
75 See Order No. 1000 at P 336.
procedures with respect to how costs are allocated, it explicitly disclaims that any requirements with respect to cost recovery.\textsuperscript{76} However, because the SERTP does not have a “regional” OATT, stakeholders commenting on this seam proposal requested the inclusion of a reference to the type of mechanism under which dollars may actually flow between entities. Section 2.5 contains such reference.\textsuperscript{77} To the extent any contracts become necessary under this process; those contracts will need to be tailored specifically to each project and to the parties that will bear the costs. As such, Section 2.5 does not add any substantive requirements to the SPP-SERTP process, nor is it intended to specifically satisfy any requirement of Order No. 1000, but rather is meant to supply information as to the types of issues that a potential developer of a project selected for purposes of cost allocation between the two regions might expect to see as its project moves toward construction.

Section 2.6 notes the circumstances under which a project selected for purposes of cost allocation may be removed from the regional plans for such purposes.\textsuperscript{78} Specifically, these removal provisions track the removal provisions from the respective regional processes. Section 2.6.1 indicates that the regions will communicate any removal decisions so that the other region may exercise its rights under Section 2.6.\textsuperscript{79}

3. Transparency

Order No. 1000's transparency requirements include that a website or email list be maintained for the communication of information related to interregional transmission coordination procedures. Section 3 of the Jurisdictional SERTP Sponsors' interregional seam provision with SPP addresses this requirement, providing that such information will be posted on the SERTP website (subject to CEII and confidentiality protections).\textsuperscript{80} SPP’s tariff language includes a similar requirement on itself, with the result that both regions’ planning websites will include appropriate postings. Section 3 further provides that status updates of interregional coordination activities will be provided during the SERTP's regional planning meetings and that stakeholders will have opportunity during the SERTP's regional processes to provide input and feedback related to interregional facilities under consideration. Likewise, SPP will provide status updates to its stakeholders at the appropriate regional planning process meetings.

\textsuperscript{76} See id. at P 563.

\textsuperscript{77} See Proposed Addendum 5 to Attachment O at Section 2.5.

\textsuperscript{78} See id. at Section 2.6.

\textsuperscript{79} See id. at Section 2.6.1.

\textsuperscript{80} See id. at Section 3.
c. Areas of Disagreement between SPP and the SERTP Jurisdictional Sponsors

Except for two discrete areas of disagreement, the SPP-SERTP Proposal provides a common approach and parallel tariff language in SPP’s and the jurisdictional public utility transmission providers’ respective tariffs to satisfy Order No. 1000's interregional coordination and cost allocation requirements between their planning regions. SPP and SERTP extensively negotiated the SPP-SERTP Proposal over a period of several months but were unable to reach agreement on two sections of the SPP-SERTP Proposal. The sections where consensus was unable to be reached are contained in Sections 1.3.2 and 2.1(B). As SPP and SERTP were unable to negotiate common language for those respective sections both parties agreed to file its preferred language in their compliance filings. This section explains SPP’s proposed language for Sections 1.3.2 and 2.1(B), the differences between SPP’s proposal and the proposal being filed by SERTP’s public utility transmission providers, and provides justification for Commission approval of SPP’s filing.

The Commission should approve SPP’s proposed language because it provides the opportunity for stakeholders to meaningfully participate in the interregional coordination process between the SPP and SERTP planning regions, includes a methodology for SPP (or SERTP) to propose projects that may be more efficient or cost effective solutions to issues identified in the respective regional planning processes, and is fully compliant in all respects with the requirements of Order No. 1000.

i) Section 1.3.2

In this filing, SPP proposes language for Section 1.3.2 which allows stakeholder to submit new interregional transmission projects to address system needs regardless of whether the needs have previously been addressed by projects approved in the regional planning process.\(^\text{81}\)

Section 1.3.2 addresses participation by stakeholders in the identification of interregional transmission projects.\(^\text{82}\) The SPP language is similar to the SERTP proposal; however, the differences in the language will impact the ability of stakeholders to meaningfully participate in interregional coordination pursuant to Order No. 1000. SPP’s proposed language will be identified by in italics below. SPP proposes the following language be included in the SPP-SERTP Proposal for Section 1.3.2:

\begin{quote}
1.3.2 Identification of Interregional Transmission Projects by Stakeholders:
\end{quote}

\(^{81}\) *Id.* at 7.

\(^{82}\) *Id.* at 5.
Stakeholders may also propose transmission projects that may be more efficient or cost-effective than transmission projects included in the Transmission Provider’s and/or the SERTP’s regional transmission plans pursuant to the procedures in each region’s regional transmission planning processes or new transmission projects to address interregional transmission needs pursuant to Transmission Provider’s and/or the SERTP’s regional transmission planning processes (emphasis added). The Transmission Provider and the public utility transmission providers in the SERTP will evaluate interregional transmission projects proposed by stakeholders pursuant to Section 1.3.3.83

Under SPP’s proposed Section 1.3.2, stakeholders may submit new interregional projects to address transmission needs regardless of whether the needs have been previously approved in either SPP or SERTP’s regional planning processes.84 Under the proposal filed by the public utility transmission providers of SERTP, stakeholders may propose transmission projects for consideration as an interregional project but they must be more efficient or cost-effective than transmission projects already approved in either party’s regional transmission planning process.85 The SERTP proposal is unacceptable to SPP and its stakeholders, and is non-compliant with the requirements of Order No. 1000.86

Specifically, Order No. 1000 requires that:

[T]he developer of an interregional transmission project to first propose its transmission project in the regional transmission planning processes of each of the neighboring regions in which the transmission facility is proposed to be located. The submission of the interregional transmission project in each regional transmission planning process will trigger the procedure under which the public utility transmission providers, acting through their regional transmission planning process will jointly evaluate the proposed transmission project[.] Finally, for an interregional transmission facility to receive cost allocation under the interregional cost allocation method or methods developed pursuant to this Final Rule, the transmission facility must be selected in both of the relevant regional transmission planning processes…87

Order No. 1000 requires that the developer of an interregional project must first propose a transmission project in the regional planning processes of each neighboring region, and the submission of the interregional transmission project will trigger the procedure under

83 See Proposed Section 1.3.2 of Addendum 4 of Attachment O.
84 See Exhibit No. SPP-4 at 7.
85 Id. at 6.
86 Id. at 8.
87 See Order No. 1000 at P 436.
which the respective public utility transmission providers will jointly evaluate the proposed transmission projects. Under SERTP’s proposal, stakeholder participation would be limited to submission of projects for consideration to only those that replace a pre-existing project in the regional plan. This limitation is unreasonable given the Commission’s requirements quoted above.

Under SPP’s proposed Section 1.3.2, stakeholders would not be required to submit projects which replace already previously approved regional facilities in order to be considered for joint evaluation and cost allocation by SPP and SERTP. SPP’s preferred language allows flexibility within the process to facilitate stakeholder submission of proposed interregional projects for consideration in both planning region’s transmission planning processes. As the language proposed by SPP is compliant with the requirements of Order No. 1000, and provides an opportunity for stakeholder to meaningfully participate in interregional coordination and cost allocation between the SPP and SERTO regions, and does not limit the ability of stakeholder to submit new transmission projects for joint evaluation and cost allocation in accordance with the requirements of Order No. 1000, SPP requests that the Commission approve SPP’s proposed language for Section 1.3.2 to be included in the SPP-SERTP Proposal.

ii) Section 2.1(B)

In this filing, SPP is filing competing language for Section 2.1(B) which the SERTP public utility transmission providers do not agree. Under SPP’s proposed language for Section 2.1(B) described below, either SPP or SERTP will be able to request the joint evaluation of interregional transmission facilities for cost allocation purposes which would otherwise not be eligible for consideration under Section 2.1 of the SPP-SERTP Proposal. As SPP’s proposal provides an opportunity for either party to optionally request joint evaluation of interregional transmission facilities that may provide interregional benefits, but which may be outside the scope of either respective planning region’s criteria, the Commission should approve SPP’s proposed language for Section 2.1(B).

Section 2.1 of the SPP-SERTP Proposal generally provides the criteria for designating a transmission project as an approved interregional project for cost allocation purposes between the planning regions. Section 2.1(A) states the general rule that a “transmission project must interconnect to [SPP’s] Transmission System and the transmission facilities of one or more SERTP sponsors and meet the qualification criteria for transmission

See id.
Exhibit No. SPP-4 at 8.
Id.
Id.
Id. at 9.
projects potentially eligible to be included in the regional transmission plans for purposes of regional cost allocation in accordance with the respective regional transmission planning processes for both [SPP] and the SERTP.”93 The practical impact of this term is that in order to be considered for joint evaluation and cost allocation, a potential interregional transmission project must meet the qualification criteria for transmission projects eligible to be included in the respective regional transmission processes of SPP and SERTP. 94 As the regional planning criteria of SPP and SERTP are considerably different,95 the language of 2.1(A) does not provide a consequential opportunity to consider all interregional transmission projects that may more efficiently or cost effectively resolve issues identified in the respective regional planning processes.

In order to be compliant with the requirements of Order No. 1000,96 SPP is proposing language for Section 2.1(B) which facilitates the joint evaluation of interregional transmission projects for cost allocation purposes under the SPP-SERTP Proposal for interregional projects that do not satisfy the criteria specified in Section 2.1(A). Specifically, the Commission stated that two of the proposed elements that must be included in an interregional transmission planning agreement are Coordination and Joint Evaluation which “embody the purpose of interregional transmission coordination: to coordinate and share the results of regional transmission plans to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities and to jointly evaluate such facilities, as well as to jointly evaluate those transmission facilities that are proposed to be located in more than one transmission planning region.”97

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93 See Proposed Section 2.1(A) of Addendum 4 of Attachment O.
94 Exhibit No. SPP-4 at 11.
95 Under SPP’s proposed regional planning process, reliability, economic, and public policy purposes transmission facilities which are below 300 kV and less than 100 miles in length may qualify for cost allocation. See Id at 12. The criteria proposed by the public utility transmission providers in SERTP for regional cost allocation limits a “regional need” to be those transmission facilities rated at 300 kV and above and which are 100 miles or more in length. For example, see Southern Companies’ Order No. 1000 Regional Compliance Filing, Docket No. ER13-908-000 (Feb. 8, 2013) at 17 (“[T]ransmission facilities in the SERTP that generally address “regional needs” are those rated 300 kV and above which transverse a regionally significant distance (i.e., 100 miles or more) across two or more BAAs”).
96 See Order No. 1000 at P 393 (Order No. 1000 "obligate[s] public utility transmission providers to identify and jointly evaluate interregional transmission facilities that may more efficiently or cost-effectively address the individual needs identified in their respective local and regional transmission planning processes").
97 See Order No. 1000 at P 394.
To satisfy the two elements of coordination and joint evaluation, SPP is proposing the following language to be included in Section 2.1(B):

B. **At the request of either planning region**, the Transmission Provider and SERTP will consider an interregional transmission project that does not satisfy all of the criteria specified in Section 2.1.A but: (i) provides quantifiable interregional benefits; (ii) would be located in both regions; and (iii) would be interconnected to the transmission facilities of one or more SERTP Sponsors and the transmission facilities of a Transmission Owner in SPP (emphasis added). ⁹⁸

SPP’s proposed language for Section 2.1(B) allows the parties to consider proposed interregional projects that do not meet the threshold criteria of either planning region pursuant to Section 2.1(A), at the request of either planning region. ⁹⁹ Conversely, the proposal filed by the SERTP public utility transmission providers would consider such proposed interregional projects “[on] a case by case basis.” The minor language differences between the competing proposals of the SERTP public utility transmission providers and SPP present significant obstacles to joint evaluation of any interregional facility outside the respective criteria of the planning regions.

First, the SERTP proposal does not clarify which party will make the determination whether to consider an additional project that is outside the regional criteria of either planning region but may resolve issues in a more efficient and cost effective manner. ¹⁰⁰ Additionally, the language proposed for Section 2.1(B) by the SERTP public utility transmission providers unreasonably restricts the ability of SPP and other interested stakeholders to suggest projects for joint evaluation which may more efficiently or cost effectively address interregional needs. ¹⁰¹ Finally, the practical result of SERTP’s proposal may restrict, rather than foster, consideration of interregional transmission projects. ¹⁰²

Neither of these obstacles is presented by SPP’s proposed Section 2.1(B). SPP’s language provides flexibility to allow projects to be studied that otherwise would not meet the

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⁹⁸ See Proposed Section 2.1(B) of Addendum 4 of Attachment O. SPP and SERTP are in agreement with the provisions of Section 2.1(B) (i)-(iii) which requires that any interregional transmission facility considered outside either region’s planning criteria must provide quantifiable interregional benefits, is located in both regions, and would be interconnected to the transmission facilities of at least one SERTP sponsor and the SPP system.

⁹⁹ Exhibit No. SPP-4 at 10.

¹⁰⁰ Id.

¹⁰¹ Id. at 13.

¹⁰² Id. at 10.
threshold requirements of one of the planning regions, but that might provide benefits that “more efficiently or cost-effectively address the individual needs identified in their respective local and regional transmission planning processes.”\(^{103}\) Therefore, notwithstanding the limitations of Section 2.1(A), either party may be able to propose other interregional transmission facilities for joint evaluation that provide benefits to both regions. This is an important right that SPP and its stakeholders consider a requirement of Order No. 1000.

### iii) The Commission should approve SPP’s proposed Sections 1.3.2 and 2.1(B)

The language proposed by SPP herein for Sections 1.3.2 and 2.1(B) are compliant with the interregional coordination requirements of Order No. 1000. Both SPP’s proposed language ensures meaningful opportunity for both SPP and SERTP to identify and jointly evaluate interregional transmission facilities while retaining consistency with the either party’s regional planning process as required by Order No. 1000. Similarly, SPP’s proposed Sections 1.3.2 and 2.1(B) facilitates the consideration of all interregional transmission facilities that may more efficiently and cost effectively address transmission needs of both regions. SPP’s proposed Section 1.3.2 provides an opportunity for stakeholders to suggest projects in the respective planning processes for joint evaluation rather than limiting stakeholders to only interregional transmission facilities which replace regional projects that are already approved in a regional plan. Likewise, SPP’s proposed language for Section 2.1(B) furthers the intent of Order No. 1000 by allowing all potentially beneficial interregional transmission facilities to be jointly evaluated by the planning regions, rather than limiting the threshold for consideration to one planning region’s criteria.

For these reasons, the Commission should approve SPP’s proposals for Sections 1.3.2 and 2.1(B) and issue an order requiring their inclusion in the SPP-SERTP Proposal.

### B. Other Tariff Revisions Necessary to Implement Interregional Coordination

#### 1. General Overview of Tariff Modifications

Through the adoption of Order No. 1000 requirements, the Commission intends for planning regions to enhance existing regional planning processes and provide for the identification and evaluation of interregional transmission facilities that may be more efficient or cost-effective solutions to those regional needs.\(^{104}\) Additionally, on compliance the Commission requires public utility transmission providers to describe the

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\(^{103}\) See Order No. 1000 at P 393.

\(^{104}\) See Order No. 1000 at P 396.
methods by which they will identify and evaluate interregional transmission facilities.\textsuperscript{105} With this compliance filing, SPP proposes modifications to the Tariff which provide a methodology within SPP’s regional planning process to facilitate SPP stakeholder evaluation of proposed interregional projects. As a result, the revisions proposed in this section are specific to the SPP Tariff.

The Tariff revisions proposed herein satisfy the second requirement identified in the introductory paragraph above. Specifically, the Tariff modifications described in this section provides a formal procedure for SPP to follow in its regional planning process, and facilitates SPP’s part of a joint evaluation of interregional transmission facilities with another planning region. In addition, the Tariff modifications described below are necessary to preserve SPP’s adherence to the cost allocation principles of Order No. 1000. Specifically, Cost Allocation Principle No. 1 requires that allocation of costs must be commensurate with the benefits. Cost Allocation Principle No. 4 provides that costs for an interregional transmission project must be assigned to a region in which the project is located. Cost Allocation No. 5 requires a transparent method for determining benefits and identifying beneficiaries. Satisfaction of these cost allocation principles are reflected in the Tariff modifications necessary to evaluate interregional transmission facilities in SPP’s regional planning process.

The proposed Tariff revisions provide the process whereby approved interregional projects are incorporated into SPP’s Transmission Expansion Plan (“STEP”). Further, SPP proposes Tariff revisions to effectuate a methodology to allocate costs for approved interregional projects, a cost recovery mechanism, and revenue distribution for those costs collected by SPP. The proposed Tariff revisions described in this section contain the necessary provisions to enable interregional coordination within the SPP’s regional planning process and for allocation of costs for interregional projects approved through joint evaluation of interregional transmission facilities.

2. Order No. 1000 Regional Compliance Filing Tariff and SPP Exhibit No. 8

Additionally, and for clarification, SPP respectfully requests the Commission take note that the proposed changes to implement Order No. 1000 interregional coordination and cost allocation requirements is being made to a version of the Tariff filed as an exhibit for SPP’s Order No. 1000 regional compliance. SPP’s regional compliance filing was filed with two illustrative exhibits, each based on arguments SPP proffered in the Order No. 1000 regional compliance filing.\textsuperscript{106} The filing of the two illustrative exhibits in the Order No. 1000 regional compliance filing were necessitated to support SPP’s arguments regarding the elimination of Right of First Refusal (“ROFR”) for incumbent transmission

\textsuperscript{105} See id. at P 398.

\textsuperscript{106} See November 13 Filing at SPP Exhibits Nos. 8 & 9.
owners. SPP Exhibit 8 illustrated SPP’s preferred Tariff, which maintained SPP’s current planning process in the framework of Order No. 1000 compliance. SPP Exhibit 9 provided Tariff redlines that eliminated ROFR and implemented an alternative selection process for construction of transmission facilities. As these arguments are currently before the Commission, this interregional compliance filing does not address those issues.

However, in this filing, SPP is redlining Tariff modification to implement interregional coordination and cost allocation requirements of Order No. 1000 against the Tariff version provided in SPP Exhibit No. 8. The inclusion of SPP Exhibit No. 8 as an exhibit in this filing is for illustrative purposes only, and to provide clarity which Tariff SPP’s proposes to modify against for purposes of this compliance filing. To state succinctly, the Tariff modifications proposed to satisfy the interregional coordination and cost allocation requirements of Order No. 1000 are redlined against the Tariff modifications proposed in SPP Exhibit No. 8 of SPP’s Order No. 1000 regional compliance filing.

For purposes of clarification, capitalized terms which are not otherwise defined as new terms herein shall have the definitions provided by the Tariff. Proposed new language will be underlined and stricken language is identified as being struck through. Retained language will not be underlined or stricken; and proposed language that is currently pending before the Commission under other dockets shall be identified in italics.107

SPP is proposing the following Tariff revisions to incorporate interregional coordination into the SPP regional planning process:

3. New Definitions

To facilitate the incorporation of interregional coordination within the SPP regional planning process, SPP proposes to add new defined terms to the Tariff and revise the definition of Region-Wide Annual Transmission Revenue Requirement to be consistent with revisions to Attachment H. SPP is proposing three new defined terms be added to the Tariff. The new terms will provide uniform definitions for concepts related to interregional coordination; and will afford consistency of word use throughout the other revisions to the Tariff. The new defined terms being proposed are:

**Interregional Planning Process:** The process whereby an Interregional Project is evaluated and approved for construction by the participating Interregional Planning Regions in accordance with the procedures identified in Attachment O.

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107 The Tariff modifications proposed herein will reflect in italics the proposed language currently before the Commission in the November 13 Filing and the July 9 Filing cited at n. 118.
Interregional Planning Region(s): A Commission approved planning region as identified in Section VIII of Attachment O.

Interregional Project: A Network Upgrade that has been approved through the Interregional Planning Process in accordance with Attachment O.108

The Interregional Planning Process is the defined term for the process which will evaluate and approve for construction interregional transmission facilities which are jointly evaluated by SPP and other interregional planning regions. The process is outlined in Attachment O and is more fully described below. An Interregional Planning Region is a planning region with which SPP will participate in interregional coordination. The definition specifies that a planning region must be Commission approved as a planning region and will be identified in Section VIII of Attachment O, also described below. Finally, SPP is proposing a new definition for Interregional Project which will be considered a Network Upgrade that has been approved by the Interregional Planning Process.

With this compliance filing, SPP is also proposing a modification of the definition for Region-Wide Annual Transmission Revenue Requirement.109 The revised definition provides that the revenue requirement equals the sum of the annual transmission revenue requirements as set forth in Attachment H, Table 2. The modification to this definition is consistent with the changes to Attachment H, Table 2 which is discussed below and provides a necessary clarification of how the Region-wide Annual Transmission Revenue Requirement is calculated.

108 See Proposed Tariff at I-Definitions.

109 See Proposed Tariff at R-Definitions.

a) Regional Cost Allocation of Interregional Projects

SPP’s Regional State Committee (“RSC”),110 with authority over cost allocation within the SPP region, has adopted the methodology that costs for approved Interregional Projects will be recovered regionally though the highway methodology pursuant to the Commission-approved Highway/Byway cost allocation.111 Under this methodology, 100% of the allocation of costs related to interregional projects will be assigned on a regional (highway) basis, regardless which zone the transmission facility is located.

To develop the policy for cost allocation for interregional projects, the RSC created the Interregional Cost Allocation Task Force (“ICATF”), consisting of RSC members and SPP stakeholders. The ICATF was tasked with the studying the issues of cost allocation for Interregional Projects. The ICATF engaged the consulting firm The Brattle Group to study cost allocation for interregional projects and to develop principles and guidelines for a recommended allocation paradigm for interregional project costs.

In July 2012, the ICATF advised the RSC that it could support either allocating costs through the current approved Tariff (Highway/Byway), or assignment of costs to the regional rate (highway) but that it preferred the regional approach.112 Similarly, the RSC’s well-established Cost Allocation Working Group (“CAWG”) recommended a preferred Highway approach to cost allocation of Interregional Projects as well.113

The ICATF and CAWG recommended a regional cost allocation methodology for interregional projects due to the unique qualities associated with transmission projects located at SPP’s seams. One of the main factors for this recommendation was the fact that most interregional projects would provide region based benefits; therefore, the treatment of Interregional Projects similarly as highway only funded projects will provide an optimal balance of costs and benefits rather than the Highway/Byway method. For example, lower voltage facilities are mainly located at seams, and could be the limiting

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110 See Southwest Power Pool, Inc. Bylaws, First Revised Volume No. 4 at § 7.2. The RSC is comprised of one designated commissioner from each state regulatory entity having jurisdiction over an SPP Member and is established to provide both direction and input on all matters pertinent to the participation of its regulated utilities in SPP. One such designated duty of the RSC is to determine “whether and to what extent participant funding will be used for transmission enhancements.”


112 Id. at 67.

113 Id. at 63.
elements that restrict energy transfers at interregional seams. Relieving these constraints could result in additional transmission service being sold in the region. Conversely, the CAWG determined that utilizing the Highway/Byway methodology for projects less than 300 kV could result in an inequitable distribution of costs for benefit received.

For example, under Highway/Byway, for projects less than 300 kV the zone where the facility is constructed would be forced to pay costs well in excess of its load ration share when the project provides sufficient benefits to multiple zones and should be shared regionally. Such a result could be in contravention of Order No. 1000’s cost allocation requirement that costs should be allocated roughly commensurate with the facility’s benefits. Other factors for approving a highway cost allocation approach included that interregional projects would provide significant benefits to the SPP region as a whole and regional allocation of costs would increase the interest in pursuing these types of upgrades.

The Tariff revisions proposed herein implement a regional cost allocation methodology for approved interregional projects.

b) Attachment H

The proposed modifications to Attachment H will facilitate the inclusion of the Interregional Project into the Region-wide Annual Transmission Revenue Requirements (“ATRR”) (the “Region-wide ATRR”) necessary to determine the Region-wide Charges under Schedule 11. The proposed revisions are included in Section 2 and Table 2 of Attachment H.

Section 2 of Attachment H contains the formula to calculate the Region-wide ATRR for purposes of determining the Region-wide Charges under Schedule 11. The Region-wide ATRR is the sum of i) Base Plan Region-wide ATRR, and (ii) the total Balanced Portfolio Region-wide ATRR, and (iii) the Base Plan Region-wide ATRR to pay Upgrade Sponsors determined in accordance with Attachment Z2 of this Tariff. To include Interregional Projects in this calculation, SPP proposes to add to the calculation

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114 *Id.* at 64-65.

115 *Id.* at 64.

116 *Id.* at 65.

117 *See* Proposed Tariff at Attachment H, Section 2 and Table 2.

118 The addition of a Base Plan Region-wide ATRR to pay Upgrade Sponsors is new Tariff language that is currently before the Commission. *See* Revisions to Clarify the Determination of Credits and Distribution of Credit Revenue for Creditable Upgrades of Southwest Power Pool, Inc., Docket No. ER13-1914-000 (July 9, 2013) (“July 9 Filing”).
factor a fourth element: (iv) the Interregional Planning Region Annual Transmission Revenue Requirements (“Interregional Planning Region ATRR”) allocable to customers receiving transmission service under this Tariff for any Interregional Project(s) constructed within the SPP Region and/or within other Interregional Planning Regions. Under this new term, the Interregional Planning Region ATRR will be allocated to customer receiving transmission service under the Tariff for service that is taken on both Interregional Projects constructed within the SPP region and for Interregional Projects constructed outside the SPP region but are part of an approved Interregional Project pursuant to interregional coordination.

Similarly, Table 2 of Attachment H illustrates in table form the provisions of Section 2. Therefore, Table 2 is being modified to provide new Lines 6 and 7 to recognize the “SPP Interregional Planning Region ATRR” and the “Other Interregional Planning Region ATRR.” Together, these two elements comprise the Interregional Planning Region ATRR. New Line 8 is necessary to reconcile the addition of new Lines 6 and 7. The purpose of the revision to Table 2 can be seen in Line 8: Region-wide ATRR equals the sum of Lines 1 through 7. This is consistent with the purpose of Section 2 as described in the paragraph above (i.e., The Region-wide ATRR is the sum of Base Plan Region-wide ATRR, the Balanced Portfolio Region-wide ATRR, the Base Plan Region-wide ATRR to pay Upgrade Sponsors, and the Interregional Planning Region ATRR).

c) Attachment J

The proposed modifications to Section II\(^{119}\) and VI\(^{120}\) to Attachment J are necessary to facilitate the recovery of costs of Interregional Projects under the Tariff. Attachment J provides for costs recovery of new facilities constructed within the SPP region. The proposed revisions to Section II provide that costs for approved Interregional Projects will be recovered through Schedule 11, subject to filing rates or revenue requirements with the Commission. Schedule 11 provides for assessment of charges for Base Plan Zonal Charges and Region-wide Charges to Network Customers based on resident load and Point-to-Point Transmission Service customers based on reserved capacity.\(^{121}\) Therefore, the proposed modifications to Section II of Attachment J are consistent with allocating costs pursuant to a regional methodology similar to cost allocation for Base Plan Upgrades.

Similarly, the proposed modifications present the addition of Section VI to provide for the consideration of Interregional Projects as Network Upgrades. Under the current Tariff, Section VI is “Reserved” for future use. As such, providing for the inclusion of

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\(^{119}\) See Proposed Tariff at Attachment J, Section II.

\(^{120}\) See id. at Section VI.

\(^{121}\) See Tariff at Schedule 11.
Interregional Projects into Attachment J is appropriately placed here. Section VI will provide that ATRRs associated with costs allocated to the SPP region for approved Interregional Projects shall be included in the Region-Wide ATRR (e.g., pursuant to Attachment H) and recovered through the Region-Wide Charge (as described above).

**d) Attachment L**

With this filing, SPP proposes to revise Attachment L of the Tariff to provide terms regarding the treatment of revenues associated with Interregional Projects. Revenues collected by SPP pursuant to the revenue requirements for Interregional Projects shall be distributed similarly as revenues from Base Plan Zonal Charges and Region-wide Charges. This revenue treatment is consistent with the overall treatment of Interregional Projects under the regional cost allocation as previously described herein. SPP proposes to revise Section III of Attachment L to provide that revenues associated with Base Plan Zonal Annual Transmission Revenue Requirements specified in Attachment H and collected by SPP pursuant to Schedule 11 shall be distributed to Transmission Owners owning Interregional Projects, and to Transmission Owners with facilities in zones from which any amount has been collected in accordance with Attachment J.

Further, SPP proposes to revise Section III of Attachment L to include a new Section D which provides that revenues SPP will collect to compensate other Interregional Planning Region(s) pursuant to the cost allocation between SPP and the other planning region required in accordance with interregional coordination requirements under the Tariff will be distributed by SPP to the applicable Interregional Planning Region.

As stated previously, the RSC has approved a regional (highway) based allocation of costs for approved Interregional Projects. Allocating costs utilizing a “Highway” methodology will ensure that costs are roughly commensurate with the benefits, and that these projects that will benefit the entire SPP Region will be funded appropriately. Utilizing a regional approach for allocation of costs for an Interregional Project will also ensure that the SPP Zones where the transmission facilities are located will not be burdened by an inequitable portion of the costs. As such, the Tariff modifications to Attachment H, J and L explained above are necessary to implement the regional based cost allocation approach for Interregional Projects.

**5. Regional Evaluation of Proposed Interregional Projects**

With this filing, SPP proposes to revise Attachment O of the Tariff to include the evaluation and approval of potential Interregional Projects in SPP’s regional planning process as required by Order No. 1000. Attachment O contains the Commission approved Transmission Planning Process for SPP. The SPP regional planning process is an open
process\textsuperscript{123} with a dynamic stakeholder process to review transmission needs and develop transmission plans for the SPP footprint.\textsuperscript{124} Attachment O also delineates the process for Construction of Transmission Facilities,\textsuperscript{125} recovery of costs,\textsuperscript{126} and information exchange.\textsuperscript{127} Current Attachment O also provides for “Inter-regional Coordination” through participation in planning agreements with third party planning regions listed in Addendum 1 to Attachment O.\textsuperscript{128}

Many of the proposed revisions are self-explanatory and are included to recognize interregional coordination and the evaluation of potential Interregional Projects in SPP’s planning processes.\textsuperscript{129} Such revisions will incorporate the evaluation of potential Interregional Projects into the stakeholder process,\textsuperscript{130} and will facilitate the adoption of Interregional Projects into the STEP.\textsuperscript{131} The revisions also provide for the construction of Interregional Projects under SPP’s currently effective process under Section VI of Attachment O.\textsuperscript{132} Additionally, this section does not deal with other revisions to Attachment O which have been previously explained above, specifically, the addition of three addendums to describe the interregional coordination and cost allocation processes with MISO and SERTP.\textsuperscript{133}

As required by Order No. 1000,\textsuperscript{134} the revisions to Section IV of Attachment O provide the foundation and authority to evaluate and approve Interregional Projects within SPP’s planning process.\textsuperscript{135} Section IV of Attachment O is the Tariff section to identify other necessary planning studies that may be performed, but which are outside of the scope of studies performed for SPP’s ITP. These other studies include, sponsored upgrades, high priority studies and studies related to the Commission-approved Balanced Portfolio. This section is conducive to the evaluation of an Interregional Project. To that end, SPP

\begin{itemize}
  \item \textsuperscript{123} See Tariff at Attachment O, Section I.
  \item \textsuperscript{124} See id. See also Tariff at Attachment O, Section II.
  \item \textsuperscript{125} See Tariff at Attachment O, Section VI.
  \item \textsuperscript{126} See id. Sections IX and X.
  \item \textsuperscript{127} See id. at Section VII.
  \item \textsuperscript{128} See id. at Section VIII.
  \item \textsuperscript{129} See Proposed Tariff at Attachment O, Section I and Figure 1.
  \item \textsuperscript{130} See id. at Section II.
  \item \textsuperscript{131} See id. at Section V.
  \item \textsuperscript{132} See id. at Section VI.
  \item \textsuperscript{133} See Proposed Tariff at Addendums 3, 4 5 to Attachment O.
  \item \textsuperscript{134} See Order No. 1000 at 436.
  \item \textsuperscript{135} See Proposed Tariff at Attachment O, Section IV.6(a).
\end{itemize}
proposes to include the evaluation of potential Interregional Projects within SPP’s planning process in a new Subsection 6 of Section IV of Attachment O.

Through this new Subsection 6, SPP will facilitate a regional review of the potential Interregional Projects contained in a Coordinated System Plan, or any other proposed Interregional Project.\(^{136}\) In consultation with stakeholders, SPP will develop regional review methodology which shall be posted on SPP’s website to ensure transparency.\(^{137}\) SPP will also publicly provide all reports created in conjunction with a regional review of a proposed Interregional Project.\(^{138}\) The report shall be reviewed by the appropriate stakeholder groups; and SPP and stakeholder groups will provide recommendations to the MOPC.\(^{139}\) The MOPC shall make a recommendation to the SPP Board whether a proposed Interregional Project should be approved.\(^{140}\)

To qualify as an approved Interregional Project, the proposed transmission facility may be approved by the SPP Board only where the benefits equals or exceeds the cost for the SPP region.\(^{141}\) This new subsection also recognizes the requirement that the Interregional Project must be approved by the other Interregional Planning Region.\(^{142}\) Upon joint approval by SPP and the other Interregional Planning Region, construction shall proceed in accordance with the Tariff.\(^{143}\)

6. Miscellaneous Tariff Revisions

The implementation of interregional coordination and cost allocation requirements of Order No. 1000 into the Tariff impacted the current Tariff’s provisions for interregional planning.\(^{144}\) The addition of Addendums to describe the interregional coordination and cost allocation processes with MISO and SERTP required modification of Section VIII of Attachment O. As such, Section VIII of Attachment O is being revised to provide a guidepost for stakeholders who want to review the process. Section VIII of Attachment O is being modified to recognize interregional planning and cost allocation of Order No. 1000, and provide foundational Tariff language to allow an interested party to navigate

\(^{136}\) See id. at Section IV.6(b).
\(^{137}\) See id. at Section IV.6(c).
\(^{138}\) See id. at Section IV.6(d-e)
\(^{139}\) See id. at Section IV.6(f)
\(^{140}\) Id.
\(^{141}\) See id. at Section IV.6(g)(i).
\(^{142}\) See id. at Section IV.6(h).
\(^{143}\) See id. at Section IV.6(i).
\(^{144}\) See current Tariff at Section VIII of Attachment O.
the Tariff for terms pertinent to Order No. 1000 interregional planning and cost allocation requirements.\textsuperscript{145} First, the new language provides that SPP will engage in Order No. 1000 interregional coordination with MISO and SERTP as listed in the respective Addendums to Attachment O. Additionally, the revised language points to Attachment O as the baseline source for all information regarding the approval, construction and cost allocation for approved Interregional Projects.

Finally, current Addendum 1 to Attachment O is being modified to differentiate between Order No. 1000 interregional coordination and cost allocation pursuant to Section VIII described above and transmission facilities that may be constructed on an interregional basis but are excluded from the cost allocation requirements of Order No. 1000.\textsuperscript{146} The revisions to Addendum 1 to Attachment O retain the recognition of other agreements SPP may have with other parties which provide for interregional planning at some level but are outside the scope of Order No. 1000. The changes to this section are necessary to clarify SPP’s intent to fulfill the terms of those agreements and participate in any other interregional planning opportunities so provided. Any facilities that are identified through the processes outlined in these agreements are not considered Interregional Projects nor are costs for these facilities allocated pursuant to Order No. 1000 interregional cost allocation provisions in the Tariff.

IV. COMPLIANCE WITH ORDER NO. 1000 COST ALLOCATION REQUIREMENTS

A. General Description of the Jurisdictional SERTP Sponsors’ and SPP’s Agreed-Upon Cost Methodology.

Order No. 1000 requires each public utility transmission provider within a region to develop a method or set of methods for allocating the costs of new interregional transmission facilities that two (or more) neighboring transmission planning regions determine resolve the needs of each region more efficiently or cost-effectively than the construction of separate regional transmission facilities.\textsuperscript{147} An interregional transmission facility is defined as one located in two or more transmission planning regions.\textsuperscript{148} Order No. 1000 requires that public utility transmission providers in each of the neighboring transmission planning regions have a common method or methods for allocating the cost of new interregional transmission facilities among the beneficiaries of such facilities in the two neighboring regions in which the facility is located.\textsuperscript{149}

\textsuperscript{145} See Proposed Tariff at Attachment O, Section VIII.
\textsuperscript{146} See id. at Addendum 1 to Attachment O.
\textsuperscript{147} See Order No. 1000 at P 482.
\textsuperscript{148} See id.
\textsuperscript{149} See id. at P 578.
transmission facility must be selected in both of the relevant regional transmission planning processes for purposes of cost allocation in order to be eligible for interregional cost allocation. Finally, the agreed-upon interregional cost allocation methodology must satisfy six cost allocation principles adopted in the Order.

The avoided cost methodology presented herein between SPP and SERTP satisfies these requirements. Pursuant to Order No. 1000's requirements, the SPP and SERTP proposals requires that the project be located in both of the regions and interconnected with one or more transmission providers, owners, and/or sponsors within each of their regions. Consistent with Order No. 1000, the proposals require that the interregional project must be proposed (and ultimately selected for purposes of regional cost allocation) in both/all neighboring regions where it would be located, in addition to meeting certain prerequisites that the projects and developers must satisfy (i.e., the qualification criteria and submittal requirements of the pertinent regions).

The primary purpose of the SPP-SERTP Proposal’s interregional cost allocation methodology is to provide a means for interconnected regions to allocate an interregional project's costs between the regions where it would be located. In general, the proposed avoided cost methodology involves the calculation of the total avoided cost benefits for both regions. In determining this interregional total, both regions would calculate the cost of all the regional transmission projects identified in their respective regional plans that would be displaced by the proposed interregional transmission project. Stated differently, the benefits of an interregional project would be the cost savings received by displacing the higher cost regionally-planned transmission project(s) in both regions with a more efficient and/or cost effective proposed interregional project(s) that addresses regional needs previously intended to be addressed by the displaced project(s).

The proposed interregional project's costs would then be allocated between the regions on a pro rata basis based upon the ratio of each region's displaced/avoided costs compared to the total displaced/avoided costs for both regions where the facility would be located. Allocation within each region is not addressed by these joint proposals, other than to indicate that further cost allocation is left to the respective regional planning processes.

The transmission project for interregional cost allocation will be included in the regional transmission plans after each region has performed all evaluations included in their respective regional processes, along with all requisite approvals and, if applicable, agreements being obtained from the regional processes necessary for the project to be included in the affected regional transmission plans. The interregional proposals further provide that once selected, the interregional project may be removed from the affected region's plans if it fails to meet requisite project milestones, if it is removed pursuant to

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150 See id. at P 582.
the regional reevaluation procedures, or if the project is removed from the neighboring region’s regional plan for purposes of cost allocation.

**B. The Agreed-Upon Methodology Satisfies Order No. 1000’s Interregional Cost Allocation Principles.**

The methodology to be utilized by the SPP-SERTP Proposal satisfies Order No. 1000’s six interregional cost allocation principles.

1. **Principle One: Allocation Commensurate with Estimated Benefits**

Interregional Cost Allocation Principle 1 states:

> The costs of a new interregional transmission facility must be allocated to each transmission planning region in which that transmission facility is located in a manner that is at least roughly commensurate with the estimated benefits of that transmission facility in each of the transmission planning regions. In determining the beneficiaries of interregional transmission facilities, transmission planning regions may consider benefits including, but not limited to, those associated with maintaining reliability and sharing reserves, production cost savings and congestion relief, and meeting Public Policy Requirements.151

The methodology filed for and the SPP-SERTP Proposal allocates the costs of interregional projects in proportion to the quantifiable benefits of avoided/displaced transmission. Utilizing this metric satisfies the requirement that costs must be roughly commensurate with the estimated benefits to each region (Cost Allocation Principle 1).153 The Commission has found that a cost allocation that includes avoided costs “could be a reasonable approach for allocating costs in a manner that is roughly commensurate with benefits.”154 The Commission specifically approved an avoided cost approach for

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151 See Order No. 1000 at P 622.
152 Order No. 1000 provides that “the method … for interregional cost allocation used by two transmission planning regions may be different from the method or method used by either of them for regional cost allocation.” Order No. 1000 at P 733. This point is particularly important for a region, such as the SERTP, having numerous neighboring transmission planning regions that employ various cost allocation methodologies in their respective regional processes.


allocating the cost of reliability projects within a region, finding that it “reasonably
captures the benefits of such projects.”\textsuperscript{155} Utilizing an avoided/displaced cost allocation
metric facilitates the comparison of the costs of an interregional project with a project(s)
which has already been determined to provide benefits to the planning region. Therefore,
replacing an already existing project with a comparable, or more cost efficient,
interregional project ensures that the cost and benefits are roughly commensurate in a
manner that identifies cost-effective and efficient solutions to address transmission needs.

Moreover, notwithstanding regional cost allocation approaches, an avoided/displaced cost
approach to interregional cost allocation is particularly appropriate in light of the purpose
of interregional coordination under Order No. 1000. As the Commission explained in
Order No. 1000-A, its interregional coordination reforms do not require the establishment
of interregional planning processes to develop integrated interregional plans, but rather
call upon public utility transmission providers to consider “whether the local and regional
transmission planning processes result in transmission plans that meet local and regional
transmission needs more efficiently and cost-effectively, after considering opportunities
for collaborating with public utility transmission providers in neighboring transmission
planning regions.”\textsuperscript{156} Since the purpose of interregional coordination is to determine
whether an interregional project might displace one or more projects included in regional
or local transmission plans, the cost of the avoided/displaced projects represents a
reasonable measure of the benefits of the interregional project for cost allocation
purposes.

Measuring the benefits of interregional transmission projects for cost allocation purposes
through the avoided cost/displaced approach is also appropriate in light of the ability of
each region to decline to select an interregional project in its regional plan for cost
allocation purposes if the project is not cost-effective for that region.\textsuperscript{157} Allocating an
interregional project’s cost in proportion to the costs of the regional project or projects
that it would displace takes into account the voluntary nature of interregional
coordination and results in a close “alignment of transmission planning and cost

\textsuperscript{155} Pub. Serv. Co. of Colorado, 142 FERC ¶ 61,206 at P 312.

\textsuperscript{156} See Order No. 1000-A at P 511 (emphasis added). See also Order No. 1000 at P 368,
where the Commission explained that it was requiring further reforms in interregional
coordination because, in the absence of coordination between regions, transmission
providers “may be unable to identify more efficient and cost-effective solutions to the
individual needs identified in their respective regional and local planning processes,
potentially including interregional transmission facilities.”

\textsuperscript{157} See Order No. 1000-A at P 512. This ability is an outgrowth of the requirement that an
interregional project be selected for interregional cost allocation in the regional plans of
the affected regions. Id. at P 509.
allocation,” which was a “central underpinning” of the Commission’s interregional coordination reforms.\textsuperscript{158}

2. **Principle Two and Principle Four: No Involuntary Allocation to a Region that Does Not Benefit or in Which a Facility Is Not Located**

Interregional Cost Allocation Principle 2 states:

A transmission planning region that receives no benefit from an interregional transmission facility that is located in that region, either at present or in a likely future scenario, must not be involuntarily allocated any of the costs of that transmission facility.\textsuperscript{159}

Interregional Cost Allocation Principle 4 states:

Costs allocated for an interregional transmission facility must be assigned only to transmission planning regions in which the transmission facility is located. Costs cannot be assigned involuntarily under this rule to a transmission planning region in which that transmission facility is not located. However, interregional coordination must identify consequences for other transmission planning regions, such as upgrades that may be required in a third transmission planning region and, if the transmission providers in the regions in which the transmission facility is located agree to bear costs associated with such upgrades, then the interregional cost allocation method must include provisions for allocating the costs of such upgrades among the beneficiaries in the transmission planning regions in which the transmission facility is located.\textsuperscript{160}

The avoided cost approach included in the interregional coordination proposals discussed herein complies with Cost Allocation Principle 2 and Cost Allocation Principle 4. Only a transmission provider or transmission owner in the regions in which the facility would be located that avoids transmission costs would be allocated the cost of the regional project.

Principle 4 also requires that the interregional planning process identify the consequences of an interregional facility for other regions, such as upgrades that may be required there, and, if there is an agreement to share the costs of such upgrades, the allocation method

\textsuperscript{158} See Order No. 1000 at P 582.

\textsuperscript{159} See Order No. 1000 at P 637.

\textsuperscript{160} See Order No. 1000 at P 657.
must address those costs. The cost allocation approach adopted by SPP and SERTP does not provide for the sharing of costs of upgrades that might be required in a region in which an interregional facility is not located.

3. Principle Three: Benefit-Cost Threshold

Interregional Cost Allocation Principle 3 states:

If a benefit-cost threshold ratio is used to determine whether an interregional transmission facility has sufficient net benefits to qualify for interregional cost allocation, this ratio must not be so large as to exclude a transmission facility with significant positive net benefits from cost allocation. The public utility transmission providers located in the neighboring transmission planning regions may choose to use such a threshold to account for uncertainty in the calculation of benefits and costs. If adopted, such a threshold may not include a ratio of benefits to costs that exceeds 1.25 unless the pair of regions justifies and the Commission approves a higher ratio.

The avoided/displaced methodology for interregional cost allocation between neighboring planning regions also satisfy Cost Allocation Principle 3 because the proposal for SERTP does not apply an interregional cost benefit analysis. Cost Allocation Principle 3 does not require a cost benefit analysis; therefore, not applying an interregional cost benefit analysis does not violate the requirements of Order No. 1000. And while not specifically on point, it also bears noting that the proposal described herein provide that proposed interregional cost allocation projects must be accepted in the respective regional processes. This requirement means that if a regional process requires a benefit-to-cost ratio threshold (such as the SERTP’s 1.25 or SPP’s 1.0 threshold), the portion of the project allocated to such region would be required to satisfy such a threshold.

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161 Id.
162 See Order No. 1000 at P 646.
163 Id.
4. **Principle Five: Transparency**

Interregional Cost Allocation Principle 5 states:

> The cost allocation method and data requirements for determining benefits and identifying beneficiaries for an interregional transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed interregional transmission facility.\(^{164}\)

Since the benefits that form the basis of cost allocation under the avoided cost approach are readily quantifiable, the cost allocation method and data requirements for determining benefits and identifying beneficiaries would be transparent, satisfying Cost Allocation Principle 5. Moreover, there would be sufficient documentation to allow stakeholders to determine how the cost allocation method was applied to a proposed facility.\(^{165}\)

5. **Principle Six: Flexibility to Use Single or Multiple Methodologies for Different Projects**

Interregional Cost Allocation Principle 6 states:

> The public utility transmission providers located in neighboring transmission planning regions may choose to use a different cost allocation method for different types of interregional transmission facilities, such as transmission facilities needed for reliability, congestion relief, or to achieve Public Policy Requirements. Each cost allocation method must be set out clearly and explained in detail in the compliance filing for this rule.\(^{166}\)

Finally, with regard to Cost Allocation Principle 6,\(^{167}\) this straightforward approach would apply to all types of transmission facilities proposed for allocation of costs.

**V. EFFECTIVE DATES**

In light of SPP’s compliance filing containing the interregional coordination processes and cost allocation requirements of Order No. 1000 between SPP and two distinct neighboring planning regions (MISO and SERTP), SPP is requesting effective dates which are specific to the respective planning regions. Order No. 1000 acknowledges that

\(^{164}\) See Order No. 1000 at P 668.

\(^{165}\) See id.

\(^{166}\) See Order No. 1000 at P 685.

\(^{167}\) See id.
it might become effective during the middle of a transmission planning cycle and therefore directed public utility transmission providers to explain in their respective compliance filings how they intend to implement Order No. 1000's requirements. The requested effective dates have been discussed and coordinated by SPP and its neighboring planning regions. Additionally, SPP is requesting an effective date for SPP Tariff revisions necessary to implement interregional coordination and cost allocation into SPP’s regional planning process. To that end, SPP respectfully requests the following effective dates for the Tariff modifications proposed in this filing:

1. Except as otherwise noted below, SPP respectfully requests that the Commission grant an effective date for all Tariff revisions submitted herein which is coincident to the effective date the Commission ultimately approves for SPP’s Order No. 1000 regional compliance. SPP’s regional compliance filing requests an effective date of March 30th following the Commission’s acceptance of such filing.

2. For Addendum 4 to Attachment O (Interregional Coordination and Cost Allocation with SERTP), and, except in the event the Commission issues an order approving SPP’s request for waiver of Order No. 1000 interregional coordination and cost allocation requirements with SERTP, SPP respectfully requests that proposed Addendum 4 of Attachment O become effective at the SERTP transmission planning cycle subsequent to SPP’s and SERTP’s regional planning processes becoming effective. SPP expects that SPP’s regional planning proposal will become effective March 30th the year following Commission approval of SPP’s regional compliance filing. The SERTP Sponsors assume that their regional planning proposals will likely become effective January 1, 2014, meaning SERTP expects these interregional proposals to become effective January 1, 2015. Therefore, SPP requests an effective date for Addendum 4 of Attachment O the later of March 30th the year after Commission acceptance of SPP’s regional planning process, or January 1, 2015.

VI. ADDITIONAL INFORMATION

A. Documents Submitted with this Filing:

In addition to this transmittal letter, the following documents are included with this filing:

- Clean and Redline Tariff revisions under the Sixth Revised Volume No. 1
- Exhibit No. SPP-1: Order No. 1000 Regional Compliance Filing Exhibit SPP-8
- Exhibit No. SPP-2: SPP Stakeholder Table of Meetings
- Exhibit No. SPP-3: SERTP Table of Meetings
- Exhibit No. SPP-4: Testimony of David Kelley
Exhibit No. SPP-5: Map of SPP-SERTP Planning Footprints

B. Service:

SPP has electronically served a copy of this filing on all its Members and Customers. A complete copy of this filing will be posted on the SPP web site, www.spp.org, and is also being served on all affected state commissions.

C. Requisite Agreement:

These revisions to the SPP Tariff do not require any contracts or agreements.

D. Part 35.13 Cost of Service Support

To the extent necessary, SPP requests waiver of any provisions of section 35.13 of the Commission’s regulations that may be deemed to require cost support in the form of cost-of-service statements for the enclosed revisions. SPP notes that the enclosed revisions are in compliance with a Commission order.

E. Communications

Correspondence and communications with respect to this filing should be sent to, and SPP requests the Secretary to include on the official service list, the following:

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Manager–Regulatory Policy
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eculum@spp.org
VII. CONCLUSION

For all of the foregoing reasons, SPP respectfully requests that the Commission:

1. Accept the Tariff revisions proposed herein as just and reasonable;

2. Find that SPP complies with the interregional coordination and cost allocation requirements of Order No. 1000;

3. Grant SPP’s request for waiver of interregional coordination and cost allocation requirements of Order No. 1000 relative to SERTP, or, to the extent that the Commission denies SPP’s waiver request, SPP requests that the Commission a) clarify that SPP will not be deemed non-compliant with Order No. 1000 if it is unable to effectuate the SPP-SERTP Proposal and fails to engage in interregional coordination and joint evaluation of transmission facilities proposed to be located in both regions, and b) clarify SPP’s obligations for Order No. 1000’s interregional coordination and cost allocation requirements with non-public utility transmission providers within the SERTP region that do not have the same obligations under Order No. 1000 as SPP; and

4. Grant an effective date consistent with Section V of this compliance filing.

Respectfully submitted,

/s/ Matthew Harward
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Attorney for
Southwest Power Pool, Inc.
Exhibit No. SPP-1

Order No. 1000 Regional Compliance Filing

Exhibit SPP-8
Exhibit No. SPP-8

Illustrative Exhibit of Proposed Tariff Revisions
Southwest Power Pool, Inc.
Open Access Transmission Tariff
P - Definitions


Part II: Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

Part III: Tariff Sections 28 through 36 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

Part IV: Tariff Sections 37 through 39 pertaining to special Tariff provisions related to the applicability of the Tariff during and after the Transition Period.

Part V: Tariff Sections 40 through 42, and related Schedules and Attachments, pertaining to recovery of costs for Base Plan Upgrades and approved Balanced Portfolios.

Parties: The Transmission Provider and the Transmission Customer receiving service under the Tariff.

Point(s) of Delivery: Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

Point(s) of Receipt: Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of
Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

**Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

**Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

**Pre-Confirmed Application:** An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

**Project Sponsor:** One or more entities that voluntarily agree to bear a portion or all of the costs of a Sponsored Upgrade.

**Public Policy Requirements:** Requirements established by local, state or federal laws or regulations, including duly enacted statutes or regulations promulgated by a relevant jurisdiction, whether within a state, or at the federal level.
II. Roles and Responsibilities

References to the “stakeholder working group” is a generic term that references those working group(s) as defined in the SPP Bylaws, Sections 3 through 6 that are charged with the transmission planning process. The current names of all the working groups shall be posted on the SPP website.

1. Division of Responsibilities

   a) The rights, powers and obligations for planning are set forth in the SPP Membership Agreement in (i) Article 2.0 for the Transmission Provider and (ii) Article 3.0 for the Members. The division of responsibility between the Transmission Provider and the Members is set forth in the SPP Criteria and in this Attachment O. The SPP Membership Agreement, the SPP Criteria and the Tariff shall be posted on the SPP website.

   b) The Transmission Provider shall be responsible for developing the list of projects in accordance with the stakeholder process set forth in Sections II, III and V of this Attachment O, and including inter-regional coordination set forth in Section VIII of this Attachment O.

   c) The Transmission Provider shall perform transmission planning studies to assess the reliability and economic operation of the Transmission System in accordance with Section III of this Attachment O.

   d) As inputs to the planning process, the Transmission Provider shall include and maintain requirements to serve existing commitments for long-term transmission service and interconnection service in accordance with Section III.7 of this Attachment O and any applicable roll-over rights as set out in Section 2.2 of the Tariff. It shall also take into account all previously approved projects.

   e) The Transmission Provider shall review, and include as appropriate, all local area upgrades to meet local area reliability criteria as proposed by the Transmission Owners including those plans developed by Transmission Owners that have their own FERC approved local planning process to ensure coordination of the projects set forth in such plans with the potential solutions developed in the regional planning process.

   f) The Transmission Provider shall review and include, as appropriate, all reasonable expected demand resource, transmission, or generation options identified by stakeholders.

   g) The Transmission Provider shall describe the details regarding expansion planning methodology, criteria, assumptions and data in the SPP
Transmission Expansion Planning Manual which shall be posted on the SPP website.

h) In accordance with its NERC reporting requirements, the Transmission Provider shall publish an annual reliability report that shall include a list of the following:

i) Regional upgrades required to maintain reliability in accordance with the NERC Reliability Standards and SPP Criteria;

ii) Zonal upgrades required to maintain reliability in accordance with more stringent individual Transmission Owner planning criteria; and

iii) Inter-regional upgrades developed with neighboring Transmission Providers to meet inter-regional needs, including results from the coordinated system plans.

2) Stakeholder Working Groups

a) The purpose of the stakeholder working groups is to provide technical advice, assistance and oversight to the Transmission Provider in all aspects of the regional, sub-regional and local planning process, including but not limited to:

i) Review and development of coordinated planning among the Transmission Provider and the Transmission Owners including accepted Network Upgrades developed by those Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria;

ii) Review and development of regional planning criteria;

iii) Review and development of Available Transfer Capability related calculation criteria as specified in Attachment C to the Tariff;

iv) Review and development of transmission rating criteria; and

v) Compliance with NERC Reliability Standards concerning transmission assessment, transfer capability and ratings of transmission facilities; and

vi) Review and development of the list of transmission needs driven in whole or in part by Public Policy Requirements for which transmission solutions will be evaluated.
b) All the stakeholder working group representation shall be appointed and chaired in accordance with Article 3.0 of the SPP Bylaws. All meetings of the stakeholder working groups are open to all entities.

c) Voting in the various stakeholder working groups shall conform to Article 3.9 of the SPP Bylaws.

d) The data, information, and technical support necessary for the Transmission Provider to perform studies as required by the planning process and to develop the regional reliability projects are provided by the Transmission Owners, Transmission Customers and Generation Interconnection Customers and other entities. This process is described in Section VII of this Attachment O.

e) Stakeholder working groups that work with the Transmission Provider on transmission planning shall meet at least quarterly and additional meetings, web conferences and teleconferences shall be scheduled as needed. Teleconference capability will be made available for stakeholder working group meetings. Notice of meetings of the stakeholder working groups shall be posted on the SPP website and distributed via email distribution lists. Meeting agendas and minutes shall be posted on the SPP website.

3) Participation by State Regulators
In accordance with the SPP Bylaws, any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP planning activities.

4) Adherence to Regional Planning Criteria

i) The regional planning criteria are comprised of the NERC Reliability Standards and SPP Criteria.

ii) The regional planning criteria may change from time to time based upon the then current process for changing reliability criteria.

iii) The individual Transmission Owners shall be obligated under the NERC Reliability Standards and SPP Criteria to resolve reliability violations and compliance needs identified by the Transmission Provider or by the individual Transmission Owners themselves in accordance with these standards and criteria. The SPP Criteria shall be posted on the SPP website.

5) Use of Local Planning Criteria
i) Individual Transmission Owners within the SPP Region may develop company-specific planning criteria that, at a minimum, conform to the NERC Reliability Standards and SPP Criteria.

ii) For each annual planning cycle, Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, must provide to the Transmission Provider at least once a year, by April 1st, their company-specific planning criteria in order for the need for Zonal Reliability Upgrades to be assessed and included in the SPP Transmission Expansion Plan.

iii) Transmission Owner planning criteria and assumptions may be modified at any time provided that, if the planning criteria are made more stringent, the increased requirements will not apply retroactively to studies previously completed or studies already underway by the Transmission Provider. Access to the individual Transmission Owner’s planning criteria shall be made available via an electronic link on the SPP website.

iv) The individual planning criteria of each Transmission Owner, including those Transmission Owners that have their own FERC approved local planning process, shall be the basis for determining whether a reliability violation exists for which a need for a new Zonal Reliability Upgrade should be considered.

v) The Transmission Owner shall apply its local planning criteria comparably to all load in its service territory.

vi) Transmission Owners’ company-specific planning criteria and local planning processes must provide for: (a) the identification of transmission needs driven in whole or in part by Public Policy Requirements; and (b) the evaluation of potential solutions to meet those needs.
III. The Integrated Transmission Planning Process

The ITP process is an iterative three-year process that includes 20-Year, 10-Year and Near Term Assessments. The 20-Year Assessment identifies the transmission projects, generally above 300 kV, and provides a grid flexible enough to provide benefits to the region across multiple scenarios. The 10-Year Assessment focuses on facilities 100 kV and above to meet the system needs over a ten-year horizon. The Near Term Assessment is performed annually and assesses the system upgrades, at all applicable voltage levels, required in the near term planning horizon.

1) Commencement of the Process

At the beginning of each calendar year the Transmission Provider shall notify stakeholders as to which part(s) of the integrated transmission planning cycle will take place during that year and the approximate timing of activities required to develop the SPP Transmission Expansion Plan. Notice of commencement of the process shall be posted on the SPP website and distributed via email distribution lists.

2) Transmission Planning Forums

The transmission planning forums include planning summits and sub-regional planning meetings and these are conducted as follows:

a) Planning Summits

i) The purpose of the planning summits is for the Transmission Provider and the stakeholders to share current SPP transmission network issues, develop the study scopes, provide solution alternatives and review study findings. These summits also provide an open forum where all stakeholders have an opportunity to provide advice and recommendations to the Transmission Provider to aid in the development of the SPP Transmission Expansion Plan.

ii) The planning summits shall be open to all entities.

iii) The Transmission Provider shall chair and facilitate the planning summits.

iv) Planning summits shall be held at least semi-annually, including sub-regional breakout sessions of the SPP Region. Teleconference capability will be made available for planning summits. Planning summit web conferences shall be held as needed.
v) Notice of the planning summits and web conferences shall be posted on the SPP website and distributed via email distribution lists.

b) Sub-regional Planning Meetings

i) The Transmission Provider shall define sub-regions from time to time to address local area planning issues.

ii) The purpose of the sub-regional planning meetings is to identify unresolved local stakeholder issues and transmission solutions at a more granular level. The sub-regional planning meetings shall provide stakeholders with local needs the opportunity to provide advice and recommendations to the Transmission Provider and to the Transmission Owners. The sub-regional planning meetings shall provide a forum to review local planning criteria and needs as specified in Section II of this Attachment O.

iii) The sub-regional planning meetings shall be open to all entities.

iv) The Transmission Provider shall facilitate the sub-regional planning meetings.

v) A planning meeting shall be held at least annually for each individual sub-region.

vi) The sub-regional planning meetings shall be held in conjunction with the stakeholder working group meetings. Teleconference capability will be made available for sub-regional planning meetings. Sub-regional planning web conferences shall be held as needed.

vii) Notice of the sub-regional planning meetings, teleconferences and web conferences shall be posted on the SPP website and distributed via email distribution lists.

3) Preparation of the 20-Year Assessment

a) The Transmission Provider shall perform a 20-Year Assessment once every three years. The timing of this assessment shall generally be in the first half of each three-year cycle.

b) The 20-Year Assessment shall review the system for a twenty-year planning horizon and address, at a minimum, facilities 300 kV and above needed in year 20. This assessment is not intended to review each consecutive year in the planning horizon. The Transmission Provider
shall work with stakeholders to identify the appropriate year(s) to study in developing the assessment study scope.

c) The 20-Year Assessment shall assess the cost effectiveness of proposed solutions over a forty-year time horizon.

d) The Transmission Provider shall develop the assessment study scope with input from the stakeholders. The study scope shall take into consideration the input requirements described in Section III.6.

e) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.

f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope.

g) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report. The assessment study scope shall include an explanation of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions in the local and regional transmission planning process, as well as an explanation of why other suggested transmission needs will not be evaluated.

h) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions following the process set forth in Section III.8.

4) Preparation of the 10-Year Assessment

a) The Transmission Provider shall perform a 10-Year Assessment once every three years as part of the three year planning cycle. The timing of this assessment shall generally be in the second half of the three-year planning cycle.

b) The 10-Year Assessment shall review the system for a ten-year planning horizon and address, at a minimum, facilities 100 kV and above needed in year 10. This assessment is not intended to review each consecutive year in the planning horizon. The Transmission Provider shall work with stakeholders to identify the appropriate year(s) to study in developing the assessment study scope.

c) The 10-Year Assessment shall assess the cost effectiveness of proposed solutions over a forty-year time horizon.
d) The Transmission Provider shall develop the assessment study scope with input from the stakeholders. The study scope shall take into consideration the input requirements described in Section III.6.

e) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.

f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope.

g) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report. The assessment study scope shall include an explanation of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions in the local and regional transmission planning process, as well as an explanation of why other suggested transmission needs will not be evaluated.

h) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions, including those upgrades approved by the SPP Board of Directors from the most recent 20-Year Assessment, following the process set forth in Section III.8.

5) Preparation of the Near Term Assessment

a) The Transmission Provider shall perform the Near Term Assessment on an annual basis.

b) The Near Term Assessment will be performed on a shorter planning horizon than the 10-Year Assessment and shall focus primarily on identifying solutions required to meet the reliability criteria defined in Section III.6.

c) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used to develop the list of proposed near term upgrades.

d) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope. The study scope shall take into consideration the input requirements described in Section III.6.

e) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report. The assessment study scope shall include an explanation of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions in the local and regional transmission
planning process, as well as an explanation of why other suggested transmission needs will not be evaluated.

f) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions, including those upgrades approved by the SPP Board of Directors from the most recent 20-Year Assessment and 10-Year Assessment, following the process set forth in Section III.8.

6) Policy, Reliability, and Economic Input Requirements to Planning Studies

The Transmission Provider shall incorporate, as appropriate for the assessment being performed, the following into its planning studies:

a) NERC Reliability Standards;

b) SPP Criteria;

c) Transmission Owner-specific planning criteria as set forth in Section II;

d) Previously identified and approved transmission projects;

e) Zonal Reliability Upgrades developed by Transmission Owners, including those that have their own FERC approved local planning process, to meet local area reliability criteria;

f) Long-term firm Transmission Service;

g) Load forecasts, including the impact on load of existing and planned demand management programs, exclusive of demand response resources;

h) Capacity forecasts, including generation additions and retirements;

i) Existing and planned demand response resources;

j) Congestion within SPP and between the SPP Region and other regions and balancing areas;

k) Renewable energy standards;

l) Fuel price forecasts;

m) Energy efficiency requirements;

n) Other relevant environmental or government mandates; and
o) Transmission needs driven by Public Policy Requirements identified by the Transmission Provider and stakeholders; and

p) Other input requirements identified during the stakeholder process.

q) In developing the long term capacity forecasts, the studies will reflect generation and demand response resources capable of providing any of the functions assessed in the SPP planning process, and can be relied upon on a long-term basis. Such demand response resources shall be permitted to participate in the planning process on a comparable basis. These studies will consider operational experience gained from markets operated by the Transmission Provider.

7) Inclusion of Upgrades Related to Transmission Service and Generator Interconnection in Planning Studies

a) Transmission upgrades related to requests for Transmission Service are described in Sections 19 and 32 of the Tariff and Attachment Z1 to the Tariff. These upgrades are included as part of the future expansion of the Transmission System, upon the execution of the various Service Agreements with the Transmission Customers. Transmission upgrades related to an approved request for Transmission Service may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved Transmission Service.

b) Interconnection facilities and other transmission upgrades related to requests for generation interconnection service are described in Attachment V. These upgrades are included as part of the future expansion of the Transmission System upon the execution of the various interconnection agreements with the Generation Interconnection Customers. Transmission upgrades related to an approved interconnection agreement may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved interconnection service.

c) The studies performed under this Section III of Attachment O shall accommodate and model the specific long-term firm Transmission Service of Transmission Customers and specific interconnections of Generation Interconnection Customers no later than when the relevant Service Agreements and interconnection agreements are accepted by the Commission.
8) Process to Analyze Transmission Alternatives for each Assessment

The following shall be performed, at the appropriate time in the respective planning cycle, for the 20-Year Assessment, 10-Year Assessment and Near Term Assessment studies:

a) The Transmission Provider shall perform the required studies to analyze the potential alternatives for improvements to the Transmission System, provided by the Transmission Provider and by the stakeholders, in order to address the final assessment study scope agreed to with the stakeholders. This analysis shall consider the current and anticipated future needs of the SPP Region within the parameters of the study scope. The analysis shall also consider the value brought to the SPP Region by incremental changes to the proposed solutions.

b) For all potential alternatives provided by the stakeholders, including reliability upgrades that Transmission Owners (which includes those Transmission Owners that have their own FERC approved local planning process), propose to address violations of company-specific planning criteria pursuant to Section II.5 of this Attachment O, and upgrades to address transmission needs driven in whole or in part by identified Public Policy Requirements, the Transmission Provider shall determine if there is a more comprehensive regional solution to address the reliability needs, and economic needs, and needs driven by Public Policy Requirements identified in the assessment.

c) In addition to recommended upgrades, the Transmission Provider will consider, on a comparable basis, any alternative proposals which could include, but would not be limited to, generation options, demand response programs, “smart grid” technologies, and energy efficiency programs. Solutions will be evaluated against each other based on a comparison of their relative effectiveness of performance and economics.

d) The Transmission Provider shall assess the cost effectiveness of proposed solutions. Such assessments shall be performed in accordance with the Integrated Transmission Planning Manual, which shall be developed by the Transmission Provider, in consultation with stakeholders, and approved by the Markets and Operations Policy Committee. SPP shall post this manual on its website.

e) The analysis described above shall take into consideration the following:

i) The financial modeling time frame for the analysis shall be 40 years (with the last 20 years provided by a terminal value).
ii) The analysis shall include quantifying the benefits resulting from dispatch savings, loss reductions, avoided projects, applicable environmental impacts, reduction in required operating reserves, interconnection improvements, congestion reduction, and other benefit metrics as appropriate.

iii) The analysis shall identify and quantify, if possible, the benefits related to any proposed transmission upgrade that is required to meet any regional reliability criteria.

iv) The analysis scope shall include different scenarios to analyze sensitivities to load forecasts, wind generation levels, fuel prices, environmental costs, and other relevant factors. The Transmission Provider shall consult the stakeholders to guide the development of these scenarios.

v) The results of the analysis shall be reported on a regional, zonal, and state-specific basis.

vi) The analysis shall assess the net impact of the transmission plan, developed in accordance with this Attachment O, on a typical residential customer within the SPP Region and on a $/kWh basis.

f) The Transmission Provider shall make a comprehensive presentation of the preferred potential solutions, including the results of the analysis above, to the stakeholder working groups and at a planning summit meeting or web conference. The presentation shall include a discussion of all the Transmission Provider and stakeholder alternatives considered and reasons for choosing the particular preferred solutions.

g) The Transmission Provider shall solicit feedback on the solutions from the stakeholder working groups and through the stakeholders attending the various planning summits. The Transmission Provider will also include feedback from stakeholders through other meetings, teleconferences, web conferences, and via email or secure web-based workspace. Stakeholders may propose any combination of demand resources, transmission, or generation as alternate solutions to identified reliability and economic needs.

h) Upon consideration of the results of the cost effectiveness analysis and feedback received in the subsequent review process, the Transmission Provider shall prepare a draft list of projects for review and approval in accordance with Section V.
ADDENDUM 2 TO ATTACHMENT O

ENROLLMENT IN THE SPP TRANSMISSION PLANNING REGION

The following entities have elected to become part of the SPP transmission planning region:

AEP Oklahoma Transmission Company, Inc.
City of Coffeyville
City Utilities of Springfield, Missouri
East Texas Electric Cooperative, Inc.
Empire District Electric Company
Grand River Dam Authority
ITC Great Plains, LLC
Kansas City Power & Light Company
Kansas Gas and Electric Company
Kansas Power Pool
KCP&L Greater Missouri Operations Company
Lincoln Electric System
Mid-Kansas Electric Company, LLC
Midwest Energy, Inc.
Nebraska Public Power District
Oklahoma Gas and Electric Company
Oklahoma Municipal Power Authority
Omaha Public Power District
Public Service Company of Oklahoma
Southwestern Electric Power Company
Southwestern Power Administration*
Southwestern Public Service Company
Sunflower Electric Power Corporation
Tex-La Cooperative of Texas, Inc.
Tri-County Electric Cooperative
Westar Energy, Inc.
Western Farmers Electric Cooperative

* Participates in SPP regional planning through Attachment AD of this Tariff.
Exhibit No. SPP-2

SPP Stakeholder Table of Meetings
SPP Order No. 1000 Interregional Compliance Stakeholder Meetings

The following includes a list of meetings were SPP’s Order 1000 interregional compliance efforts were discussed. While at each meeting the discussion may not have specifically revolved around one seam or another, the impact of the discussions impacted SPP’s negotiations with each seam.

**SPP Seams Steering Committee (“SSC”)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Primary Discussion Items</th>
<th>Meeting Location</th>
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<tr>
<td>03/15/2012</td>
<td>Order 1000 Interregional Requirements</td>
<td>Conference Call</td>
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<tr>
<td>05/08/2012</td>
<td>Interregional Planning Process Development</td>
<td>Conference Call</td>
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<tr>
<td>06/21/2012</td>
<td>Interregional Planning Process Development</td>
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<td>08/01/2012</td>
<td>Interregional Planning Process</td>
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<tr>
<td>09/17/2012</td>
<td>Interregional Planning Process</td>
<td>Conference Call</td>
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</tbody>
</table>
| 10/05/2012    | 1) Interregional Planning Process  
2) Interregional Cost Allocation  
3) Update on negotiations with each seam | Dallas, TX       |
| 11/12/2012    | 1) Interregional Planning Process  
2) Interregional Cost Allocation  
3) Update on negotiations with each seam | Conference Call  |
| 12/18/2012    | 1) Interregional Planning Process  
2) Interregional Cost Allocation  
3) Update on negotiations with each seam | Dallas, TX       |
| 01/08/2013    | 1) Interregional Planning Process  
2) Interregional Cost Allocation  
3) Discussion on negotiations with each seam | Conference Call  |
| 02/07/2013    | 1) Interregional Cost Allocation  
2) Discussion on negotiations with each seam | Dallas, TX       |
| 03/14/2013    | Discussion on negotiations with each seam                       | Dallas, TX       |
| 04/02/2013    | Discussion on negotiations with each seam                       | Kansas City, MO  |
| 05/01/2013    | Discussion on negotiations with each seam                       | Kansas City, MO  |
| 06/05/2013    | Discussion on negotiations with each seam                       | Dallas, TX       |

**Seams FERC Order 1000 Task Force (“SFOTF”)**

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<tr>
<th>Date</th>
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<td>Date</td>
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### Regional Tariff Working Group Order 1000 Seams Task Force

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### Cost Allocation Working Group (“CAWG”)

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### Interregional Cost Allocation Task Force

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### Regional State Committee (“RSC”)

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### SPP Board of Directors

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Exhibit No. SPP-3

SERTP Table of Meetings
SPP-SERTP Joint Stakeholder Meetings

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<td>3) Cost Allocation &amp; Project Applicability</td>
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<td>4) Coordination with SERTP or SERTP Sponsors</td>
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<td>2) Cost Allocation &amp; Project Applicability</td>
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SERTP Regional Discussions
SPP participated in the following conference calls with SERTP Sponsors. This does not include discussions with individual SERTP Sponsors.

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<th>Meeting Location</th>
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<td>SERTP/Non-RTO Straw Man Development</td>
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SPP Stakeholder Calls
In addition to the stakeholder meeting below, SPP staff reviewed SPP-SERTP Order 1000 compliance efforts with the Seams Steering Committee at its monthly meetings.

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Exhibit No. SPP-4

Prepared Direct Testimony of David Kelley
UNIVERSAL STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

)  
)  
)  
)  
)  
SOUTHWEST POWER POOL, INC.  
)  
)  
Docket No. ER13-___-000

PREPARED DIRECT TESTIMONY

OF 

DAVID KELLEY 
MANAGER, INTERREGIONAL COORDINATION 
SOUTHWEST POWER POOL, INC.

ON BEHALF OF SOUTHWEST POWER POOL, INC.

JULY 10, 2013
Q. PLEASE STATE YOUR NAME AND YOUR BUSINESS ADDRESS.

A. My name is David Kelley. My business address is 201 Worthen Drive, Little Rock, Arkansas 72223.

Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I am employed by Southwest Power Pool, Inc. (“SPP”) as Manager, Interregional Coordination.

Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. I am directly responsible for managing SPP’s interregional activities, processes, cost-beneficial interregional coordination services, and interregional relationships. Specifically, I am responsible for: managing the development and maintenance of SPP’s joint operating and planning
agreements with its neighbors; overseeing engineering analysis related to the
performance of interregional planning activities; administering the Ohio
Valley Electric Corporation (“OVEC”) contract providing Available Flowgate
Capacity calculation services; overseeing planning support to the SPP
Regional Entity; and managing a staff of engineering and technical
professionals. I am also responsible for negotiating cost allocation
mechanisms and agreements for interregional transmission expansion projects,
overseeing SPP’s involvement in interregional planning assessments,
representing SPP’s interests in planning-related continent-wide or
interconnection-wide industry forums.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND
PROFESSIONAL BACKGROUND.

A. I earned a Bachelor of Science Degree in Electrical Engineering from
Louisiana Tech University and a Master of Business Administration from the
University of Arkansas at Little Rock. I am a registered Professional
Engineer in the state of Arkansas. Prior to being named Manager,
Interregional Coordination, I served as SPP’s Manager, Engineering
Administration and, before that, in senior engineering roles within the
Engineering Department. Prior to joining SPP in 2008, I served in various
supervisory and engineering roles with Entergy Arkansas, Inc. As Manager,
Interregional Coordination, I currently serve as staff secretary to the SPP
Seams Steering Committee and represent the SPP Regional Entity on the
Q. PLEASE GIVE A BRIEF SUMMARY OF SPP’S ORGANIZATION AND OPERATIONS.

A. SPP is a Federal Energy Regulatory Commission (“Commission”) approved Regional Transmission Organization (“RTO”). SPP is registered with NERC as an Interchange Authority, Planning Authority, Reliability Coordinator, Reserve Sharing Group, Transmission Planner, and Transmission Service Provider and must comply with all NERC Reliability Standards applicable to these functions. SPP is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. It currently has 72 members in nine states and serves more than 6 million households in a 370,000 square-mile area. SPP’s members include 14 investor-owned utilities, 11 municipal systems, 13 generation and transmission cooperatives, 4 state agencies, 11 independent power producers, 10 power marketers and 9 independent transmission companies. As an RTO, SPP currently administers transmission service over 48,930 miles of transmission lines covering portions of Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, and Texas.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE COMMISSION?

A. No. I am, however, filing contemporaneous testimony in another docket to support SPP’s compliance filing for Interregional Coordination and Cost
Allocation requirements of Order No. 1000 with the Midcontinent Independent System Operator, Inc. (“MISO”) region.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to explain differences between tariff language filed by SPP in this docket, and tariff language being contemporaneously filed by the Commission-jurisdictional Public Utility Transmission Providers in the Southeastern Regional Transmission Planning Process (“SERTP”). Those companies are Southern Company (“Southern”), Louisville Gas & Electric (“LG&E”), and the OVEC. After negotiating an interregional coordination process in order to comply with the interregional coordination and cost allocation requirements of Order No. 1000 issued by the Commission (the “SPP-SERTP Proposal”), there are two distinct areas on which SPP and the SERTP Public Utility Transmission Providers have not reached agreement: Sections 1.3.2 and 2.1(B). As a result, SPP and the SERTP Public Utility Transmission Providers are each filing proposed language for the Commission’s consideration. My testimony will explain those sections, the differences between the SPP and SERTP proposals, and why SPP’s proposed language is compliant and should be accepted by the Commission.

Q. PLEASE IDENTIFY THE SECTIONS IN THE SPP-SERTP PROPOSAL FOR COMPLIANCE WITH ORDER NO. 1000 INTERREGIONAL REQUIREMENTS UPON WHICH SPP AND THE SERTP PUBLIC UTILITY TRANSMISSION PROVIDERS AGREE.
A. SPP and the SERTP Public Utility Transmission Providers have agreed upon the following sections of the SPP-SERTP Proposal: Introductory Paragraph, 1.1, 1.2.1, 1.2.2, 1.2.3, 1.3.1, 1.3.3.1, 1.3.3.2, 2.1(A), 2.1(C), 2.2, 2.3, 2.4, 2.5, 2.6, 3.1, 3.2, 3.3, and 3.4.

Q. DO YOU BELIEVE THE SECTIONS THAT YOU HAVE IDENTIFIED ARE COMPLIANT WITH ORDER NO. 1000?

A. Yes. 

Q. WHAT SECTIONS OF THE SPP-SERTP PROPOSAL DO SPP AND THE SERTP PUBLIC UTILITY TRANSMISSION PROVIDERS NOT AGREE?

A. SPP and the SERTP Public Utility Transmission Providers do not agree on proposed Sections 1.3.2 and 2.1(B) of the SPP-SERTP Proposal. As a result, SPP and the SERTP Public Utility Transmission Providers are separately proposing language for each of those sections for consideration by the Commission.

Q. PLEASE EXPLAIN WHAT SPP PROPOSED FOR SECTION 1.3.2.

A. Section 1.3.2 addresses participation by stakeholders in the identification of interregional transmission projects. SPP is proposing the following:

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1 SPP’s agreement with SERTP on Section 2.1(A) is conditioned on Commission approval of SPP’s proposed language in Section 2.1(B) as described herein.

2 See n.1.
1.3.2 Identification of Interregional Transmission Projects by Stakeholders:

Stakeholders may also propose transmission projects that may be more efficient or cost-effective than transmission projects included in the Transmission Provider’s and/or the SERTP’s regional transmission plans pursuant to the procedures in each region’s regional transmission planning processes or new transmission projects to address interregional transmission needs pursuant to Transmission Provider’s and/or the SERTP’s regional transmission planning processes (emphasis added). The Transmission Provider and the public utility transmission providers in the SERTP will evaluate interregional transmission projects proposed by stakeholders pursuant to Section 1.3.3.

Q. PLEASE EXPLAIN WHAT THE SERTP PUBLIC UTILITY TRANSMISSION PROVIDERS PROPOSED FOR SECTION 1.3.2.

A. Under the proposal by the SERTP Public Utility Transmission Providers, stakeholders may propose transmission projects for consideration as an interregional project but they must be more efficient or cost-effective than transmission projects already approved in the region’s transmission planning process.

Q. HOW IS SPP’S PROPOSED SECTION 1.3.2 DIFFERENT?
A. SPP and the SERTP Public Utility Transmission Providers agree that stakeholders should have the opportunity to suggest interregional transmission facilities that may benefit both regions and participate in the joint evaluation of these proposed projects within the respective regional planning processes. The difference is with respect to the criteria that stakeholder proposed interregional transmission facilities must meet prior to being considered for joint evaluation and being eligible for interregional cost allocation. Under the SERTP proposal, stakeholders may submit projects for consideration, but the proposed project must be more efficient or cost-effective than transmission projects already approved in the respective regional plans. Under this proposal, stakeholders are limited to current needs being addressed in a regional transmission plan. Therefore, under this paradigm, stakeholders do not have the opportunity to propose interregional projects which may provide a more efficient or cost-effective solution to issues identified in the respective regional planning processes unless a regional solution was already approved in the SERTP’s regional plan.

Under SPP’s proposed Section 1.3.2, stakeholders may submit new interregional transmission projects to address needs regardless of whether the needs had previously been addressed by projects approved in the regional planning process.

Q. DO YOU BELIEVE THAT SPP’S PROPOSED SECTION 1.3.2 IS COMPLIANT WITH ORDER NO. 1000?
A. Yes.

Q. WHY?

A. SPP’s proposed Section 1.3.2 adheres to the intent of Order No. 1000’s requirements to provide opportunities for stakeholders to submit projects for consideration in the joint evaluation of proposed interregional projects. Specifically, Order No. 1000 requires that:

[T]he developer of an interregional transmission project to first propose its transmission project in the regional transmission planning processes of each of the neighboring regions in which the transmission facility is proposed to be located. The submission of the interregional transmission project in each regional transmission planning process will trigger the procedure under which the public utility transmission providers, acting through their regional transmission planning process will jointly evaluate the proposed transmission project[.] Finally, for an interregional transmission facility to receive cost allocation under the interregional cost allocation method or methods developed pursuant to this Final Rule, the transmission facility must be selected in both of the relevant regional transmission planning processes…³

SPP’s proposal would not require stakeholders to submit projects which must replace previously approved regional facilities in order to be considered for joint evaluation and interregional cost allocation. SPP’s preferred language would allow stakeholders more flexibility and opportunity to submit proposed interregional projects for consideration in both regions’ transmission planning process. Conversely, the SERTP proposal would limit stakeholders’ participation in interregional coordination by requiring the submission of

³ Order No. 1000 at P 436.
projects for consideration to only those that replace a pre-existing project in the regional plan. In other words, SERTP’s proposal would limit the ability of stakeholders to submit potentially beneficial interregional projects for joint evaluation. Such a limitation is not consistent with the requirements of Order No. 1000. This limitation and contraction of stakeholder opportunity to participate in interregional coordination is not supported by SPP, or its stakeholders.

Q. YOU TESTIFIED THAT SPP AND THE SERTP PUBLIC UTILITY TRANSMISSION PROVIDERS ALSO HAVE COMPETING PROPOSALS FOR 2.1(B). PLEASE EXPLAIN WHAT SPP PROPOSED FOR SECTION 2.1(B).

A. Section 2.1 generally discusses the criteria for designating a transmission project as an approved interregional project for cost allocation purposes between SPP and the SERTP Public Utility Transmission Providers. Section 2.1(A) states the general rule that a “transmission project must interconnect to [SPP’s] Transmission System and the transmission facilities of one or more SERTP sponsors and meet the qualification criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of regional cost allocation in accordance with the respective regional transmission planning processes for both [SPP] and the SERTP.” Section 2.1(B) discussed the criteria whereby SPP, identified as the Transmission Provider, and the SERTP Public Utility Transmission Provider will consider
an interregional project that does not satisfy the criteria specified in Section 2.1(A).

SPP’s Section 2.1(B) states:

B. At the request of either planning region, the Transmission Provider and SERTP will consider an interregional transmission project that does not satisfy all of the criteria specified in Section 2.1.A but: (i) provides quantifiable interregional benefits; (ii) would be located in both regions; and (iii) would be interconnected to the transmission facilities of one or more SERTP Sponsors and the transmission facilities of a Transmission Owner in SPP.

SPP and the SERTP Public Utility Transmission Providers are in general agreement on Section 2.1(B)’s subsections (i) through (iii). Both parties agree that before either planning region will consider proposed interregional transmission projects outside the threshold criteria of the respective regional planning processes a facility must provide quantifiable interregional benefits, be located in both regions, and be interconnected to the transmission facilities of at least one SERTP sponsor and SPP.

Q. WHAT ARE THE DIFFERENCES BETWEEN SPP’S PROPOSED 2.1(B) AND THE SERTP PUBLIC UTILITY TRANSMISSION PROVIDER’S PROPOSED 2.1(B)?
A. For Section 2.1(B), SPP’s proposed language allows the parties to consider proposed interregional projects that do not meet the threshold criteria of Section 2.1(A) “[a]t the request of either planning region.” The SERTP Public Utility Transmission Providers proposal would consider such proposed interregional projects “[o]n a case by case basis.” The different language may seem minor, but there are significant limitations on the language proposed by the SERTP Public Utility Transmission Providers. The language proposed by the SERTP Public Utility Transmission Providers is ambiguous and does not clarify which party will make the determination whether to consider an additional project that may provide interregional benefits by resolving issues identified in the respective regional planning processes in a more efficient and cost-effective manner. In fact, the language proposed by the SERTP Public Utility Transmission Providers may result in either party never considering an interregional project outside the scope of Section 2.1(A).

Q. **HOW WILL SECTION 2.1(A) OPERATE WITHOUT SPP’S PROPOSED LANGUAGE OF 2.1(B)?**

A. The proposed language of Section 2.1(A) provides that for a transmission project to be considered for purposes of interregional cost allocation between SPP and SERTP, the transmission project must interconnect the transmission systems of SPP and a SERTP sponsor and meet the criteria established in the respective regional planning processes. As the regional planning criteria of SPP and SERTP are considerably different, the language in the SERTP
proposal does not provide a consequential opportunity to consider all interregional transmission projects that may more efficiently or cost effectively resolve issues identified in the respective regional planning processes. For example, because of the limitations in the SERTP regional process, 2.1(A) will limit the types of projects that can qualify as an interregional project to the threshold requirements in the respective regional planning processes. The SERTP Public Utility Transmission Providers’ proposed regional criteria that are currently before the Commission would exclude projects with a voltage level primarily less than 300 kV and would require projects to be over 100 miles in length. Therefore, under Section 2.1(A), these types of projects (under 300 kV and less than 100 miles in length) will not be considered for joint evaluation as interregional solutions that could potentially be more efficient or cost-effective solutions to issues identified in the respective regional planning processes. Because of this limitation, SPP does not support Section 2.1(A) as compliant with Order No. 1000 without SPP’s proposed 2.1(B).

Q. **HOW WILL SECTION 2.1(A) OPERATE WITH SPP’S PROPOSED LANGUAGE OF 2.1(B)?**

\[4\] See Southern Companies’ Order No. 1000 Regional Compliance Filing, Docket No. ER13-908-000 (Feb. 8, 2013) at 17 (“[T]ransmission facilities in the SERTP that generally address “regional needs” are those rated 300 kV and above which transverse a regionally significant distance (i.e., 100 miles or more) across two or more BAAs”).
A. Under the language SPP has proposed for Section 2.1(B), either party will have the opportunity to propose the consideration of projects that are a lower voltage level than 300kV and less than 100 miles in length as potentially more efficient and cost-effective solutions to issues identified in the respective regional processes. Therefore, notwithstanding the limitations of Section 2.1(A), SPP (and the SERTP) may still be able to propose other interregional transmission facilities for joint evaluation that provide benefits to both regions. This is an important element for SPP. As SPP’s regional planning process does consider projects under 300 kV and less than 100 miles in length for reliability, economic, and public policy purposes, SPP wants to retain the opportunity to consider these types of transmission facilities during the joint evaluation of interregional transmission projects if the proposed transmission projects will provide the benefits outlined in Section 2.1(B) (i)-(iii).

Q. WHY IS SPP’S PROPOSED LANGUAGE OF SECTION 2.1(B) PREFERENCES TO THE SERTP PUBLIC UTILITY TRANSMISSION PROVIDERS’ PROPOSED SECTION 2.1(B)?

A. SPP’s language provides flexibility to allow projects to be studied that otherwise would not meet the threshold requirements of one of the planning regions, but that might provide benefits that “more efficiently or cost-
effectively address the individual needs identified in their respective local and regional transmission planning processes.\textsuperscript{5}

Accordingly, the SERTP Public Utility Transmission Providers’ language unreasonably restricts the ability of SPP and other interested stakeholders to suggest projects for joint evaluation which may more efficiently or cost-effectively address interregional transmission needs. The SERTP Public Utility Transmission Providers’ propose to review these types of facilities “on a case by case basis”, but it is not clear what criteria would satisfy the “case by case” threshold. SPP’s stakeholders have felt strongly about having the ability to suggest projects that are under 300 kV and under 100 miles in length and which could provide significant benefits to both regions.

Q. **DO YOU BELIEVE WHAT SPP HAS PROPOSED FOR SECTION 2.1(B) IS COMPLIANT WITH ORDER NO. 1000?**

A. Yes.

Q. **WHY?**

A. Section 2.1(B) as proposed by SPP allows for the potential consideration of all transmission facilities for joint evaluation of interregional transmission facilities that may provide benefits for both regions. Order No. 1000 specifically states that it "obligate[s] public utility transmission providers to

\textsuperscript{5} Order No. 1000 at P 393.
identify and jointly evaluate interregional transmission facilities that may more efficiently or cost-effectively address the individual needs identified in their respective local and regional transmission planning processes.”

Specifically, the Commission stated that two of the proposed elements that must be included in an interregional transmission planning agreement are Coordination and Joint Evaluation which “embody the purpose of interregional transmission coordination: to coordinate and share the results of regional transmission plans to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities and to jointly evaluate such facilities, as well as to jointly evaluate those transmission facilities that are proposed to be located in more than one transmission planning region.”

The Commission required in Order No. 1000 that neighboring transmission planning regions establish further procedures “for the purpose of coordinating and sharing the results of respective regional transmission plans to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities.” SPP’s proposed Section 2.1(B) complies with the intent and purposes of Order No. 1000.

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6 Order No. 1000 at P 393.
7 Order No. 1000 at P 394.
8 Order No. 1000 at P 396.
Q. WHY DO YOU BELIEVE THAT THE SERTP PUBLIC UTILITY TRANSMISSION PROVIDERS’ PROPOSED LANGUAGE FOR SECTION 2.1(B) IS NOT COMPLIANT WITH THE LANGUAGE FROM THE ORDER YOU DISCUSSED ABOVE?

A. As I previously explained, the SERTP Public Utility Transmission Providers’ proposed Section 2.1(B) will only recognize interregional transmission projects which fall outside the scope of SERTP’s proposed regional planning criteria on a “case by case basis” with no direction when or if SERTP Public Utility Transmission Providers will consider such a project. Order No. 1000 requires that the regions evaluate whether an interregional solution is more cost-effective than a regional solution. By limiting the potential transmission solutions to only projects greater than 300 kV, or greater than 100 miles in length, the most cost-effective solution may not qualify, or even be considered, as an interregional project based on SERTP’s criteria, which is counter to the policy goals established by the Commission in Order No. 1000.

Removing lower voltage projects (those under 300 kV) and less than 100 miles in length from consideration as potential interregional solutions may encourage a less cost-effective solution as higher voltage projects are typically more expensive. It is reasonable to anticipate that a lower voltage project may adequately address a seams issue that should be resolved. Limiting consideration to only higher voltage projects will bias the cost-effective analysis towards higher cost solutions, and therefore, less economically
efficient. Considering projects under 300 kV and less than 100 miles in length would allow the cost-effective analysis to determine the most efficient and most cost-effective solution.

Therefore, SPP’s ability to consider interregional transmission projects which are less than 300 kV and less than 100 miles in length is proscriptively limited. As Order No. 1000 requires the identification and joint evaluation of interregional transmission facilities, this limitation is not consistent with the Commission’s requirements for joint evaluation of interregional transmission facilities for cost allocation purposes.

Q. WHAT CAN THE COMMISSION CONCLUDE FROM YOUR TESTIMONY?

A. The language proposed by SPP for Sections 1.3.2 and 2.1(B) are compliant with the interregional coordination and cost allocation requirements of Order No. 1000. Both SPP proposed sections provide SPP and the SERTP Public Utility Transmission Providers a meaningful opportunity to identify and jointly evaluate interregional transmission facilities consistent with either party’s regional planning processes. Similarly, both SPP proposed sections allow a foundation to ensure all interregional transmission facilities may be jointly considered by both planning regions for purposes of interregional cost allocation.

Specifically, SPP’s proposed Section 1.3.2 provides an opportunity for stakeholders to suggest projects in the respective planning processes for joint
evaluation rather than limiting stakeholders to only interregional transmission facilities which replace regional projects that are already approved in a regional plan. This element satisfies the muster of SPP’s dynamic and rigorous stakeholder process and will provide ample opportunity for stakeholders to propose interregional transmission facilities within the respective party’s regional planning process. Likewise, SPP’s proposed language for Section 2.1(B) furthers the intent of Order No. 1000 by allowing all potentially beneficial interregional transmission facilities to be jointly evaluated by the planning regions, rather than limiting the threshold for consideration to one planning region’s criteria.

As SPP’s proposed language for Sections 1.3.2 and 2.1(B) comply with the intents and purposes of the interregional requirements of Order No. 1000, SPP prefers this process for the identification and joint evaluation of proposed interregional transmission facilities pursuant to Order No. 1000. To that end, SPP desires the Commission approve SPP’s proposed language for Sections 1.3.2 and 2.1(B) for the SPP-SERTP Proposal.

**Q.** DOES THIS CONCLUDE YOUR TESTIMONY?

**A.** Yes.
AFFIDAVIT

STATE OF ARKANSAS  )
COUNTY OF PULASKI   )

I, David Kelley, being duly sworn according to law, state under oath that the matters set forth in my Prepared Direct Testimony in this docket are true and correct to the best of my knowledge, information and belief.

[Signature]
David Kelley

Subscribed and sworn to before me, a Notary Public, on this 10th day of July, 2013.

[Signature]
Notary Public

My Commission Expires: 04-01-2018

SEAL

MICHIELLE HARRIS
Notary Public-Arkansas
Pulaski County
My Commission Expires 04-01-2018
Commission # 12356480
I - Definitions

**Interregional Planning Process**: The process whereby an Interregional Project is evaluated and approved for construction by the participating Interregional Planning Regions in accordance with the procedures identified in Attachment O.

**Interregional Planning Region(s)**: A Commission approved planning region as identified in Section VIII of Attachment O.

**Interregional Project**: A Network Upgrade that has been approved through the Interregional Planning Process in accordance with Attachment O.

**Interruption**: A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

**ITP Upgrades**: Those upgrades identified and analyzed through the integrated transmission planning process described in Section III of Attachment O.
R - Definitions

Real-Time Balancing Market ("RTBM"): The market operated by the Transmission Provider continuously in real-time to balance the system through deployment of Energy and to clear Regulation-Up, Regulation-Down, Spinning Reserve and Supplemental Reserve.

Receiving Party: The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

Region-wide Annual Transmission Revenue Requirement: The sum of the annual transmission revenue requirements as set forth in Attachment H, Table 2.

Region-wide Charge: Regional component of the charge assessed by the Transmission Provider in accordance with Schedule 11 to recover the Region-wide Annual Transmission Revenue Requirement.

Region-wide Load Ratio Share: Ratio of a Network Customer's or Transmission Owner’s Resident Load in the SPP Region to the total load in the SPP Region computed in accordance with Section II.B to Schedule 11 of this Tariff and calculated on a calendar year basis, for the prior calendar year.

Region-wide Rate: Regional component of the rate per kW of Reserved Capacity assessed by the Transmission Provider in accordance with Schedule 11 to recover the Region-wide Annual Transmission Revenue Requirement.

Regional State Committee: A voluntary organization comprised of one designated commissioner from each participating state regulatory commission having jurisdiction over an SPP Member, established to collectively provide both direction and input on all matters pertinent to the participation of the Members in SPP pursuant to the SPP Bylaws.
**Regional Transmission Group (RTG):** A voluntary organization of Transmission Owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

**Reserve Sharing System:** *The Transmission Provider’s computer system that receives and records contingency events and requests for assistance by Reserve Sharing Group members, calculates and communicates the appropriate reserve capacity obligations and reserve energy responsibilities for events to all Reserve Sharing Group members and creates applicable Energy schedules for deployment by the Reserve Sharing Group members.*

**Reserved Capacity:** The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

**Resident Load:** The load specified in Section 41 of the Tariff.

**Revenue Requirements and Rates File (RRR File):** A file posted on the SPP website as a reference to: (i) Annual Transmission Revenue Requirements (ATRRs) for Network Integration Transmission Service, as referenced in Attachment H to this Tariff; (ii) Base Plan ATRR allocation; (iii) allocation factors for Base Plan funded projects; (iv) notes on the calculation of Base Plan ATRR amounts on a Region-wide and Zonal basis; (v) ATRR reallocation for Balanced Portfolio projects; (vi) the calculation of Base Plan Point-To-Point Transmission Service rates on a Region-wide and Zonal basis in accordance with Schedule 11; and (vii) the rates for Point-To-Point Transmission Service as referenced in Attachment T in accordance with Schedules 7 and 8.
SECTION I: General Requirements

1. The Zonal Annual Transmission Revenue Requirement (“Zonal ATRR”) for each Transmission Owner for purposes of determining the charges under Schedule 9, Network Integration Transmission Service, is specified in Column (3) Section I, of Table 1. The Base Plan Zonal Annual Transmission Revenue Requirement (“Base Plan Zonal ATRR”) used to determine the zonal charges under Schedule 11 for Base Plan Upgrades issued a Notification to Construct (“NTC”) prior to June 19, 2010 is specified in Column (4) Section I, of Table 1. The Base Plan Zonal ATRR used to determine the zonal charges under Schedule 11 for Base Plan Upgrades issued an NTC on or after June 19, 2010 is specified in Column (5) of Section I, Table 1. The amount of Zonal ATRR and Base Plan Zonal ATRR that is included in Columns (3), (4), and (5) and reallocated to the Region-wide Annual Transmission Revenue Requirement (“Region-wide ATRR”), in accordance with Attachment J, is specified in Column (6) of Section I, Table 1. The Base Plan Zonal ATRR to pay Upgrade Sponsors in accordance with Attachment Z2 is specified in Column (7) of Section I, Table 1.

Table 1
(See Note A below)

<table>
<thead>
<tr>
<th>(1) Zone</th>
<th>(2)</th>
<th>(3) Zonal ATRR</th>
<th>(4) Base Plan Zonal ATRR</th>
<th>(5) Base Plan Zonal ATRR after June 19, 2010</th>
<th>(6) ATRR Reallocated to Balanced Portfolio Region-wide ATRR</th>
<th>(7) Base Plan Zonal ATRR to pay Upgrade Sponsors</th>
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<tbody>
<tr>
<td>1a</td>
<td>American Electric Power (Public)</td>
<td>See Att. H tab, posted RRR File</td>
<td>See Att. H tab, posted RRR File</td>
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See Att. H tab, posted RRR File
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<th>Service Company of Oklahoma and Southwestern Electric Power Company) See Section II.3</th>
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</thead>
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<tr>
<td>1b</td>
<td>East Texas Electric Cooperative, Inc.</td>
</tr>
<tr>
<td>1c</td>
<td>Tex-La Electric Cooperative of Texas, Inc.</td>
</tr>
<tr>
<td>1d</td>
<td>Deep East Texas Electric Cooperative, Inc.</td>
</tr>
<tr>
<td>1e</td>
<td>Oklahoma Municipal Power Authority</td>
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<tr>
<td>1g</td>
<td>Coffeyville Municipal Light and Power (CMLP)</td>
</tr>
<tr>
<td>2</td>
<td>Reserved for Future Use</td>
</tr>
<tr>
<td>3</td>
<td>City Utilities of Springfield, Missouri</td>
</tr>
<tr>
<td>4</td>
<td>Empire District Electric Company</td>
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<tr>
<td></td>
<td>Company Name</td>
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<td>--------------------------------------------------</td>
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<tr>
<td></td>
<td>Company Name</td>
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<tr>
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<td>------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>

Note A: The Annual Transmission Revenue Requirements (“ATRR”) for each Zone are set forth in the Revenue Requirements and Rates File (“RRR File”) posted on the SPP website.
2. For the purpose of determining the Region-wide Charges under Schedule 11, the Region-wide ATRR, as shown in Line 8-5 of Section I, Table 2, shall be the sum of (i) the Base Plan Region-wide Annual Transmission Revenue Requirements (“Base Plan Region-wide ATRR”) (reflected in Line 1 and Line 2), and (ii) the total Balanced Portfolio Region-wide Annual Transmission Revenue Requirements (“Balanced Portfolio Region-wide ATRR”) (reflected in Line 3 and Line 4), (iii) the Base Plan Region-wide ATRR to pay Upgrade Sponsors (reflected in Line 5) determined in accordance with Attachment Z2 of this Tariff, and (iv) the Interregional Planning Region Annual Transmission Revenue Requirements ("Interregional Planning Region ATRR") allocable to customers receiving transmission service under this Tariff for any Interregional Project(s) constructed within the SPP Region (Line 6) and/or within other Interregional Planning Regions (Line 7).

Table 2
(See Note B below)

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>Base Plan Region-wide ATRR (NTC prior to June 19, 2010)</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>2</td>
<td>Base Plan Region-wide ATRR (NTC on or after June 19, 2010)</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>3</td>
<td>Total ATRR reallocated to Balanced Portfolio Region-wide ATRR</td>
<td>See Att. H tab, posted RRR File</td>
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<tr>
<td></td>
<td>from Column (6), Section I, Table 1</td>
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<tr>
<td>4</td>
<td>Balanced Portfolio Region-wide ATRR</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>5</td>
<td>Base Plan Region-wide ATRR to pay Upgrade Sponsors</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>6</td>
<td>SPP Interregional Planning Region ATRR</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>7</td>
<td>Other Interregional Planning Region ATRR</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>8-5</td>
<td>Region-wide ATRR (Sum of Lines 1 through 7)</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
</tbody>
</table>

Note B: The Region-wide ATRRs are set forth in the RRR File posted on the SPP website.

3. A Transmission Owner’s revenue requirement referenced or stated in this Attachment H shall not be changed absent a filing with the Commission, accompanied by all necessary
cost support, unless such Transmission Owner utilizes Commission-approved formula rate processes contained in this Tariff to determine its revenue requirements.

4. A new or amended revenue requirement referenced or stated in this Attachment H shall not be filed with the Commission by the Transmission Provider unless such revenue requirements have been provided by or for a Transmission Owner. Such revenue requirements shall have been accepted or approved by the applicable regulatory or governing authority except in the event of a simultaneous filing with the Commission by the Transmission Owner and Transmission Provider.

5. If a Transmission Owner has a Commission-approved formula rate, the successful completion of its approved annual formula rate update procedures shall constitute regulatory acceptance sufficient to authorize the Transmission Provider to update that Transmission Owner’s revenue requirements posted on the SPP website. Such update by the Transmission Provider shall not require a filing with the Commission, provided that the Transmission Owner posts the populated formula rate for public review and comment as required under the applicable protocols and/or procedures contained in this Attachment H. The Transmission Provider shall follow any special procedures related to updating a Transmission Owner’s revenue requirements as outlined in Section II of this Attachment.

6. The Transmission Provider shall allocate the accepted or approved revenue requirement associated with a Base Plan Upgrade, in accordance with Attachment J to this Tariff, to the Base Plan Region-wide ATRRs in Section I, Table 2 above and to the appropriate Base Plan Zonal ATRR in Column (4) or (5) in Section I, Table 1.

SECTION II: Transmission Owner-Specific Requirements

1. **Westar Energy, Inc.**

   For Westar Energy, Inc., the ATRR for purposes of the Network Integration Transmission Service shall be calculated using the rate formula set forth in Attachment H Addendum 3 of this Tariff (“Westar Formula Rate”). The results of the formula calculation shall be posted on the Transmission Provider’s website and in an accessible location on Westar’s OASIS website by October 15 of each calendar year and shall be effective on January 1 of the following year. The Zonal Revenue Requirement to be used for the Westar zone, Column (3) of Section I, Table 1 of this Attachment H, shall be
calculated by taking the SPP Zonal Revenue Requirement as identified on the Projected Net Revenue Requirements page, line 10 of the Westar Formula Rate; less the sum of the current year’s revenue requirement associated with all transmission facilities owned by Westar in other pricing zones when such revenue requirements are included in the revenue requirements specified in the Westar Formula Rate on the Projected Net Revenue Requirements page, line 10; plus the previous calendar year’s total firm Point-To-Point transmission revenue allocated to Westar under Attachment L provided such Point-to-Point transmission revenue is deducted from Westar’s ATRR under Section 34.1 of this Tariff.

The revenue requirements for Base Plan Funded projects owned by Westar shall be the amount contained on the Projected Net Revenue Requirements page, line 9 of the Westar Formula Rate.

The revenue requirements for Balanced Portfolio funded projects owned by Westar shall be the amount contained on the Projected Net Revenue Requirements page, line 9a of the Westar Formula Rate. Following its posting of the updated revenue requirements by October 15 of each calendar year as discussed above, the Transmission Provider shall immediately update the various Base Plan and Balanced Portfolio funded costs and allocations contained in the Tariff and file them with the Commission no later than December 15 of each calendar year with a requested effective date of January 1.

2. **Southwestern Public Service Company**

For Southwestern Public Service Company (“SPS”), the Existing Zonal ATRR for Zone 11 in Column (3), of Section I, Table 1 of this Attachment H shall be calculated using:

1. the formula rate as specified in Attachment O – SPS of the Xcel Energy Operating Companies Joint Open Access Transmission Tariff (“Xcel Energy OATT”),
2. will be equal to the Current Year Revenue Requirement with True Up as specified on line 6, page 1 of Attachment O – SPS of the Xcel Energy OATT,
3. and subject to the Implementation Procedures in Appendix 1 of Attachment O – SPS of the Xcel Energy OATT. The results of the formula calculation shall be posted on the SPP website and in
an accessible location on SPS’s OASIS website by October 1 of each calendar year and shall be effective on January 1 of the following year. The Existing Zonal ATRR for Zone 11, in Column (3), Section I, Table 1 of this Attachment H shall not be subject to adjustment pursuant to section 34.1 for the previous calendar year’s total firm Point-to-Point transmission revenue allocated to SPS under Attachment L when determining the monthly zonal Demand Charge for Zone 11.

3. **American Electric Power**

The American Electric Power ATRR for purposes of the Network Integrated Transmission Service shall be (i) calculated using the formula rate set forth in Addendum 1 to this Attachment H, (ii) posted on the SPP website by May 25 of each calendar year, and (iii) effective on July 1 of such year.

4. **Nebraska Public Power District: Formula Rate Implementation Protocols and Formula Rate Template**

**Section 1. Annual Updates**

The Formula Rate Template set forth in Addendum 7 and these Formula Rate Implementation Protocols (“Protocols”) together comprise the filed rate by Southwest Power Pool (“SPP”) for calculating Nebraska Public Power District’s (“NPPD”) Zonal ATRR for Transmission Service under the SPP OATT. NPPD must follow the instructions specified in the Formula Rate Template to calculate the rates for NITS, the rates for Schedule 1 Service, the rates for Point-to-Point services over facilities in SPP Zone 17 and the ATRR for Base Plan Upgrades and other network upgrades.

The initial Zonal ATRR and the initial rates will be in effect for a partial year from the effective date of NPPD’s transfer of operational control of its transmission facilities to SPP until December 31, 2009. The Formula Rate shall be recalculated each year with the resulting rates to become effective on and after January 1 of each year through December 31 of such year. The resulting rates
implemented each January 1 will be subject to review and true-up as further provided in the Protocols.

No later than September 1, 2009 and September 1 of each year thereafter, NPPD, upon initial approval of NPPD’s Board of Directors, shall determine its projected Zonal ATRR, and resulting rates for the following calendar year, in accordance with the Protocols and the Formula Rate Template of Addendum 7 of this Attachment H. NPPD will post such determination on its website and will send such determination to SPP for posting on the publicly accessible portion of the SPP website. Contemporaneously, NPPD shall provide notice to its wholesale customers and interested parties of its projected Zonal ATRR and resultant rates, including all inputs in sufficient detail to identify the components of NPPD’s Zonal ATRR. Commencing September 1 of each year, such parties may submit written questions and answers will be provided by NPPD within ten (10) business days. NPPD will post on the NPPD website responses to any such inquiries and information regarding frequently asked questions. No later than September 30 of each year, NPPD will hold a meeting with wholesale customers and interested parties to explain the formula rate input projections and provide an opportunity for oral and written comments. Written comments must be submitted no later than October 30. No later than December 15 of each year, NPPD will provide to SPP for posting on the publicly accessible portion of the SPP website NPPD’s final Zonal ATRR and resulting rates to become effective January 1 of the following calendar year.

Section 2. True-Up Adjustments

On or before June 1, 2010 and on or before June 1 of each year thereafter, NPPD will calculate the True-Up Adjustment with supporting data inputs in sufficient detail to identify the projected and actual cost of each element of NPPD’s Zonal ATRR and actual revenues. NPPD will reflect the True-Up Adjustment as a line item in its Zonal ATRR noticed on September 1, 2010 and in the ATRR noticed
on September 1 of each year thereafter. The True-Up Adjustment will be
determined in the following manner:

(1) Actual transmission revenues associated with transactions included in the Divisor
of the Formula Rate Template for the previous calendar year will be compared to
the Actual Zonal ATRR. The Actual Zonal ATRR shall be calculated in
accordance with the Formula Rate Template and actual data for the previous year.
For each year, NPPD will complete and make available for review, on its website,
actual data as recorded in accordance with FERC’s Uniform System of Accounts,
including an affidavit of the Chief Financial Officer of NPPD attesting to the
accuracy of the cost and revenue data set forth therein. In addition, NPPD shall
provide an explanation of any change in accounting policies and practices that
NPPD employed during the preceding twelve-month period that affect
transmission accounts or the allocation of common costs to transmission. Actual
costs incurred during the applicable calendar year will be compared to actual
revenues recovered during such period to determine whether there was any under-
recovery or over-recovery. The True-Up Adjustment and related calculations
shall be posted no later than June 1 on NPPD’s website and on the publicly
accessible portion of the SPP website. Commencing June 1 of each year, any
interested party may submit written questions and answers will be provided by
NPPD within ten (10) business days. NPPD will post on the NPPD website
responses to any such inquiries and information regarding frequently asked
questions. Written comments must be submitted no later than July 15 of each
year. NPPD will post on the NPPD website the final True-Up Adjustment no
later than September 1 of each year.

(2) Interest on any over-recovery or under-recovery of the Zonal ATRR shall be
based on the interest rate equal to NPPD’s actual short-term debt costs, capped at
the applicable interest rate set forth in 18 C.F.R. §35.19a of the Commission’s
regulations. The interest rate equal to NPPD’s actual short-term debt costs shall
be calculated in accordance with Worksheet K to the Formula Rate Template.
The Zonal ATRR for transmission services for the following year shall be the sum of the projected Zonal ATRR for the following year and a True-Up Adjustment for the previous year, including interest as explained above.

Section 3. NPPD Formula Rate Blank Template

NPPD’s Formula Rate Template to be used for calculating the Zonal ATRR and NITS rates, Schedule 1 rates, Point-to-Point rates, ATRR Base Plan Upgrade and other network upgrades set forth in Attachment H – Addendum 7. The provisions of such Formula Rate Template are not subject to changes except through a filing under Section 205 or 206 of the Federal Power Act.

5. Omaha Public Power District

For the Omaha Public Power District (“OPPD”), the ATRR for purposes of the Network Integration Transmission Service, Base Plan Upgrades, Scheduling, System Control, and Dispatch Service, and for the determination of Point-to-Point rates shall be calculated using the Formula-based Rate Template set forth in Attachment H - Addendum 8 of this Tariff. The ATRR and rates calculated pursuant to the formula-based rate template shall be revised annually. The results of such annual calculations shall be posted on OPPD’s OASIS website and in a publically accessible location on the Transmission Provider’s website by May 15 of each calendar year. Written comments will be accepted until June 15 and the annual revenue requirement and rates shall become effective from August 1 of such year through July 31 of the following year. Initially, the rates calculated pursuant to the formula-based rate template and incorporated into this SPP OATT will be in place through July 31, 2009.

6. Lincoln Electric System

For the Lincoln Electric System (“LES”), ATRR of Network Integration Transmission Service, Base Plan Upgrades, Scheduling, System Control and Dispatch Service, and for
the determination of Point-to-Point rates shall be calculated using the forward-looking Formula Rate Template set forth in Attachment H - Addendum 6 of this Tariff. The ATRR and rates calculated pursuant to the forward-looking formula rate template shall be revised annually. The results of such annual calculations shall be posted on LES’ public page of the SPP OASIS website by October 31 of each calendar year. Customers will be given an opportunity to ask questions by November 30 and to seek information regarding the calculations. Written comments will be accepted until November 15. The annual revenue requirement and rates derived therefrom shall become effective from January 1 through December 31 of the following year. Initially, the rates calculated pursuant to the historical formula based rate template and incorporated into this SPP OATT will be in place through December 31, 2012. Rates calculated pursuant to the forward-looking formula rate template and incorporated into this SPP OATT will be in place through December 31, 2013.

1. Actual Net Revenue Requirement (calculated in accordance with page 1, line 7 of Attachment H, Addendum 6) for the previous year shall be compared to the projections made for that same year (True-Up Year) to determine any excess or shortfall in the projected revenue requirement that was used for billing purposes in the True-Up Year. In addition, actual divisor loads (based on a 12 CP average) will be compared to projected divisor loads (page 1, line 10 of Attachment H, Addendum 6) and the difference multiplied by the rate actually billed to determine any excess or shortfall in collection due to volume. The sum of the excess or shortfall due to the actual versus projected revenue requirement and the excess or shortfall due to volume shall constitute the True-up Adjustment. The True-up Adjustment and related calculations shall be posted to the Transmission Provider’s public webpage of the SPP OASIS website no later than June 1. LES will provide an explanation of the True-up Adjustment in response to customer inquiries and will post on its public page of the SPP OASIS website information regarding frequently asked questions.
2. Interest on any over recovery of the net revenue requirement or any over recovery due to volume changes shall be determined based on the Commission’s regulation at 18 C.F.R. § 35.19a. Interest on any under recovery of the net revenue requirement or any under recovery due to volume changes shall be determined using the interest rate equal to LES’s actual short-term debt costs capped at the applicable FERC refund interest rate. In either case, the interest payable shall be calculated using an average interest rate for the twenty-four (24) months during which the over or under recovery in the revenue requirement or volume changes exists. The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the nineteen (19) months preceding August of the current year. The interest amount (page 1, line 6e of Attachment H, Addendum 6) will be included in the projected costs made available October 31.

3. The Net Revenue Requirement for transmission services for the following year shall be the sum of the projected revenue requirement for the following year (page 1, line 1 of Attachment H, Addendum 6) minus Total Transmission Revenue Credits (page 1, line 5 of Attachment H, Addendum 6), plus or minus the True-up Adjustment (page 1, line 6c minus line 6d plus line 6e of Attachment H, Addendum 6) from the previous year, if any, including interest, as explained.

4. Example True-up of 2012 Net Revenue Requirement
   • 2012 Projected Net Revenue Requirement was $20,000,000, projected load was 500,000 kW and the resulting rate was $40.0000 per kW-year.
   • 2012 Actual Net Revenue Requirement was $19,500,000, actual 12 CP load was 475,000 kW resulting in a rate of $41.0526 per kW-year.

5. True-Up Calculation
   • There is an over recovery of the net revenue requirement equal to $500,000 ($20,000,00 - $19,500,000 = $500,000).
   • There is a $1,000,000 shortfall in revenue collection due to volume ((500,000 kW – 475,000 kW) x $40.00 per kW-year = $1,000,000).
6. Interest on True-up Adjustment
Interest will be applied to the True-up Adjustment for the twenty-four (24) months during which the under recovery existed, from January 1, 2012 through December 31, 2013. The interest rate applied will be Lincoln Electric System’s average monthly short-term debt interest rate, capped at the FERC refund interest rate, in effect January 1, 2012 through July 31, 2013.

7. Informational Posting
Lincoln Electric System will post all information relating to the True-up Adjustment no later than June 1, 2014, affording interested parties at least seven months to review these calculations in advance of the related January 1 rate change. LES will provide an explanation of the True-up Adjustment amounts in response to customer inquiries and will post on the OASIS information regarding frequently asked questions. This True-up Adjustment with interest will be included in the projected 2015 net revenue requirement and estimated rates will be made available to customers by October 31, 2014. New rates will take effect on January 1, 2015.

7. Mid-Kansas Electric Company, LLC

No changes to the ratios used to establish rates pursuant to Addendum 19 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.
II. Network Upgrades

Where applicable the costs of completed Network Upgrades shall be allocated as specified in Sections III, IV, V and VI of this Attachment. The revenue requirements of Base Plan Upgrades, approved Balanced Portfolios, and approved Interregional Projects will be recovered through Schedule 11, subject to filing such rate or revenue requirements with the Commission, and where applicable Directly Assigned Upgrade Costs. These costs may be recovered in whole or in part through the Base Plan Zonal Charge, Base Plan Region-wide Charge, and/or a direct assignment charge. The cost allocable to each of these charges shall be determined in accordance with Section III of this Attachment. The revenue requirements for other Network Upgrades may be recovered by Transmission Owners through Schedules 7, 8, and 9 subject to their filing such rate or revenue requirements with the Commission.
VI. Interregional Projects as Network Upgrades

The annual transmission revenue requirements associated with the costs allocated to the SPP Region for the approved Interregional Projects shall be included in the Region-wide Annual Transmission Revenue Requirement and recovered through the Region-wide Charge.
III. Distribution of Revenues From Base Plan Zonal Charges and Region-wide Charges and Interregional Projects

A. Distribution of Revenues Based on Annual Transmission Revenue Requirements

Revenues derived from the component of the Region-wide Charge for Point-To-Point Transmission Service that is associated with any amount reallocated from the Zonal Annual Transmission Revenue Requirements, in accordance with Section IV.A of Attachment J, shall be distributed to Transmission Owners proportionately to the distribution of revenues collected under Schedules 7 and 8 as provided in Section II.C of this Attachment L. All other revenues associated with the Base Plan Zonal Annual Transmission Revenue Requirements and with the Region-wide Annual Transmission Revenue Requirement, specified in Attachment H and collected by the Transmission Provider under Schedule 11 of the Tariff but excluding revenues collected pursuant to Sections III.B and III.C of this Attachment L, shall be distributed to Transmission Owners owning Base Plan Upgrades, upgrades within approved Balanced Portfolios, or an approved Interregional Project and to Transmission Owners with facilities in Zones from which any amount has been reallocated from the Zonal Annual Transmission Revenue Requirements in accordance with Section IV.A of Attachment J. Such revenue distribution shall be in proportion to the Transmission Owners' respective annual transmission revenue requirements for Base Plan Upgrades, annual transmission revenue requirements for upgrades within approved Balanced Portfolios, approved Interregional Projects, and amounts reallocated from the Zonal Annual Transmission Revenue Requirements in accordance with Section IV.A of Attachment J.

B. Distribution of Point-To-Point Revenues under Zonal ATRR Reallocation

Revenues derived from the component of the Region-wide Charge for Point-To-Point Transmission Service that is associated with any amount reallocated from the Zonal Annual Transmission Revenue Requirements, in accordance with Section IV.A of Attachment J, shall be distributed to Transmission Owners proportionately to the distribution of revenues collected under Schedules 7 and 8 as provided in Section II.C of this Attachment L.

C. Distribution of Revenues for Creditable Upgrades Included in Schedule 11 Rates

Revenue collected by the Transmission Provider under Schedule 11 attributed to use of Creditable Upgrades shall be distributed to the Upgrade Sponsors to which such revenues are due in accordance with Section II.D and III.C.2 of Attachment Z2.
D. Distribution of Revenues to Interregional Planning Region

Revenues associated with approved Interregional Projects collected by the Transmission Provider under Schedule 11 of the Tariff to compensate an Interregional Planning Region in accordance with the interregional cost allocation pursuant to the Addendum(s) to Attachment O will be distributed by the Transmission Provider to the applicable Interregional Planning Region.
I. Overview of Planning Process

The Transmission Provider’s transmission planning process is an open process. New and proposed transmission facilities can come from several different areas of the Tariff. These areas are: 1) transmission service requests; 2) Generation Interconnection Service requests; 3) the integrated transmission planning process (ITP Upgrades); 4) the Balanced Portfolio process; 5) the high priority study process (high priority upgrades); 6) requests for Sponsored Upgrades; and 7) the evaluation of proposed Interregional Projects. Figure 1 illustrates the planning processes within SPP and how these result in a comprehensive regional plan called the SPP Transmission Expansion Plan (STEP).

Each of these sources of potential upgrades has its own evaluation and approval process. Transmission Service requests are evaluated in accordance with Attachment Z1. Generator interconnection requests are assessed under the provisions of Attachment V. In addition, the process for adding new delivery points is described in Attachment AQ. The integrated transmission planning process and other study processes for Sponsored Upgrades, Balanced Portfolios, high priority upgrades, and proposed Interregional Projects are described in this Attachment O.

The results from all these sources are collected and reported in the annual SPP Transmission Expansion Plan which gives a twenty (20) year projection of transmission changes in the SPP Region. The SPP Transmission Expansion Plan, as endorsed by the Markets and Operations Policy Committee, is presented to the SPP Board of Directors once a year for their review and approval, as required in accordance with Section V of this Attachment O. The SPP Board of Directors may modify upgrades that are part of approved Balanced Portfolios in accordance with Section IV of Attachment J, ITP Upgrades, or high priority upgrades in the SPP Transmission Expansion Plan throughout the year in accordance with Section V of this Attachment O. Projects associated with transmission service requests, Generation Interconnection Service requests, Sponsored Upgrades and Interregional Projects may also be added throughout the year as described in this Attachment O.

SPP’s long range transmission planning is conducted over a three year planning cycle as shown in Figure 2. A 20-Year Assessment is conducted during the first half of this three year cycle. A 10-Year Assessment is conducted in the second half of the three year cycle. The Near Term Assessment is conducted each year and generally looks over the next five to seven years. Each of these assessments and the approval process is set forth in this Attachment O.
Figure 1 - SPP Transmission Planning

1. Upgrades from Transmission Requests (Sections 1 8. 32. and Attachment 21) (Section III.7)
2. Upgrades from GI Procedures (Attachment V) (Section III.7)
3. Initial Planning Model
4. Perform Integrated Transmission Planning Study and Analysis (Sections III.9- III.10)
5. Reviewed by Stakeholder Working Groups
6. Integrated Transmission Planning Studies (20-Year/10-Year/Next Terms and Other Studies, Coordinated by Stakeholder Working Groups)
7. Integrated Transmission Planning Upgrades, Approved in Endorse by SPP BOG
8. Other Studies (High Priority Studies, Balanced Portfolio) (Section IV)
9. Sponsored Upgrades (Section IV)
10. Reviewed by Transmission Provider "Out of Cycle"
11. Reviewed by Stakeholder Working Groups
12. Endorsed by BOG
13. Finance Commitment by Requesting Entity
14. Transmission Provider receives a proposal
15. Interregional Project from a Coordinated System Plan Study
16. Reviewed by Stakeholder Working Groups
17. Approved by BOG
18. Approved by Other Interregional Planning Region
19. Annual SPP Transmission Expansion Plan (Section V)
20. Include Appropriate Planning Upgrades in Models (Sections III. 35. Attachment 21, Attachment V)
21. New Notifications to Constitute if applicable (Section V)
Figure 2 - SPP Integrated Transmission Planning Process 3-Year Cycle

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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<tbody>
<tr>
<td>20-Year</td>
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<td>Jan - Jun</td>
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Note: At the End of Year
Three Repeat ITP Process
from Beginning

| S = Scenarios | A = Analysis | R = Results |
II. Roles and Responsibilities

References to the “stakeholder working group” is a generic term that references those working group(s) as defined in the SPP Bylaws, Sections 3 through 6 that are charged with the transmission planning process. The current names of all the working groups shall be posted on the SPP website.

1. Division of Responsibilities

a) The rights, powers and obligations for planning are set forth in the SPP Membership Agreement in (i) Article 2.0 for the Transmission Provider and (ii) Article 3.0 for the Members. The division of responsibility between the Transmission Provider and the Members is set forth in the SPP Criteria and in this Attachment O. The SPP Membership Agreement, the SPP Criteria and the Tariff shall be posted on the SPP website.

b) The Transmission Provider shall be responsible for developing the list of projects in accordance with the stakeholder process set forth in Sections II, III and V of this Attachment O, and including inter-regional coordination set forth in Section VIII of this Attachment O.

c) The Transmission Provider shall perform transmission planning studies to assess the reliability and economic operation of the Transmission System in accordance with Section III of this Attachment O.

d) As inputs to the planning process, the Transmission Provider shall include and maintain requirements to serve existing commitments for long-term transmission service and interconnection service in accordance with Section III.7 of this Attachment O and any applicable roll-over rights as set out in Section 2.2 of the Tariff. It shall also take into account all previously approved projects.

e) The Transmission Provider shall review, and include as appropriate, all local area upgrades to meet local area reliability criteria as proposed by the Transmission Owners including those plans developed by Transmission Owners that have their own FERC approved local planning process to ensure coordination of the projects set forth in such plans with the potential solutions developed in the regional planning process.

f) The Transmission Provider shall review and include, as appropriate, all reasonable expected demand resource, transmission, or generation options identified by stakeholders.

g) The Transmission Provider shall describe the details regarding expansion planning methodology, criteria, assumptions and data in the SPP Transmission Expansion Planning Manual which shall be posted on the SPP website.
h) In accordance with its NERC reporting requirements, the Transmission Provider shall publish an annual reliability report that shall include a list of the following:

i) Regional upgrades required to maintain reliability in accordance with the NERC Reliability Standards and SPP Criteria;

ii) Zonal upgrades required to maintain reliability in accordance with more stringent individual Transmission Owner planning criteria; and

iii) Upgrades developed with neighboring Transmission Providers, including results from the coordinated system plans.

2) Stakeholder Working Groups

a) The purpose of the stakeholder working groups is to provide technical advice, assistance and oversight to the Transmission Provider in all aspects of the regional, sub-regional and local planning process, including but not limited to:

i) Review and development of coordinated planning among the Transmission Provider and the Transmission Owners including accepted Network Upgrades developed by those Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria;

ii) Review and development of regional planning criteria;

iii) Review and development of Available Transfer Capability related calculation criteria as specified in Attachment C to the Tariff;

iv) Review and development of transmission rating criteria; and

v) Compliance with NERC Reliability Standards concerning transmission assessment, transfer capability and ratings of transmission facilities;

vi) Review and development of the list of transmission needs driven in whole or in part by Public Policy Requirements for which transmission solutions will be evaluated; and

vii) Review of Interregional Projects in accordance with Section IV.6 (e) of this Attachment O.
b) All the stakeholder working group representation shall be appointed and chaired in accordance with Article 3.0 of the SPP Bylaws. All meetings of the stakeholder working groups are open to all entities.

c) Voting in the various stakeholder working groups shall conform to Article 3.9 of the SPP Bylaws.

d) The data, information, and technical support necessary for the Transmission Provider to perform studies as required by the planning process and to develop the regional reliability projects are provided by the Transmission Owners, Transmission Customers and Generation Interconnection Customers and other entities. This process is described in Section VII of this Attachment O.

e) Stakeholder working groups that work with the Transmission Provider on transmission planning shall meet at least quarterly and additional meetings, web conferences and teleconferences shall be scheduled as needed. Teleconference capability will be made available for stakeholder working group meetings. Notice of meetings of the stakeholder working groups shall be posted on the SPP website and distributed via email distribution lists. Meeting agendas and minutes shall be posted on the SPP website.

3) Participation by State Regulators
In accordance with the SPP Bylaws, any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP planning activities.

4) Adherence to Regional Planning Criteria

i) The regional planning criteria are comprised of the NERC Reliability Standards and SPP Criteria.

ii) The regional planning criteria may change from time to time based upon the then current process for changing reliability criteria.

iii) The individual Transmission Owners shall be obligated under the NERC Reliability Standards and SPP Criteria to resolve reliability violations and compliance needs identified by the Transmission Provider or by the individual Transmission Owners themselves in accordance with these standards and criteria. The SPP Criteria shall be posted on the SPP website.

5) Use of Local Planning Criteria
i) Individual Transmission Owners within the SPP Region may develop company-specific planning criteria that, at a minimum, conform to the NERC Reliability Standards and SPP Criteria.

ii) For each annual planning cycle, Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, must provide to the Transmission Provider at least once a year, by April 1st, their company-specific planning criteria in order for the need for Zonal Reliability Upgrades to be assessed and included in the SPP Transmission Expansion Plan.

iii) Transmission Owner planning criteria and assumptions may be modified at any time provided that, if the planning criteria are made more stringent, the increased requirements will not apply retroactively to studies previously completed or studies already underway by the Transmission Provider. Access to the individual Transmission Owner’s planning criteria shall be made available via an electronic link on the SPP website.

iv) The individual planning criteria of each Transmission Owner, including those Transmission Owners that have their own FERC approved local planning process, shall be the basis for determining whether a reliability violation exists for which a need for a new Zonal Reliability Upgrade should be considered.

v) The Transmission Owner shall apply its local planning criteria comparably to all load in its service territory.

vi) Transmission Owners’ company-specific planning criteria and local planning processes must provide for: (a) the identification of transmission needs driven in whole or in part by Public Policy Requirements; and (b) the evaluation of potential solutions to meet those needs.
IV. Other Planning Studies

1) Sponsored Upgrade Studies

Any entity may request that a Sponsored Upgrade be built. SPP will evaluate the impact of any Sponsored Upgrade on Transmission System reliability and identify any necessary mitigation of these impacts. Such entity must be willing to assume the cost of such Sponsored Upgrade, study costs, and any cost associated with such necessary mitigation. The proposed Sponsored Upgrade will be submitted to the proper stakeholder working group for their review as a part of the transmission planning process.

2) High Priority Studies

a) The Transmission Provider shall perform high priority studies in accordance with this Attachment O and the Transmission Network Economic Modeling & Methods manual which shall be maintained on the SPP website.

b) Potential Balanced Portfolios, as developed through the process specified in Section IV.3, shall be considered to be high priority studies.

c) The stakeholders may request high priority studies, including a request for the Transmission Provider to study potential upgrades or other investments necessary to integrate any combination of resources, whether demand resources, transmission, or generation, identified by the stakeholders. Annually, the costs of up to three high priority studies requested by the stakeholders and performed by the Transmission Provider shall be recovered pursuant to Schedule 1-A of this Tariff. A high priority study of a potential Balanced Portfolio initiated by the Transmission Provider will not be considered a stakeholder request pursuant to this Section IV.2.c.

d) The Transmission Provider, in consultation with the stakeholders, shall develop the scope for each high priority study and post the scope(s) on the SPP website.

e) Each study shall include:

i) Quantification of benefits and costs in accordance with this Attachment O and the Transmission Network Economic Modeling and Methods manual; and

ii) An analysis of the sensitivity of the economics of the upgrades included in the high priority study to changes in assumptions.
f) The Transmission Provider shall solicit input from the stakeholders and the Regional State Committee regarding the appropriate sensitivity analyses to be performed.

g) For each high priority study the Transmission Provider shall publish a report, including but not limited to, the study input assumptions, the estimated cost of the upgrades, any third party impacts, the expected economic benefits of the upgrades, and identify reliability impacts, if any, of the upgrades. The report and related studies and the criteria, assumptions and data underlying the report shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address Critical Energy Infrastructure Information (CEII) requirements. The CEII compliant redacted version of the report shall be posted on the SPP website. The redacted version shall include instructions for acquiring the complete version of the report.

h) The Transmission Provider may recommend, based on the results of a high priority study, a high priority upgrade for inclusion in the SPP Transmission Expansion Plan in accordance with the approval process set forth in Section V.

3) Evaluation of Potential Balanced Portfolios

a) The Transmission Provider shall solicit input from stakeholders on combinations of potential economic upgrades to be evaluated as potential Balanced Portfolios.

b) Each economic upgrade to be included in a potential Balanced Portfolio:

i) Must include a 345 kV or higher voltage facility;

ii) May include lower voltage transmission facilities needed to integrate the 345 kV or higher facilities and achieve the benefits; however, the cost of the lower voltage transmission facilities cannot exceed the cost of the 345 kV or higher facilities included in the economic upgrade; and

iii) An economic upgrade that includes lower voltage transmission facilities for which the cost of such facilities exceeds the cost of the 345 kV or higher facilities constituting the economic upgrade may be included in the evaluation of a potential Balanced Portfolio, if a Project Sponsor agrees to bear the portion of the cost of the lower voltage facilities that is in excess of the cost of the 345 kV or higher facilities.
iv) Will include an evaluation of the costs of the upgrades, including any cost impacts potentially allocable to the Transmission Provider or a Zone(s) from third party upgrade(s) required to relieve congestion on a neighboring system due to the construction of the potential Balanced Portfolio.

c) The Transmission Provider shall determine for each Zone the net present value of the revenue requirements of each potential Balanced Portfolio as follows:

i) The revenue requirements for each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system. This requirement is for evaluation purposes only and shall not restrict the timing of the construction of individual upgrades within a Balanced Portfolio approved by the SPP Board of Directors.

ii) Based on input from the Transmission Owners and other pertinent information, the Transmission Provider shall estimate the construction costs of each upgrade in the potential Balanced Portfolio.

iii) For each upgrade in the potential Balanced Portfolio, the Transmission Provider shall use the transmission fixed charge rate(s) for the appropriate Transmission Owner(s) to estimate the revenue requirements. In each annual planning cycle, the Transmission Owner shall supply its fixed charge rate to the Transmission Provider.

iv) The fixed charge rate(s) shall take account of all costs necessary to support the upgrade in the potential Balanced Portfolio, including but not limited to, operation and maintenance expenses, depreciation, property and payroll taxes, income taxes, if applicable, return on investment and any other factors affecting the revenue requirement associated with the upgrade.

v) The revenue requirements also shall include any specific costs that are projected to be incurred by the Transmission Provider or a Zone(s) as a result of third-party impacts due to one or more upgrades within a proposed Balanced Portfolio.

vi) The revenue requirements for the potential Balanced Portfolio shall equal the sum of the revenue requirements of the upgrades that comprise the potential Balanced Portfolio.
vii) The Transmission Provider shall estimate the cost for each Zone by allocating the revenue requirements for the potential Balanced Portfolio to each Zone based on its Region-wide Load Ratio Share forecasted over the ten year period analyzed.

viii) If any costs of an upgrade in the potential Balanced Portfolio will be borne by other funding mechanisms, such costs shall not be included in the determination of the net present value of the revenue requirements for the potential Balanced Portfolio.

d) The Transmission Provider shall determine for each Zone the net present value of the benefits of each potential Balanced Portfolio as follows:

i) The benefits from each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system.

ii) The Transmission Provider shall use an adjusted production cost metric to analyze the benefits of the potential Balanced Portfolio, where adjusted production cost is the production cost minus revenues from sales plus cost of purchases. As described in Section IV.5 of this Attachment O, the Transmission Provider shall continue to evaluate and explore with the stakeholders any additional metrics and criteria which have quantifiable economic effects.

iii) The adjusted production cost benefit for each Zone shall equal the difference between the adjusted production cost with the potential Balanced Portfolio modeled and without the potential Balanced Portfolio modeled.

iv) The Transmission Provider shall estimate the annual benefits for each Zone over the same ten-year period as used to determine the costs by calculating the annual benefits for at least three specific years in the ten-year time period and interpolating the annual benefits for the remaining years.

e) A potential Balanced Portfolio shall meet the following conditions:

i) Cost Beneficial: The sum of the benefits of the potential Balanced Portfolio determined in Section IV.3.d must equal or exceed the sum of the costs determined in Section IV.3.c; and
ii) Balanced: For each Zone, the sum of the benefits of the potential Balanced Portfolio determined in Section IV.3.d must equal or exceed the sum of the costs determined in Section IV.3.c. Additionally, the balance may be achieved through the provisions set forth in Section IV.4.

f) In developing a potential Balanced Portfolio, the Transmission Provider shall timely publish a report, including but not limited to, the study input assumptions, the estimated costs included in the potential Balanced Portfolio, and the expected economic benefits of the potential Balanced Portfolio. With regard to such report, the Transmission Provider shall comply with the information sharing and reporting requirements in Part VII (Information Exchange) and Section IV.2 (High Priority Studies) of this Attachment O, including the requirements for treatment of confidential information.

4) Options for Achieving a Balanced Portfolio

a) Section IV.3 of this Attachment O sets forth provisions to achieve a Balanced Portfolio when there are deficient Zones. A deficient Zone is a Zone where the costs allocated to the Zone in Section IV.3.c exceed the benefits allocated to the Zone in Section IV.3.d, including any additional costs or benefits derived from the application of the provisions in this Section IV.4.

b) In order to achieve a Balanced Portfolio, the Transmission Provider may include transmission upgrades that do not adhere to the voltage requirements of Sections IV.3.b.i and ii of this Attachment O.

c) If including the lower voltage transmission facilities does not achieve a Balanced Portfolio, the Transmission Provider may balance the portfolio by transferring a portion of the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement. Transmission Provider shall include the following constraints in this assessment:

i) Limit the amount to be transferred from the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement to the minimum amount that will balance the portfolio over the ten-year period analyzed;
ii) Transfer from the Base Plan Zonal Annual Transmission Revenue Requirement first, then, if necessary, transfer from the Zonal Annual Transmission Revenue Requirement; and

iii) For each Zone, meet the conditions specified in Section IV.3.e.ii of this Attachment O.

5) Development of Additional Benefit Metrics for Balanced Portfolios

a) The Transmission Provider shall continue to evaluate and explore with the stakeholders via the transmission planning process any additional metrics and criteria which have quantifiable economic effects, such as:

i) Reduction in system losses;

ii) Differing environmental impacts;

iii) Improvement to capacity margin and operating reserve requirements;

iv) Energy, capacity and ancillary service market facilitation;

v) Increased competition in wholesale markets;

vi) Reliability enhancement, including storm hardening and black start capability; and

vii) Critical infrastructure and homeland security.

b) Any subsequent adjustment to the metrics and criteria for evaluating potential Balanced Portfolios developed by the Transmission Provider, with input from the stakeholders, shall be proposed through Tariff amendments.

6) Evaluation of Proposed Interregional Projects

a) Proposed Interregional Projects shall be developed through the Transmission Provider’s participation in an Interregional Planning Process with one or more Interregional Planning Regions in accordance with the provisions of Section VIII of this Attachment O.

b) The Transmission Provider shall facilitate a regional review of the proposed Interregional Projects identified in the Coordinated System Plan (“CSP”) report developed and issued pursuant to the applicable Interregional Planning Process. The regional review will be subject to the timelines identified in the respective Interregional Planning Region
procedures in accordance with the applicable Addendum(s) to this Attachment O.

c) The Transmission Provider shall, in consultation with stakeholders, develop the regional review methodology which shall be posted on the Transmission Provider’s website. The methodology will contain, at a minimum, the specific procedures to:

i. Determine the assumptions and criteria necessary to complete the regional review of proposed Interregional Projects.

ii. Determine the regional models to be used in the evaluation of proposed Interregional Projects.

iii. Determine the appropriate updates to the regional models to be used in the evaluation of proposed Interregional Projects.

iv. Quantify the benefits of each proposed Interregional Project using the Transmission Provider’s regional benefit metrics consistent with Section III.6 of this Attachment O.

d) For each regional review of a proposed Interregional Project, the Transmission Provider shall publish a report which includes, but is not limited to, the following:

i. The results of the regional review analysis and a comparison to the results contained in the CSP report;

ii. The study input assumptions and criteria used to assess the proposed Interregional Project;

iii. The proposed Interregional Project’s reliability impacts on the Transmission Provider’s system and impacts on third parties not participating in the applicable Interregional Planning Process;

iv. Any expected benefits of the proposed Interregional Project; and

v. The Transmission Provider shall make a recommendation whether to approve the proposed Interregional Project and the allocation of proposed Interregional Project costs between the Interregional Planning Regions.

e) The Transmission Provider’s report shall be posted on the Transmission Provider’s website. If the Transmission Provider’s report contains confidential information in accordance with the provisions of the Tariff,
the SPP Membership Agreement, or CEII requirements the report will be password protected to preserve the confidentiality of information and a redacted version of the report shall be posted on the Transmission Provider’s website. The redacted version shall include instructions for acquiring the complete version of the report.

f) The Transmission Provider’s report shall be reviewed by the appropriate stakeholder group(s) in accordance with the provisions of Section II of Attachment O. The stakeholder group(s) and the Transmission Provider will each provide a recommendation to the Markets and Operations Policy Committee. The Markets and Operations Policy Committee shall make a recommendation to the SPP Board of Directors regarding the approval of a proposed Interregional Project.

g) The SPP Board of Directors shall review all reports and recommendations related to the regional review of the proposed Interregional Project.

i. The SPP Board of Directors may approve a proposed Interregional Project only where the benefits equal or exceed the costs for the SPP Region.

ii. The Transmission Provider shall notify the applicable interregional joint planning committee whether a proposed Interregional Project has been approved by the SPP Board of Directors.

h) To qualify as an approved Interregional Project, the proposed Interregional Project must be approved by the SPP Board of Directors and the corresponding Interregional Planning Region in accordance with the applicable Interregional Planning Process.

i) Upon approval by the corresponding Interregional Planning Region and the SPP Board of Directors, the Transmission Provider’s portion of the approved Interregional Project will be constructed in accordance with Section VI of this Attachment O.
V. The SPP Transmission Expansion Plan

The SPP Transmission Expansion Plan shall be a comprehensive listing of all transmission projects in the SPP for the twenty-year planning horizon. Projects included in the SPP Transmission Expansion Plan are: 1) upgrades required to satisfy requests for Transmission Service; 2) upgrades required to satisfy requests for generation interconnection; 3) approved projects from the 20-Year Assessment, 10-Year Assessment and Near Term Assessment (ITP Upgrades); 4) upgrades within approved Balanced Portfolios; 5) approved high priority upgrades; 6) endorsed Sponsored Upgrades; and 7) approved Interregional Projects. A specific endorsed Sponsored Upgrade will be included in the Transmission System planning model upon execution of a contract that financially commits a Project Sponsor to such upgrade or when such upgrade is otherwise funded pursuant to the Tariff. An approved Interregional Project will be included in the Transmission System planning model upon approval for construction in accordance with Section IV.6 of this Attachment O. To be included in the SPP Transmission Expansion Plan, each project must have been endorsed or approved through its proper process. This Section V describes the process used to approve or endorse the specific upgrades identified in 20-Year, 10-Year and Near Term Assessments, high priority upgrades, and Balanced Portfolios.

1) Development of the Recommended Set of Upgrades from Planning Studies

   a) Upon completion of the analysis, studies and stakeholder review and comment on the results in accordance with Sections III and IV of this Attachment O, the Transmission Provider shall prepare a draft list of all projects for review by the stakeholders. The Transmission Provider shall post the draft project list on the SPP website and shall identify the assessment process with which they are associated.

   b) Upon posting of the draft project list, the Transmission Provider shall invite written comments to be submitted to the Transmission Provider.

   c) The Transmission Provider shall review the draft project list with the stakeholder working groups and the Regional State Committee.

   d) Considering the input from the stakeholders through this review process, the Transmission Provider shall prepare a recommended list of proposed ITP Upgrades based upon the analysis as described in Section III, upgrades within proposed Balanced Portfolios, and proposed high priority upgrades for review and approval.

2) Disclosure of the Recommended Set of Upgrades and Supporting Information from Planning Studies
a) The Transmission Provider shall disclose planning information, which includes the recommended list of proposed upgrades and the underlying studies, by providing:

i) All stakeholders equal access, notice and opportunity to participate in planning summits, the stakeholder working group meetings and the sub-regional planning meetings as well as any associated web conferences or teleconferences as set forth in Section II of this Attachment O; and

ii) For the contemporaneous availability of such meeting handouts on the SPP website.

b) The related study results, criteria, assumptions, analysis results, and data underlying the studies used to develop the proposed ITP Upgrades, the list of upgrades within proposed Balanced Portfolios, and proposed high priority upgrades shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address CEII requirements. Additionally, Transmission Owner specific local plans and criteria shall be accessible via an electronic link on the SPP website in accordance with Section VII of this Attachment O. The CEII compliant redacted version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans shall be posted on the SPP website. Redacted versions shall include instructions for acquiring the complete version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans. An electronic link shall be provided on the SPP website by which stakeholders may send written comments on the SPP Transmission Expansion Plan and Transmission Owner specific local plans and criteria.

3) Approval and Endorsement Process

a) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of ITP Upgrades. Approval by the SPP Board of Directors is required for the inclusion of ITP Upgrades in the SPP Transmission Expansion Plan.

b) The Markets and Operations Policy Committee shall make a recommendation regarding the inclusion of a proposed Balanced Portfolio in the SPP Transmission Expansion Plan. Approval by the SPP Board of Directors is required for inclusion of a Balanced Portfolio in the SPP Transmission Expansion Plan. SPP is not required to have a Balanced Portfolio each year.
c) If the SPP Board of Directors approves a list of ITP Upgrades, upgrades within Balanced Portfolios, or high priority upgrades other than those recommended by the Markets and Operations Policy Committee, the explanation for the deviation shall be included in the SPP Transmission Expansion Plan.

d) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of a high priority upgrade recommended by the Transmission Provider. Approval by the SPP Board of Directors is required for the inclusion of a high priority upgrade in the SPP Transmission Expansion Plan.

e) The Markets and Operations Policy Committee shall make a recommendation regarding endorsement of a proposed Sponsored Upgrade. Endorsement by the SPP Board of Directors is required for the inclusion of a Sponsored Upgrade in the SPP Transmission Expansion Plan.

f) The list of projects shall be posted on the SPP website by the Transmission Provider. The Transmission Provider shall, in addition to the posting, e-mail notice of such posting to the stakeholders at least ten days prior to a meeting at which the SPP Board of Directors is expected to take action on accepting or modifying the list.

g) The list of approved ITP Upgrades, upgrades within approved Balanced Portfolios, approved high priority upgrades, and endorsed Sponsored Upgrades may be modified throughout the year by the SPP Board of Directors provided that such action shall be posted and noticed pursuant to this section.

h) The list of upgrades for Transmission Service are approved in accordance with the provisions of Attachment Z1 and included in the STEP accordingly.

i) The list of interconnection facilities and other transmission upgrades related to requests for generation interconnection service are approved in accordance with the provisions of Attachment V and included in the STEP accordingly.

j) The list of Interregional Projects is approved in accordance with Section IV.6 of this Attachment O and included in the STEP accordingly.

k) The SPP Transmission Expansion Plan shall be presented to the SPP Board of Directors at least once a year. Approval of the ITP
Upgrades, Balanced Portfolios, and high priority upgrades, and the endorsement of the other projects contained in the SPP Transmission Expansion Plan by the SPP Board of Directors shall certify a regional plan for meeting the transmission needs of the SPP Region.

4) Updates to the SPP Transmission Expansion Plan

a) Modifications to the SPP Transmission Expansion Plan may be made between the annual approvals as required to maintain system reliability and to meet new business opportunities as they are identified.

b) The Transmission Provider shall work with the stakeholders on an on-going basis throughout the year analyzing any newly identified issues and incorporating any necessary adjustments to the SPP Transmission Expansion Plan on an out of cycle basis.

c) On a quarterly basis, the Transmission Provider shall post any modifications to the SPP Transmission Expansion Plan on the SPP website.

d) The modifications shall be reviewed by the stakeholders and the Regional State Committee, endorsed by the stakeholder working groups, and approved or endorsed by the SPP Board of Directors, in accordance with Section V of this Attachment O.

5) Removal of an Upgrade from the SPP Transmission Expansion Plan.

The Transmission Provider, in consultation with the stakeholders in accordance with Section V of this Attachment O, may remove an upgrade from an approved SPP Transmission Expansion Plan. A Transmission Owner that has incurred costs related to the removed upgrade shall be reimbursed for any expenditure pursuant to Section VIII of Attachment J to the Tariff.

6) Status of Upgrades Identified in the SPP Transmission Expansion Plan

a) The Transmission Provider shall track the status of planned system upgrades to ensure that the projects are built in time or that acceptable mitigation plans are in place to meet customer and system needs.

b) On a quarterly basis, at a minimum, the Transmission Provider shall:
i) Report to the Markets and Operations Policy Committee, the Regional State Committee and the SPP Board of Directors on the status of the upgrades identified in the SPP Transmission Expansion Plan; and

ii) Post the status of the upgrades on the SPP website.
VI. Construction of Transmission Facilities

1) The Transmission Provider shall not build or own transmission facilities. The Transmission Provider, with input from the Transmission Owners and other stakeholders, shall designate in a timely manner within the SPP Transmission Expansion Plan ("STEP") one or more Transmission Owners to construct, own, and/or finance each project in the plan.

2) Any owner of Transmission Facilities, as defined in Attachment AI of this Tariff, which are or are capable of being used by the Transmission Provider to provide transmission service pursuant to Part II and Part III of this Tariff, shall have the right to sign the SPP Membership Agreement as a Transmission Owner and thereby acquire all of the rights and obligations of a Transmission Owner described therein, including all of the rights and obligations of a Transmission Owner described in this Tariff and specifically this Section VI. Each Transmission Owner and every other entity designated to construct a project by the Transmission Provider pursuant to this Section VI shall use due diligence to construct transmission facilities as directed by the SPP Board of Directors 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. Such construction shall be performed in accordance with Good Utility Practice, applicable SPP Criteria, industry standards, the applicable 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. Each Transmission Owner shall be fully compensated to the greatest extent permitted by the Commission for the costs of construction undertaken by such Transmission Owner in accordance with this Tariff.

3) A specific endorsed Sponsored Upgrade in the SPP Transmission Expansion Plan will be deemed approved for construction upon execution of a contract that financially commits a Project Sponsor to such upgrade.

4) After a new transmission project is (i) approved under the SPP Transmission Expansion Plan; or (ii) approved as an Interregional Project with a portion to be constructed within the SPP Region in accordance with Section IV.6 (i) of this Attachment O; or (iii) required pursuant to a Service Agreement; or (iv) required by a generation interconnection agreement to be constructed by a Transmission Owner(s) other than the Transmission Owner that is a party to the generation interconnection agreement, the Transmission Provider shall direct the appropriate Transmission Owner(s) to begin implementation of the project for which financial commitment is required prior to the approval of the next update of the SPP Transmission Expansion Plan. At the discretion of the SPP Board of Directors, the Transmission Provider may direct the appropriate Transmission Owner(s) to begin implementation of other such approved or required transmission projects for which financial commitment is not required prior to approval of the next SPP
Transmission Expansion Plan. The direction from the Transmission Provider shall be provided in writing to the Transmission Owner(s) designated to construct the project (“Designated Transmission Owner(s)”). The written notification to the Designated Transmission Owner(s) shall include but not be limited to: (1) the specifications of the project required by the Transmission Provider and (2) a reasonable project schedule, including a project completion date (“Notification to Construct”). If the project forms a connection with facilities of a single Transmission Owner, that Transmission Owner shall be designated to construct the project. If the project forms a connection with facilities owned by multiple Transmission Owners, the applicable Transmission Owners will be designated to provide their respective new facilities. If there is more than one Transmission Owner designated to construct a project, the Designated Transmission Owners will agree among themselves which part of the project will be provided by each entity. If the Designated Transmission Owners cannot come to a mutual agreement regarding the assignment and ownership of the project the Transmission Provider will facilitate their discussion. Each project or segment of a project being built by a single Designated Transmission Owner shall be considered a separate project for purposes of Section VI.6 and each Designated Transmission Owner will receive a separate Notification to Construct for each project or segment of a project they are responsible to construct.

5) Network Upgrade(s) and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement will be constructed pursuant to the generation interconnection agreement or pursuant to Section VI.4 of this Attachment O. Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement required to be constructed by the Transmission Owner who is a party to the generation interconnection agreement shall be constructed pursuant to the generation interconnection agreement. All other Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement to be constructed by Transmission Owners not a party to the generation interconnection agreement shall be constructed pursuant to Section VI.4 of this Attachment O.

6) In order to maintain its right to construct the project, the Designated Transmission Owner shall respond within ninety (90) days after the receipt of the Notification to Construct with a written commitment to construct the project as specified in the Notification to Construct or a proposal for a different project schedule and/or alternative specifications in its written commitment to construct (“Designated Transmission Owner’s proposal”). The Transmission Provider shall respond to the Designated Transmission Owner’s proposal within ten (10) days of its receipt of the proposal. If the Transmission Provider accepts the Designated Transmission Owner’s proposal, the Notification to Construct will be modified according to the accepted proposal and the Designated Transmission Owner shall construct the project in accordance with the modified Notification to Construct. If the Transmission Provider rejects the Designated Transmission Owner’s proposal,
the Designated Transmission Owner’s proposal shall not be deemed an acceptable written commitment to construct the project. However, the Transmission Provider’s rejection of such proposal shall not preclude a Designated Transmission Owner from providing a written commitment to construct the project after such rejection, provided the subsequent written commitment to construct the project is made within the ninety day time period after the issuance of the Notification to Construct.

If a Designated Transmission Owner does not provide an acceptable written commitment to construct within the ninety (90) day period, the Transmission Provider shall solicit and evaluate proposals for the project from other entities and select a replacement designated provider. The Transmission Provider shall solicit proposals from entities that meet certain specified legal, regulatory, technical, financial and managerial qualifications, specifically including the following:

i) Entities that have obtained all state regulatory authority necessary to construct, own and operate transmission facilities within the state(s) where the project is located,

ii) Entities that meet the creditworthiness requirements of the Transmission Provider,

iii) Entities that have signed or are capable and willing to sign the SPP Membership Agreement as a Transmission Owner upon the selection of its proposal to construct and own the project, and

iv) Entities that meet such other technical, financial and managerial qualifications as are specified in the Transmission Provider’s business practices.

The Transmission Provider shall evaluate each proposal with regard to the cost, reliability and timeliness of the proposed construction of the project and shall make a recommendation to the Board of Directors. The Board of Directors shall thereafter select an entity making a proposal and arrange for that entity to construct the project and become the Designated Transmission Owner.

At any time, a Designated Transmission Owner may elect to arrange for another entity or another existing Transmission Owner to build and own all or part of the project in its place subject to the qualifications in Subsections i, ii, iii, and iv above.

Nothing in this Section VI.6 shall relieve a Transmission Owner of its obligation to construct an upgrade as specified in Section VI.2 of this Attachment O and Section 3.3(a) of the SPP Membership Agreement in the event that no other qualified entity can be found to construct the project.
VIII. Interregional Planning

1) The Transmission Provider shall participate in interregional planning with the following Interregional Planning Regions listed in the respective Addendums to this Attachment O:

Addendum 3- The Midwest Independent Transmission System Operator, Inc. (“MISO”)

Addendum 4- Southeastern Regional Transmission Planning (“SERTP”)

2) The portion of an approved Interregional Project to be constructed by each Interregional Planning Region shall be determined in accordance with the applicable Addendum to this Attachment O.

3) The costs of an approved Interregional Project shall be allocated to each Interregional Planning Region in accordance with the applicable Addendum to this Attachment O.

4) The Transmission Provider’s obligation to construct an approved Interregional Project within the SPP Region shall be determined in accordance with Section IV.6 of this Attachment O.
ADDENDUM 1 TO ATTACHMENT O

INTERREGIONAL COORDINATION AGREEMENTS

1) In addition to interregional planning pursuant to Section VIII of Attachment O, the Transmission Provider shall undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed below:

a) The Transmission Coordination Agreement between the Associated Electric Cooperative, Inc. (AECI) and the Southwest Power Pool, Inc. (SPP);
b) The United States Department of Energy Southwestern Power Administration Agreement Between United States of America and Southwest Power Pool, Inc. (the “SPA Agreement”);
c) The Eastern Interconnection Reliability Assessment Group; and
d) All other agreements between the Transmission Provider and transmission systems to which the SPP Region is interconnected and which are not identified in Section VIII of this Attachment O.

2) On an annual basis, the Transmission Provider shall review the ongoing planning activities under the coordination agreements specified in this Addendum 1 to determine any need for additional interregional studies. The Transmission Provider shall share this review with the stakeholders at a planning summit and solicit input regarding any additional interregional studies that should be initiated by the Transmission Provider.

3) Any Network Upgrade approved pursuant to the coordination agreements under this Addendum 1 shall not be considered an approved Interregional Project pursuant to the Interregional Planning Process identified in Section VIII of Attachment O.
ADDENDUM 3 TO ATTACHMENT O

COORDINATED INTERREGIONAL TRANSMISSION PLANNING WITH THE MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.

Pursuant to Section VIII of Attachment O, the Transmission Provider and the Midwest Independent Transmission System Operator, Inc. (“MISO”) shall undertake coordinated interregional transmission planning in accordance with the provisions of Article IX of the Joint Operating Agreement between the Midwest Independent Transmission System Operator, Inc. and Southwest Power Pool, Inc. (“JOA”). The agreement can be accessed at the following link: http://www.spp.org/section.asp?group=409&pageID=27.

The objective of coordinated interregional transmission planning with MISO is to identify potential Interregional Projects, calculate the benefits to each region and present that information to the Transmission Provider and MISO. The process for coordinated interregional transmission planning between the Transmission Provider and MISO provides for joint identification and analysis of proposed Interregional Projects which may benefit the regions served by the Transmission Provider and MISO. The process includes, but is not limited to:

i. Establishment of a joint planning committee and stakeholder committee;

ii. Voting procedures whereby proposed Interregional Projects may be approved for construction by both parties;

iii. Data exchange requirements;

iv. Coordinated system planning between the parties to identify and evaluate proposed Interregional Projects;

v. Determination of costs and benefits for each party; and

vi. Construction and ownership of approved Interregional Projects.

Any proposed Interregional Projects shall be reviewed by the Transmission Provider in accordance with Section IV.6 of Attachment O. The Transmission Provider will construct its part of any approved Interregional Projects in accordance with Section VI of Attachment O. Any cost obligation of the SPP Region related to Interregional Projects shall be allocated in accordance with Section VI of Attachment J.
ADDENDUM 4 TO ATTACHMENT O

INTERREGIONAL TRANSMISSION COORDINATION BETWEEN THE TRANSMISSION PROVIDER AND THE SOUTHEASTERN REGIONAL TRANSMISSION PLANNING PROCESS

Pursuant to Section VIII of Attachment O, the Transmission Provider and the public utility transmission providers in the Southeastern Regional Transmission Planning Process (“SERTP”) region shall undertake coordinated interregional transmission planning in accordance with the provisions of this Addendum 4. All terms not otherwise defined herein shall have the definitions assigned in the Tariff.

For purposes of this Addendum 4, the Transmission Provider’s regional transmission planning process is the process described in Attachment O of this Tariff; the SERTP is the process described in the respective Attachment Ks (or comparable tariff sections) of the public utility transmission providers in the SERTP. References to the respective regional transmission planning processes in this Addendum 4 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Addendum 4 refer to Sections within this Addendum 4.
INTERREGIONAL TRANSMISSION PLANNING

1. Coordination

1.1 Annual Coordination: Representatives of the Transmission Provider and the SERTP will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the Transmission Provider and the SERTP may meet more frequently to coordinate the evaluation of interregional transmission project(s).

1.2. Data Exchange

1.2.1 Annual Data Exchange: At least annually, the Transmission Provider and the public utility transmission providers in the SERTP shall exchange power-flow models and associated data used in the regional transmission planning processes to develop their respective then-current regional transmission plan(s). The Transmission Provider shall designate a representative for its region and the SERTP sponsors shall designate a representative for the SERTP region to facilitate the annual data exchange. The data exchange will occur when such data is available in each of the regional transmission planning processes, typically during the first calendar quarter. Additional transmission-based models and data used in the development of the respective regional transmission plans will be exchanged between the Transmission Provider and the public utility transmission providers in the SERTP if requested. Data exchanged between the Transmission Provider and the public utility transmission providers in the SERTP under this Section 1.2.1 shall be posted on the
pertinent regional transmission planning websites consistent with the posting requirements of the respective regional transmission planning processes and is generally considered CEII.

1.2.2 **Exchange of Regional Transmission Plans:** The Transmission Provider’s regional transmission plan(s) will be posted on the SPP website pursuant to the Transmission Provider’s regional transmission planning process. The Transmission Provider will also notify the SERTP representative of such posting so they may retrieve the transmission plan(s). The public utility transmission providers in the SERTP will exchange the then-current SERTP regional transmission plan(s) in a similar manner according to its regional transmission planning process.

1.2.3 **Confidentiality:** Any CEII and Confidential data disclosed by the Transmission Provider pursuant to this Addendum 4 shall be subject to the provisions of Section VII of Attachment O of this Tariff.

1.3. **Joint Evaluation**

1.3.1 **Identification of Interregional Transmission Projects:** At least biennially, the Transmission Provider will review the then-current regional transmission plan of the SERTP, and the public utility transmission providers in the SERTP will review the Transmission Provider’s then-current regional transmission plan. Such plans include the transmission needs of each region as prescribed by each region’s planning process. This review shall occur on a mutually agreeable schedule, taking into account each region’s regional transmission planning processes timetable.
If through this review, the Transmission Provider and the public utility transmission providers, as applicable, in the SERTP identify a potential interregional transmission project that could be more efficient and cost effective than transmission projects included in the respective regional transmission plans, the Transmission Provider and the public utility transmission providers in the SERTP will jointly evaluate the potential transmission project pursuant to Section 1.3.3.

1.3.2 Identification of Interregional Transmission Projects by Stakeholders:
Stakeholders may also propose transmission projects that may be more efficient or cost-effective than transmission projects included in the Transmission Provider’s and/or the SERTP’s regional transmission plans pursuant to the procedures in each region’s regional transmission planning processes or new transmission projects to address interregional transmission needs pursuant to Transmission Provider’s and/or the SERTP’s regional transmission planning processes. The Transmission Provider and the public utility transmission providers in the SERTP will evaluate interregional transmission projects proposed by stakeholders pursuant to Section 1.3.3.

1.3.3 Evaluation of Interregional Transmission Projects:

1.3.3.1 Joint Evaluation of Interregional Transmission Projects: The Transmission Provider and the public utility transmission providers in the SERTP shall act through their respective regional transmission planning processes to evaluate potential interregional transmission projects and to
determine whether the inclusion of any potential interregional transmission projects in each region’s regional transmission plan would be more efficient or cost-effective than transmission projects included in the respective then-current regional transmission plans. Initial coordination activities to facilitate such analysis will typically begin during the third calendar quarter. Such analysis shall be consistent with accepted planning practices of the respective regions and the methods utilized to produce each region’s respective regional transmission plan(s). To the extent possible, and as needed, information will be coordinated between the Transmission Provider and the public utility transmission providers in the SERTP, including, but not limited to:

- Planning horizons;
- Expected timelines/milestones associated with the joint evaluation;
- Study assumptions and data;
- Models; and
- Criteria

The Transmission Provider and the public utility transmission providers in the SERTP will exchange status updates for new interregional transmission project proposals or proposals currently under consideration as needed. These status updates will generally include, if applicable: (i) an update of the region’s evaluation of the proposal; (ii) the anticipated timeline for future assessments; and (iii) reevaluations related to the proposal.
1.3.3.2 Determination of Regional Benefit(s) for Interregional Cost Allocation Purposes:

The Transmission Provider and the SERTP shall evaluate the proposed interregional transmission project that meets the criteria of Section 2 for interregional cost allocation within the respective regions as follows:

A. Each region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed interregional transmission project(s) provides Regional Benefits to its respective region. For purposes of this Addendum 4, “Regional Benefit” shall mean the calculation described in Section 1.3.3.2.B.

B. Based upon the evaluation made pursuant to 1.3.3.2.A, each region will quantify a Regional Benefit based upon (i) for the Transmission Provider, the Transmission Provider shall calculate the total avoided costs of regional transmission projects that would be displaced if the proposed interregional transmission project was included; and (ii) for the SERTP, the SERTP sponsors shall calculate the total avoided costs of transmission projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included.

C. Updated Regional Benefits calculations will be exchanged in a similar manner to the status updates described in Section 1.3.3.1.

In any regional benefit to cost (“BTC”) ratio calculation(s)
performed pursuant to the respective regional transmission planning processes, the anticipated allocation of costs of the interregional transmission project to each region shall be based upon the ratio of the region’s Regional Benefit to the sum of the Regional Benefits identified for both SPP and the SERTP.

2. Cost Allocation

2.1 Interregional Transmission Projects Proposed for Interregional Cost Allocation Purposes: For a transmission project to be considered for purposes of interregional cost allocation between the Transmission Provider and the SERTP, the following criteria must be met:

A. The transmission project must interconnect to the Transmission System and the transmission facilities of one or more SERTP sponsors and meet the qualification criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of regional cost allocation in accordance with the respective regional transmission planning processes of both the Transmission Provider and the SERTP.

B. At the request of either planning region, the Transmission Provider and SERTP will consider an interregional transmission project that does not satisfy all of the criteria specified in Section 2.1.A but: (i) provides quantifiable interregional benefits; (ii) would be located in both regions; and (iii) would be interconnected to the transmission facilities of one or more SERTP Sponsors and the transmission facilities of a Transmission Owner in SPP.
C. The transmission project must be proposed in the Transmission Provider and the SERTP regional planning processes for purposes of cost allocation, as well as any other regions to which the proposed transmission project would interconnect, in accordance with the procedures of the applicable regional transmission planning processes. If the proposed transmission project is being proposed by a transmission developer, the transmission developer must also satisfy all qualification criteria specified in the respective regional transmission planning processes, as applicable.

2.2 **Inclusion in Regional Transmission Plans for Purposes of Cost Allocation:**

An interregional transmission project proposed for interregional cost allocation purposes in each region will be included in the respective regional transmission plans for purposes of cost allocation after each region has performed all evaluations and the transmission project has obtained all approvals, as prescribed in the respective regional transmission planning processes, necessary for it to be included in each regional transmission plan for purposes of cost allocation.

2.3 **Allocation of Costs Between the Transmission Provider and the SERTP:** The cost of an interregional transmission project selected for purposes of cost allocation in the regional transmission plans of both the Transmission Provider and the SERTP will be allocated between the regions as follows:

A. Each region will be allocated a portion of the interregional transmission project’s costs in proportion to such region’s Regional Benefit to the sum of the Regional Benefits identified for both the Transmission Provider and the SERTP.
The Regional Benefits used for this determination shall be based upon the last Regional Benefit calculation performed – pursuant to the method described in Section 1.3.2 – before each region included the transmission project in its regional transmission plan for purposes of cost allocation and as approved by each region.

Should one region be willing to bear more costs of the interregional transmission project than the costs identified pursuant to the methodology described in this Section 2.3.A, the regions may voluntarily agree, subject to applicable regional approvals, to an alternative cost sharing arrangement.
2.4 Milestones of Required Steps Necessary to Maintain Status as Being Selected for Interregional Cost Allocation Purposes: Once selected in the respective regional transmission plans for purposes of cost allocation, the Transmission Provider and the SERTP sponsor(s) that will be allocated costs of the transmission project (“beneficiaries”) and the transmission developer must mutually agree upon an acceptable development schedule including milestones by which the necessary steps to develop and construct the transmission project must occur. These milestones may include (to the extent not already accomplished) obtaining all necessary rights-of-way and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) between the transmission developer and the beneficiaries. If the specified milestones are not met, then the Transmission Provider and the SERTP sponsor(s) may remove the transmission project from the selected category in the regional transmission plan for purposes of cost allocation.

2.5 Interregional Project Contractual Arrangements: The contracts referenced in Section 2.4 will address terms and conditions associated with the development of the proposed transmission project included in the regional transmission plans for purposes of cost allocation, including but not limited to:

a) Engineering, procurement, construction, maintenance, and operation of the proposed transmission project, including coordination responsibilities of the parties;

b) Emergency restoration and repair;
c) The specific financial terms/specific total amounts to be charged by the transmission developer of the transmission project to each beneficiary, as agreed to by the parties;

d) Creditworthiness/project security requirements;

e) Milestone reporting, including schedule of projected expenditures;

f) Reevaluation of the transmission project; and

g) Non-performance or abandonment.

2.6 Removal from Regional Transmission Plans for Purposes of Cost Allocation:

An interregional transmission project may be removed from the Transmission Provider’s or the SERTP’s regional transmission plan for purposes of cost allocation (1) if the project is removed from either regions’, regional transmission plans pursuant to the requirements of its regional transmission planning process or (2) if the developer fails to meet the developmental milestones established pursuant to Section 2.4.

2.6.1: The Transmission Provider and/or the public utility transmission providers in the SERTP will notify the other party if an interregional transmission project or a portion thereof is likely to be removed from its regional transmission plan.

3. Transparency

3.1 The Transmission Provider and the public utility transmission providers in the SERTP shall host their respective regional websites for communication of information related to coordinated interregional transmission planning procedures. The regions shall coordinate on the documents and information that is posted on
their respective websites to ensure consistency of information. Each regional website shall contain, at a minimum, the following information:

i. Link to this Addendum;

ii. Information related to joint meetings, such as links to materials for joint meetings;

iii. Documents relating to joint evaluations; and

iv. Procedures for coordination and joint evaluation

3.2 Access to the data utilized will be made available through the pertinent regional planning websites subject to the requirements in Section 1.2.3. The Transmission Provider will make available, on the SPP website, links to where stakeholders can register (if applicable/available) for SERTP stakeholder committees and distribution lists.

3.3 The Transmission Provider shall report back to its stakeholders on the status of any interregional activities done under this Addendum 4 including:

   o Facilities to be evaluated

   o Analysis performed

   o Determinations/results

3.4 Stakeholders will have an opportunity to provide input and feedback related to interregional facilities identified, analysis performed, and any determination/results within the respective regional transmission planning processes. Stakeholders may participate in either or both regions’ regional transmission planning processes to provide their input and feedback regarding the interregional coordination activities described in this Addendum 4.
I - Definitions

**Interregional Planning Process:** The process whereby an Interregional Project is evaluated and approved for construction by the participating Interregional Planning Regions in accordance with the procedures identified in Attachment O.

**Interregional Planning Region(s):** A Commission approved planning region as identified in Section VIII of Attachment O.

**Interregional Project:** A Network Upgrade that has been approved through the Interregional Planning Process in accordance with Attachment O.

**Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

**ITP Upgrades:** Those upgrades identified and analyzed through the integrated transmission planning process described in Section III of Attachment O.
R - Definitions

**Real-Time Balancing Market ("RTBM"):** The market operated by the Transmission Provider continuously in real-time to balance the system through deployment of Energy and to clear Regulation-Up, Regulation-Down, Spinning Reserve and Supplemental Reserve.

**Receiving Party:** The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

**Region-wide Annual Transmission Revenue Requirement:** The sum of the Base Plan Region-wide Annual Transmission Revenue Requirements and each Balanced Portfolio Region-wide Annual Transmission Revenue Requirement, as set forth in Attachment H, Table 2.

**Region-wide Charge:** Regional component of the charge assessed by the Transmission Provider in accordance with Schedule 11 to recover the Region-wide Annual Transmission Revenue Requirement.

**Region-wide Load Ratio Share:** Ratio of a Network Customer's or Transmission Owner’s Resident Load in the SPP Region to the total load in the SPP Region computed in accordance with Section II.B to Schedule 11 of this Tariff and calculated on a calendar year basis, for the prior calendar year.

**Region-wide Rate:** Regional component of the rate per kW of Reserved Capacity assessed by the Transmission Provider in accordance with Schedule 11 to recover the Region-wide Annual Transmission Revenue Requirement.

**Regional State Committee:** A voluntary organization comprised of one designated commissioner from each participating state regulatory commission having jurisdiction
over an SPP Member, established to collectively provide both direction and input on all matters pertinent to the participation of the Members in SPP pursuant to the SPP Bylaws.

**Regional Transmission Group (RTG):** A voluntary organization of Transmission Owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

**Reserve Sharing System:** *The Transmission Provider’s computer system that receives and records contingency events and requests for assistance by Reserve Sharing Group members, calculates and communicates the appropriate reserve capacity obligations and reserve energy responsibilities for events to all Reserve Sharing Group members and creates applicable Energy schedules for deployment by the Reserve Sharing Group members.*

**Reserved Capacity:** The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

**Resident Load:** The load specified in Section 41 of the Tariff.

**Revenue Requirements and Rates File (RRR File):** A file posted on the SPP website as a reference to: (i) Annual Transmission Revenue Requirements (ATRRs) for Network Integration Transmission Service, as referenced in Attachment H to this Tariff; (ii) Base Plan ATRR allocation; (iii) allocation factors for Base Plan funded projects; (iv) notes on the calculation of Base Plan ATRR amounts on a Region-wide and Zonal basis; (v) ATRR reallocation for Balanced Portfolio projects; (vi) the calculation of Base Plan Point-To-Point Transmission Service rates on a Region-wide and Zonal basis in
accordance with Schedule 11; and (vii) the rates for Point-To-Point Transmission Service as referenced in Attachment T in accordance with Schedules 7 and 8.
ATTACHMENT H
ANNUAL TRANSMISSION REVENUE REQUIREMENT FOR NETWORK INTEGRATION TRANSMISSION SERVICE

SECTION I: General Requirements

1. The Zonal Annual Transmission Revenue Requirement (“Zonal ATRR”) for each Transmission Owner for purposes of determining the charges under Schedule 9, Network Integration Transmission Service, is specified in Column (3) Section I, of Table 1. The Base Plan Zonal Annual Transmission Revenue Requirement (“Base Plan Zonal ATRR”) used to determine the zonal charges under Schedule 11 for Base Plan Upgrades issued a Notification to Construct (“NTC”) prior to June 19, 2010 is specified in Column (4) Section I, of Table 1. The Base Plan Zonal ATRR used to determine the zonal charges under Schedule 11 for Base Plan Upgrades issued an NTC on or after June 19, 2010 is specified in Column (5) of Section I, Table 1. The amount of Zonal ATRR and Base Plan Zonal ATRR that is included in Columns (3), (4), and (5) and reallocated to the Region-wide Annual Transmission Revenue Requirement (“Region-wide ATRR”), in accordance with Attachment J, is specified in Column (6) of Section I, Table 1. The Base Plan Zonal ATRR to pay Upgrade Sponsors in accordance with Attachment Z2 is specified in Column (7) of Section I, Table 1.

Table 1
(See Note A below)

<table>
<thead>
<tr>
<th>(1) Zone</th>
<th>(2)</th>
<th>(3) Zonal ATRR</th>
<th>(4) Base Plan Zonal ATRR</th>
<th>(5) Base Plan Zonal ATRR after June 19, 2010</th>
<th>(6) ATRR Reallocated to Balanced Portfolio Region-wide ATRR</th>
<th>(7) Base Plan Zonal ATRR to pay Upgrade Sponsors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a</td>
<td>American Electric Power (Public)</td>
<td>See Att. H tab, posted RRR File</td>
<td>See Att. H tab, posted RRR File</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note A: See Att. H tab, posted RRR File
<table>
<thead>
<tr>
<th></th>
<th>Service Company of Oklahoma and Southwestern Electric Power Company) See Section II.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1b</td>
<td>East Texas Electric Cooperative, Inc.</td>
</tr>
<tr>
<td>1c</td>
<td>Tex-La Electric Cooperative of Texas, Inc.</td>
</tr>
<tr>
<td>1d</td>
<td>Deep East Texas Electric Cooperative, Inc.</td>
</tr>
<tr>
<td>1e</td>
<td>Oklahoma Municipal Power Authority</td>
</tr>
</tbody>
</table>


1g  Coffeyville Municipal Light and Power (CMLP)                                       | $397,596 |

2  Reserved for Future Use                                                                 |

3  City Utilities of Springfield, Missouri                                              | $8,651,509 |

4  Empire District Electric Company                                                     | $14,075,000 |

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Southwestern Power Administration</td>
<td>$14,267,100</td>
<td>See Att. H tab, posted RRR File</td>
<td>See Att. H tab, posted RRR File</td>
<td>See Att. H tab, posted RRR File</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>Zone</td>
<td>Company/Entities</td>
<td>Reference</td>
<td>Reference</td>
<td>Reference</td>
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</tr>
</tbody>
</table>

Note A: The Annual Transmission Revenue Requirements (“ATRR”) for each Zone are set forth in the Revenue Requirements and Rates File (“RRR File”) posted on the SPP website.
2. For the purposes of determining the Region-wide Charges under Schedule 11, the Region-wide ATRR, as shown in Line 865 of Section I, Table 2, shall be the sum of (i) the Base Plan Region-wide Annual Transmission Revenue Requirements (“Base Plan Region-wide ATRR”) (reflected in Line 1 and Line 2), and (ii) the total Balanced Portfolio Region-wide Annual Transmission Revenue Requirements (“Balanced Portfolio Region-wide ATRR”) (reflected in Line 3 and Line 4), and (iii) the Base Plan Region-wide ATRR to pay Upgrade Sponsors (reflected in Line 5) determined in accordance with Attachment Z2 of this Tariff, and (iv) the Interregional Planning Region Annual Transmission Revenue Requirements (“Interregional Planning Region ATRR”) allocable to customers receiving transmission service under this Tariff for any Interregional Project(s) constructed within the SPP Region (Line 6) and/or within other Interregional Planning Regions (Line 7).

Table 2

(See Note B below)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Base Plan Region-wide ATRR (NTC prior to June 19, 2010)</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>2</td>
<td>Base Plan Region-wide ATRR (NTC on or after June 19, 2010)</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>3</td>
<td>Total ATRR reallocated to Balanced Portfolio Region-wide ATRR</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td></td>
<td><em>Total from Column (6), Section I, Table 1</em></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Balanced Portfolio Region-wide ATRR</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>5</td>
<td><em>Base Plan Region-wide ATRR to pay Upgrade Sponsors</em></td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>6</td>
<td>SPP Interregional Planning Region ATRR</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>7</td>
<td>Other Interregional Planning Region ATRR</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
<tr>
<td>865</td>
<td>Region-wide ATRR (<em>Sum of Lines 1 through 7 Line 1 + Line 2 + Line 3 + Line 4 + Line 5</em>)</td>
<td>See Att. H tab, posted RRR File</td>
</tr>
</tbody>
</table>

Note B: The Region-wide ATRRs are set forth in the RRR File posted on the SPP website.
3. A Transmission Owner’s revenue requirement referenced or stated in this Attachment H shall not be changed absent a filing with the Commission, accompanied by all necessary cost support, unless such Transmission Owner utilizes Commission-approved formula rate processes contained in this Tariff to determine its revenue requirements.

4. A new or amended revenue requirement referenced or stated in this Attachment H shall not be filed with the Commission by the Transmission Provider unless such revenue requirements have been provided by or for a Transmission Owner. Such revenue requirements shall have been accepted or approved by the applicable regulatory or governing authority except in the event of a simultaneous filing with the Commission by the Transmission Owner and Transmission Provider.

5. If a Transmission Owner has a Commission-approved formula rate, the successful completion of its approved annual formula rate update procedures shall constitute regulatory acceptance sufficient to authorize the Transmission Provider to update that Transmission Owner’s revenue requirements posted on the SPP website. Such update by the Transmission Provider shall not require a filing with the Commission, provided that the Transmission Owner posts the populated formula rate for public review and comment as required under the applicable protocols and/or procedures contained in this Attachment H. The Transmission Provider shall follow any special procedures related to updating a Transmission Owner’s revenue requirements as outlined in Section II of this Attachment.

6. The Transmission Provider shall allocate the accepted or approved revenue requirement associated with a Base Plan Upgrade, in accordance with Attachment J to this Tariff, to the Base Plan Region-wide ATRRs in Section I, Table 2 above and to the appropriate Base Plan Zonal ATRR in Column (4) or (5) in Section I, Table 1.

SECTION II: Transmission Owner-Specific Requirements

1. **Westar Energy, Inc.**

   For Westar Energy, Inc., the ATRR for purposes of the Network Integration Transmission Service shall be calculated using the rate formula set forth in Attachment H Addendum 3 of this Tariff (“Westar Formula Rate”). The results of the formula calculation shall be posted on the Transmission Provider’s website and in an accessible location on Westar’s OASIS website by October 15 of each calendar year and shall be
effective on January 1 of the following year. The Zonal Revenue Requirement to be used for the Westar zone, Column (3) of Section I, Table 1 of this Attachment H, shall be calculated by taking the SPP Zonal Revenue Requirement as identified on the Projected Net Revenue Requirements page, line 10 of the Westar Formula Rate; less the sum of the current year’s revenue requirement associated with all transmission facilities owned by Westar in other pricing zones when such revenue requirements are included in the revenue requirements specified in the Westar Formula Rate on the Projected Net Revenue Requirements page, line 10; plus the previous calendar year’s total firm Point-To-Point transmission revenue allocated to Westar under Attachment L provided such Point-to-Point transmission revenue is deducted from Westar’s ATRR under Section 34.1 of this Tariff.

The revenue requirements for Base Plan Funded projects owned by Westar shall be the amount contained on the Projected Net Revenue Requirements page, line 9 of the Westar Formula Rate.

The revenue requirements for Balanced Portfolio funded projects owned by Westar shall be the amount contained on the Projected Net Revenue Requirements page, line 9a of the Westar Formula Rate. Following its posting of the updated revenue requirements by October 15 of each calendar year as discussed above, the Transmission Provider shall immediately update the various Base Plan and Balanced Portfolio funded costs and allocations contained in the Tariff and file them with the Commission no later than December 15 of each calendar year with a requested effective date of January 1.

2. **Southwestern Public Service Company**

For Southwestern Public Service Company (“SPS”), the Existing Zonal ATRR for Zone 11 in Column (3), of Section I, Table 1 of this Attachment H shall be calculated using:

1. the formula rate as specified in Attachment O – SPS of the Xcel Energy Operating Companies Joint Open Access Transmission Tariff (“Xcel Energy OATT”),
2. will be equal to the Current Year Revenue Requirement with True Up as specified on line 6, page 1 of Attachment O – SPS of the Xcel Energy OATT,
3. and subject to the
Implementation Procedures in Appendix 1 of Attachment O – SPS of the Xcel Energy OATT. The results of the formula calculation shall be posted on the SPP website and in an accessible location on SPS’s OASIS website by October 1 of each calendar year and shall be effective on January 1 of the following year. The Existing Zonal ATRR for Zone 11, in Column (3), Section I, Table 1 of this Attachment H shall not be subject to adjustment pursuant to section 34.1 for the previous calendar year’s total firm Point-to-Point transmission revenue allocated to SPS under Attachment L when determining the monthly zonal Demand Charge for Zone 11.

3. **American Electric Power**
   The American Electric Power ATRR for purposes of the Network Integrated Transmission Service shall be (i) calculated using the formula rate set forth in Addendum 1 to this Attachment H, (ii) posted on the SPP website by May 25 of each calendar year, and (iii) effective on July 1 of such year.

4. **Nebraska Public Power District: Formula Rate Implementation Protocols and Formula Rate Template**

   **Section 1. Annual Updates**
   The Formula Rate Template set forth in Addendum 7 and these Formula Rate Implementation Protocols (“Protocols”) together comprise the filed rate by Southwest Power Pool (“SPP”) for calculating Nebraska Public Power District’s (“NPPD”) Zonal ATRR for Transmission Service under the SPP OATT. NPPD must follow the instructions specified in the Formula Rate Template to calculate the rates for NITS, the rates for Schedule 1 Service, the rates for Point-to-Point services over facilities in SPP Zone 17 and the ATRR for Base Plan Upgrades and other network upgrades.

   The initial Zonal ATRR and the initial rates will be in effect for a partial year from the effective date of NPPD’s transfer of operational control of its transmission facilities to SPP until December 31, 2009. The Formula Rate shall
be recalculated each year with the resulting rates to become effective on and after January 1 of each year through December 31 of such year. The resulting rates implemented each January 1 will be subject to review and true-up as further provided in the Protocols.

No later than September 1, 2009 and September 1 of each year thereafter, NPPD, upon initial approval of NPPD’s Board of Directors, shall determine its projected Zonal ATRR, and resulting rates for the following calendar year, in accordance with the Protocols and the Formula Rate Template of Addendum 7 of this Attachment H. NPPD will post such determination on its website and will send such determination to SPP for posting on the publicly accessible portion of the SPP website. Contemporaneously, NPPD shall provide notice to its wholesale customers and interested parties of its projected Zonal ATRR and resultant rates, including all inputs in sufficient detail to identify the components of NPPD’s Zonal ATRR. Commencing September 1 of each year, such parties may submit written questions and answers will be provided by NPPD within ten (10) business days. NPPD will post on the NPPD website responses to any such inquiries and information regarding frequently asked questions. No later than September 30 of each year, NPPD will hold a meeting with wholesale customers and interested parties to explain the formula rate input projections and provide an opportunity for oral and written comments. Written comments must be submitted no later than October 30. No later than December 15 of each year, NPPD will provide to SPP for posting on the publicly accessible portion of the SPP website NPPD’s final Zonal ATRR and resulting rates to become effective January 1 of the following calendar year.

Section 2. True-Up Adjustments

On or before June 1, 2010 and on or before June 1 of each year thereafter, NPPD will calculate the True-Up Adjustment with supporting data inputs in sufficient detail to identify the projected and actual cost of each element of NPPD’s Zonal
ATRR and actual revenues. NPPD will reflect the True-Up Adjustment as a line item in its Zonal ATRR noticed on September 1, 2010 and in the ATRR noticed on September 1 of each year thereafter. The True-Up Adjustment will be determined in the following manner:

(1) Actual transmission revenues associated with transactions included in the Divisor of the Formula Rate Template for the previous calendar year will be compared to the Actual Zonal ATRR. The Actual Zonal ATRR shall be calculated in accordance with the Formula Rate Template and actual data for the previous year. For each year, NPPD will complete and make available for review, on its website, actual data as recorded in accordance with FERC’s Uniform System of Accounts, including an affidavit of the Chief Financial Officer of NPPD attesting to the accuracy of the cost and revenue data set forth therein. In addition, NPPD shall provide an explanation of any change in accounting policies and practices that NPPD employed during the preceding twelve-month period that affect transmission accounts or the allocation of common costs to transmission. Actual costs incurred during the applicable calendar year will be compared to actual revenues recovered during such period to determine whether there was any under-recovery or over-recovery. The True-Up Adjustment and related calculations shall be posted no later than June 1 on NPPD’s website and on the publicly accessible portion of the SPP website. Commencing June 1 of each year, any interested party may submit written questions and answers will be provided by NPPD within ten (10) business days. NPPD will post on the NPPD website responses to any such inquiries and information regarding frequently asked questions. Written comments must be submitted no later than July 15 of each year. NPPD will post on the NPPD website the final True-Up Adjustment no later than September 1 of each year.

(2) Interest on any over-recovery or under-recovery of the Zonal ATRR shall be based on the interest rate equal to NPPD’s actual short-term debt costs, capped at the applicable interest rate set forth in 18 C.F.R. §35.19a of the Commission’s
regulations. The interest rate equal to NPPD’s actual short-term debt costs shall be calculated in accordance with Worksheet K to the Formula Rate Template.

(3) The Zonal ATRR for transmission services for the following year shall be the sum of the projected Zonal ATRR for the following year and a True-Up Adjustment for the previous year, including interest as explained above.

Section 3. NPPD Formula Rate Blank Template

NPPD’s Formula Rate Template to be used for calculating the Zonal ATRR and NITS rates, Schedule 1 rates, Point-to-Point rates, ATRR Base Plan Upgrade and other network upgrades set forth in Attachment H – Addendum 7. The provisions of such Formula Rate Template are not subject to changes except through a filing under Section 205 or 206 of the Federal Power Act.

5. Omaha Public Power District

For the Omaha Public Power District (“OPPD”), the ATRR for purposes of the Network Integration Transmission Service, Base Plan Upgrades, Scheduling, System Control, and Dispatch Service, and for the determination of Point-to-Point rates shall be calculated using the Formula-based Rate Template set forth in Attachment H - Addendum 8 of this Tariff. The ATRR and rates calculated pursuant to the formula-based rate template shall be revised annually. The results of such annual calculations shall be posted on OPPD’s OASIS website and in a publically accessible location on the Transmission Provider’s website by May 15 of each calendar year. Written comments will be accepted until June 15 and the annual revenue requirement and rates shall become effective from August 1 of such year through July 31 of the following year. Initially, the rates calculated pursuant to the formula-based rate template and incorporated into this SPP OATT will be in place through July 31, 2009.

6. Lincoln Electric System
For the Lincoln Electric System (“LES”), ATRR of Network Integration Transmission Service, Base Plan Upgrades, Scheduling, System Control and Dispatch Service, and for the determination of Point-to-Point rates shall be calculated using the forward-looking Formula Rate Template set forth in Attachment H - Addendum 6 of this Tariff. The ATRR and rates calculated pursuant to the forward-looking formula rate template shall be revised annually. The results of such annual calculations shall be posted on LES’ public page of the SPP OASIS website by October 31 of each calendar year. Customers will be given an opportunity to ask questions by November 30 and to seek information regarding the calculations. Written comments will be accepted until November 15. The annual revenue requirement and rates derived therefrom shall become effective from January 1 through December 31 of the following year. Initially, the rates calculated pursuant to the historical formula based rate template and incorporated into this SPP OATT will be in place through December 31, 2012. Rates calculated pursuant to the forward-looking formula rate template and incorporated into this SPP OATT will be in place through December 31, 2013.

1. Actual Net Revenue Requirement (calculated in accordance with page 1, line 7 of Attachment H, Addendum 6) for the previous year shall be compared to the projections made for that same year (True-Up Year) to determine any excess or shortfall in the projected revenue requirement that was used for billing purposes in the True-Up Year. In addition, actual divisor loads (based on a 12 CP average) will be compared to projected divisor loads (page 1, line 10 of Attachment H, Addendum 6) and the difference multiplied by the rate actually billed to determine any excess or shortfall in collection due to volume. The sum of the excess or shortfall due to the actual versus projected revenue requirement and the excess or shortfall due to volume shall constitute the True-up Adjustment. The True-up Adjustment and related calculations shall be posted to the Transmission Provider’s public webpage of the SPP OASIS website no later than June 1. LES will provide an explanation of the True-up Adjustment in response to customer
inquiries and will post on its public page of the SPP OASIS website information regarding frequently asked questions.

2. Interest on any over recovery of the net revenue requirement or any over recovery due to volume changes shall be determined based on the Commission’s regulation at 18 C.F.R. § 35.19a. Interest on any under recovery of the net revenue requirement or any under recovery due to volume changes shall be determined using the interest rate equal to LES’s actual short-term debt costs capped at the applicable FERC refund interest rate. In either case, the interest payable shall be calculated using an average interest rate for the twenty-four (24) months during which the over or under recovery in the revenue requirement or volume changes exists. The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the nineteen (19) months preceding August of the current year. The interest amount (page 1, line 6e of Attachment H, Addendum 6) will be included in the projected costs made available October 31.

3. The Net Revenue Requirement for transmission services for the following year shall be the sum of the projected revenue requirement for the following year (page 1, line 1 of Attachment H, Addendum 6) minus Total Transmission Revenue Credits (page 1, line 5 of Attachment H, Addendum 6), plus or minus the True-up Adjustment (page 1, line 6c minus line 6d plus line 6e of Attachment H, Addendum 6) from the previous year, if any, including interest, as explained.

4. Example True-up of 2012 Net Revenue Requirement
   • 2012 Projected Net Revenue Requirement was $20,000,000, projected load was 500,000 kW and the resulting rate was $40,0000 per kW-year.
   • 2012 Actual Net Revenue Requirement was $19,500,000, actual 12 CP load was 475,000 kW resulting in a rate of $41.0526 per kW-year.

5. True-Up Calculation
   • There is an over recovery of the net revenue requirement equal to $500,000 ($20,000,00 - $19,500,000 = $500,000).
• There is a $1,000,000 shortfall in revenue collection due to volume 
  \((500,000 \text{ kW} - 475,000 \text{ kW}) \times \$40.00\text{ per kW-year} = \$1,000,000\).

• The total True-up Adjustment amount would be a net under recovery of 
  \$500,000 \((\$500,000 \text{ (over recovery)} - \$1,000,000 \text{ (shortfall)}) = -$500,000 \text{ (shortfall)}\)

6. Interest on True-up Adjustment

Interest will be applied to the True-up Adjustment for the twenty-four (24) months during which the under recovery existed, from January 1, 2012 through December 31, 2013. The interest rate applied will be Lincoln Electric System’s average monthly short-term debt interest rate, capped at the FERC refund interest rate, in effect January 1, 2012 through July 31, 2013.

7. Informational Posting

Lincoln Electric System will post all information relating to the True-up Adjustment no later than June 1, 2014, affording interested parties at least seven months to review these calculations in advance of the related January 1 rate change. LES will provide an explanation of the True-up Adjustment amounts in response to customer inquiries and will post on the OASIS information regarding frequently asked questions. This True-up Adjustment with interest will be included in the projected 2015 net revenue requirement and estimated rates will be made available to customers by October 31, 2014. New rates will take effect on January 1, 2015.

7. Mid-Kansas Electric Company, LLC

No changes to the ratios used to establish rates pursuant to Addendum 19 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.
II. Network Upgrades

Where applicable the costs of completed Network Upgrades shall be allocated as specified in Sections III, IV, V, and VI of this Attachment. The revenue requirements of Base Plan Upgrades, approved Balanced Portfolios, and approved Interregional Projects will be recovered through Schedule 11, subject to filing such rate or revenue requirements with the Commission, and where applicable Directly Assigned Upgrade Costs. These costs may be recovered in whole or in part through the Base Plan Zonal Charge, Base Plan Region-wide Charge, and/or a direct assignment charge. The cost allocable to each of these charges shall be determined in accordance with Section III of this Attachment. The revenue requirements for other Network Upgrades may be recovered by Transmission Owners through Schedules 7, 8, and 9 subject to their filing such rate or revenue requirements with the Commission.
VI. **Interregional Projects as Network Upgrades**

The annual transmission revenue requirements associated with the costs allocated to the SPP Region for the approved Interregional Projects shall be included in the Region-wide Annual Transmission Revenue Requirement and recovered through the Region-wide Charge.

*Reserved*
III. Distribution of Revenues From Base Plan Zonal Charges and Region-wide Charges and Interregional Projects

A. Distribution of Revenues Based on Annual Transmission Revenue Requirements

Revenues derived from the component of the Region-wide Charge for Point-To-Point Transmission Service that is associated with any amount reallocated from the Zonal Annual Transmission Revenue Requirements, in accordance with Section IV.A of Attachment J, shall be distributed to Transmission Owners proportionately to the distribution of revenues collected under Schedules 7 and 8 as provided in Section II.C of this Attachment L. All other revenues associated with the Base Plan Zonal Annual Transmission Revenue Requirements and with the Region-wide Annual Transmission Revenue Requirement, specified in Attachment H and collected by the Transmission Provider under Schedule 11 of the Tariff but excluding revenues collected pursuant to Sections III.B and III.C of this Attachment L, shall be distributed to Transmission Owners owning Base Plan Upgrades, or upgrades within approved Balanced Portfolios, or an approved Interregional Project and to Transmission Owners with facilities in Zones from which any amount has been reallocated from the Zonal Annual Transmission Revenue Requirements in accordance with Section IV.A of Attachment J. Such revenue distribution shall be in proportion to the Transmission Owners' respective annual transmission revenue requirements for Base Plan Upgrades, annual transmission revenue requirements for upgrades within approved Balanced Portfolios, approved Interregional Projects, and amounts reallocated from the Zonal Annual Transmission Revenue Requirements in accordance with Section IV.A of Attachment J.

B. Distribution of Point-To-Point Revenues under Zonal ATRR Reallocation

Revenues derived from the component of the Region-wide Charge for Point-To-Point Transmission Service that is associated with any amount reallocated from the Zonal Annual Transmission Revenue Requirements, in accordance with Section IV.A of Attachment J, shall be distributed to Transmission Owners proportionately to the distribution of revenues collected under Schedules 7 and 8 as provided in Section II.C of this Attachment L.

C. Distribution of Revenues for Creditable Upgrades Included in Schedule 11 Rates

Revenue collected by the Transmission Provider under Schedule 11 attributed to use of Creditable Upgrades shall be distributed to the Upgrade Sponsors to which such revenues are due in accordance with Section II.D and III.C.2 of Attachment Z2.
D. Distribution of Revenues to Interregional Planning Region

Revenues associated with approved Interregional Projects collected by the Transmission Provider under Schedule 11 of the Tariff to compensate an Interregional Planning Region in accordance with the interregional cost allocation pursuant to the Addendum(s) to Attachment O will be distributed by the Transmission Provider to the applicable Interregional Planning Region.
I. Overview of Planning Process

The Transmission Provider’s transmission planning process is an open process. New and proposed transmission facilities can come from several different areas of the Tariff. These areas are: 1) transmission service requests; 2) Generation Interconnection Service requests; 3) the integrated transmission planning process (ITP Upgrades); 4) the Balanced Portfolio process; 5) the high priority study process (high priority upgrades); and 6) requests for Sponsored Upgrades; and 7) the evaluation of proposed Interregional Projects. Figure 1 illustrates the planning processes within SPP and how these result in a comprehensive regional plan called the SPP Transmission Expansion Plan (STEP).

Each of these sources of potential upgrades has its own evaluation and approval process. Transmission Service requests are evaluated in accordance with Attachment Z1. Generator interconnection requests are assessed under the provisions of Attachment V. In addition, the process for adding new delivery points is described in Attachment AQ. The integrated transmission planning process and other study processes for Sponsored Upgrades, Balanced Portfolios, and high priority upgrades, and proposed Interregional Projects are described in this Attachment O.

The results from all these sources are collected and reported in the annual SPP Transmission Expansion Plan which gives a twenty (20) year projection of transmission changes in the SPP Region. The SPP Transmission Expansion Plan, as endorsed by the Markets and Operations Policy Committee, is presented to the SPP Board of Directors once a year for their review and approval, as required in accordance with Section V of this Attachment O. The SPP Board of Directors may modify upgrades that are part of approved Balanced Portfolios in accordance with Section IV of Attachment J, ITP Upgrades, or high priority upgrades in the SPP Transmission Expansion Plan throughout the year in accordance with Section V of this Attachment O. Projects associated with transmission service requests, and Generation Interconnection Service requests, and Sponsored Upgrades and Interregional Projects may also be added throughout the year as Service Agreements and interconnection agreements are executed described in this Attachment O.

SPP’s long range transmission planning is conducted over a three year planning cycle as shown in Figure 2. A 20-Year Assessment is conducted during the first half of this three year cycle. A 10-Year Assessment is conducted in the second half of the three year cycle. The Near Term Assessment is conducted each year and generally looks over the next five to seven years. Each of these assessments and the approval process is set forth in this Attachment O.
Figure 1 - SPP Transmission Planning

- **Upgrades from Transmission Requests** (Sections 19, 32, and Attachment Z1) (Section III.7)
- **Upgrades from GI Procedures** (Attachment V) (Section III.7)
- **Policy, Reliability and Economic Inputs** (Section III.6)
- **Perform Integrated Transmission Planning Study and Analysis** (Sections III.3 – III.5)
- **Reviewed by Stakeholder Working Groups**
- **Integrated Transmission Planning Studies (20-Year/10-Year/Near Term) and Other Studies Endorsed by Stakeholder Working Groups**
- **Other Studies (High Priority Studies, Balanced Portfolio)** (Section IV)
- **Reviewed by Transmission Provider “Out of Cycle”**
- **Reviewed by Stakeholder Working Groups**
- **Endorsed by BOD**
- **Financial Commitment by Requesting Entity**
- **Annual SPP Transmission Expansion Plan** (Section V)

Include Appropriate Planning Upgrades in Models (Sections 19, 32, Attachment Z1, Attachment V)

Issue Notifications To Construct if applicable (Section VI)
<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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<td>Jan-Jun</td>
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<td><strong>S</strong></td>
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**Near Term**

**20-Year**

**10-Year**

**Note:** At the End of Year Three Repeat ITP Process from Beginning

*S* = Scenarios
*A* = Analysis
*R* = Results
II. Roles and Responsibilities

References to the “stakeholder working group” is a generic term that references those working group(s) as defined in the SPP Bylaws, Sections 3 through 6 that are charged with the transmission planning process. The current names of all the working groups shall be posted on the SPP website.

1. Division of Responsibilities

   a) The rights, powers and obligations for planning are set forth in the SPP Membership Agreement in (i) Article 2.0 for the Transmission Provider and (ii) Article 3.0 for the Members. The division of responsibility between the Transmission Provider and the Members is set forth in the SPP Criteria and in this Attachment O. The SPP Membership Agreement, the SPP Criteria and the Tariff shall be posted on the SPP website.

   b) The Transmission Provider shall be responsible for developing the list of projects in accordance with the stakeholder process set forth in Sections II, III and V of this Attachment O, and including inter-regional coordination set forth in Section VIII of this Attachment O.

   c) The Transmission Provider shall perform transmission planning studies to assess the reliability and economic operation of the Transmission System in accordance with Section III of this Attachment O.

   d) As inputs to the planning process, the Transmission Provider shall include and maintain requirements to serve existing commitments for long-term transmission service and interconnection service in accordance with Section III.7 of this Attachment O and any applicable roll-over rights as set out in Section 2.2 of the Tariff. It shall also take into account all previously approved projects.

   e) The Transmission Provider shall review, and include as appropriate, all local area upgrades to meet local area reliability criteria as proposed by the Transmission Owners including those plans developed by Transmission Owners that have their own FERC approved local planning process to ensure coordination of the projects set forth in such plans with the potential solutions developed in the regional planning process.

   f) The Transmission Provider shall review and include, as appropriate, all reasonable expected demand resource, transmission, or generation options identified by stakeholders.

   g) The Transmission Provider shall describe the details regarding expansion planning methodology, criteria, assumptions and data in the SPP Transmission Expansion Planning Manual which shall be posted on the SPP website.
h) In accordance with its NERC reporting requirements, the Transmission Provider shall publish an annual reliability report that shall include a list of the following:

i) Regional upgrades required to maintain reliability in accordance with the NERC Reliability Standards and SPP Criteria;

ii) Zonal upgrades required to maintain reliability in accordance with more stringent individual Transmission Owner planning criteria; and

iii) Inter-regional upgrades developed with neighboring Transmission Providers to meet inter-regional needs, including results from the coordinated system plans.

2) Stakeholder Working Groups

a) The purpose of the stakeholder working groups is to provide technical advice, assistance and oversight to the Transmission Provider in all aspects of the regional, sub-regional and local planning process, including but not limited to:

i) Review and development of coordinated planning among the Transmission Provider and the Transmission Owners including accepted Network Upgrades developed by those Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria;

ii) Review and development of regional planning criteria;

iii) Review and development of Available Transfer Capability related calculation criteria as specified in Attachment C to the Tariff;

iv) Review and development of transmission rating criteria; and

v) Compliance with NERC Reliability Standards concerning transmission assessment, transfer capability and ratings of transmission facilities; and

vi) Review and development of the list of transmission needs driven in whole or in part by Public Policy Requirements for which transmission solutions will be evaluated; and

vii) Review of Interregional Projects in accordance with Section IV.6(e) of this Attachment O.
b) All the stakeholder working group representation shall be appointed and chaired in accordance with Article 3.0 of the SPP Bylaws. All meetings of the stakeholder working groups are open to all entities.

c) Voting in the various stakeholder working groups shall conform to Article 3.9 of the SPP Bylaws.

d) The data, information, and technical support necessary for the Transmission Provider to perform studies as required by the planning process and to develop the regional reliability projects are provided by the Transmission Owners, Transmission Customers and Generation Interconnection Customers and other entities. This process is described in Section VII of this Attachment O.

e) Stakeholder working groups that work with the Transmission Provider on transmission planning shall meet at least quarterly and additional meetings, web conferences and teleconferences shall be scheduled as needed. Teleconference capability will be made available for stakeholder working group meetings. Notice of meetings of the stakeholder working groups shall be posted on the SPP website and distributed via email distribution lists. Meeting agendas and minutes shall be posted on the SPP website.

3) Participation by State Regulators
In accordance with the SPP Bylaws, any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP planning activities.

4) Adherence to Regional Planning Criteria

i) The regional planning criteria are comprised of the NERC Reliability Standards and SPP Criteria.

ii) The regional planning criteria may change from time to time based upon the then current process for changing reliability criteria.

iii) The individual Transmission Owners shall be obligated under the NERC Reliability Standards and SPP Criteria to resolve reliability violations and compliance needs identified by the Transmission Provider or by the individual Transmission Owners themselves in accordance with these standards and criteria. The SPP Criteria shall be posted on the SPP website.

5) Use of Local Planning Criteria
i) Individual Transmission Owners within the SPP Region may develop company-specific planning criteria that, at a minimum, conform to the NERC Reliability Standards and SPP Criteria.

ii) For each annual planning cycle, Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, must provide to the Transmission Provider at least once a year, by April 1st, their company-specific planning criteria in order for the need for Zonal Reliability Upgrades to be assessed and included in the SPP Transmission Expansion Plan.

iii) Transmission Owner planning criteria and assumptions may be modified at any time provided that, if the planning criteria are made more stringent, the increased requirements will not apply retroactively to studies previously completed or studies already underway by the Transmission Provider. Access to the individual Transmission Owner’s planning criteria shall be made available via an electronic link on the SPP website.

iv) The individual planning criteria of each Transmission Owner, including those Transmission Owners that have their own FERC approved local planning process, shall be the basis for determining whether a reliability violation exists for which a need for a new Zonal Reliability Upgrade should be considered.

v) The Transmission Owner shall apply its local planning criteria comparably to all load in its service territory.

vi) Transmission Owners’ company-specific planning criteria and local planning processes must provide for: (a) the identification of transmission needs driven in whole or in part by Public Policy Requirements; and (b) the evaluation of potential solutions to meet those needs.
IV. Other Planning Studies

1) Sponsored Upgrade Studies

Any entity may request that a Sponsored Upgrade be built. SPP will evaluate the impact of any Sponsored Upgrade on Transmission System reliability and identify any necessary mitigation of these impacts. Such entity must be willing to assume the cost of such Sponsored Upgrade, study costs, and any cost associated with such necessary mitigation. The proposed Sponsored Upgrade will be submitted to the proper stakeholder working group for their review as a part of the transmission planning process.

2) High Priority Studies

a) The Transmission Provider shall perform high priority studies in accordance with this Attachment O and the Transmission Network Economic Modeling & Methods manual which shall be maintained on the SPP website.

b) Potential Balanced Portfolios, as developed through the process specified in Section IV.3, shall be considered to be high priority studies.

c) The stakeholders may request high priority studies, including a request for the Transmission Provider to study potential upgrades or other investments necessary to integrate any combination of resources, whether demand resources, transmission, or generation, identified by the stakeholders. Annually, the costs of up to three high priority studies requested by the stakeholders and performed by the Transmission Provider shall be recovered pursuant to Schedule 1-A of this Tariff. A high priority study of a potential Balanced Portfolio initiated by the Transmission Provider will not be considered a stakeholder request pursuant to this Section IV.2.c.

d) The Transmission Provider, in consultation with the stakeholders, shall develop the scope for each high priority study and post the scope(s) on the SPP website.

e) Each study shall include:

i) Quantification of benefits and costs in accordance with this Attachment O and the Transmission Network Economic Modeling and Methods manual; and

ii) An analysis of the sensitivity of the economics of the upgrades included in the high priority study to changes in assumptions.
f) The Transmission Provider shall solicit input from the stakeholders and the Regional State Committee regarding the appropriate sensitivity analyses to be performed.

g) For each high priority study the Transmission Provider shall publish a report, including but not limited to, the study input assumptions, the estimated cost of the upgrades, any third party impacts, the expected economic benefits of the upgrades, and identify reliability impacts, if any, of the upgrades. The report and related studies and the criteria, assumptions and data underlying the report shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address Critical Energy Infrastructure Information (CEII) requirements. The CEII compliant redacted version of the report shall be posted on the SPP website. The redacted version shall include instructions for acquiring the complete version of the report.

h) The Transmission Provider may recommend, based on the results of a high priority study, a high priority upgrade for inclusion in the SPP Transmission Expansion Plan in accordance with the approval process set forth in Section V.

3) Evaluation of Potential Balanced Portfolios

a) The Transmission Provider shall solicit input from stakeholders on combinations of potential economic upgrades to be evaluated as potential Balanced Portfolios.

b) Each economic upgrade to be included in a potential Balanced Portfolio:

i) Must include a 345 kV or higher voltage facility;

ii) May include lower voltage transmission facilities needed to integrate the 345 kV or higher facilities and achieve the benefits; however, the cost of the lower voltage transmission facilities cannot exceed the cost of the 345 kV or higher facilities included in the economic upgrade; and

iii) An economic upgrade that includes lower voltage transmission facilities for which the cost of such facilities exceeds the cost of the 345 kV or higher facilities constituting the economic upgrade may be included in the evaluation of a potential Balanced Portfolio, if a Project Sponsor agrees to bear the portion of the cost of the lower voltage facilities that is in excess of the cost of the 345 kV or higher facilities.
iv) Will include an evaluation of the costs of the upgrades, including any cost impacts potentially allocable to the Transmission Provider or a Zone(s) from third party upgrade(s) required to relieve congestion on a neighboring system due to the construction of the potential Balanced Portfolio.

c) The Transmission Provider shall determine for each Zone the net present value of the revenue requirements of each potential Balanced Portfolio as follows:

i) The revenue requirements for each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system. This requirement is for evaluation purposes only and shall not restrict the timing of the construction of individual upgrades within a Balanced Portfolio approved by the SPP Board of Directors.

ii) Based on input from the Transmission Owners and other pertinent information, the Transmission Provider shall estimate the construction costs of each upgrade in the potential Balanced Portfolio.

iii) For each upgrade in the potential Balanced Portfolio, the Transmission Provider shall use the transmission fixed charge rate(s) for the appropriate Transmission Owner(s) to estimate the revenue requirements. In each annual planning cycle, the Transmission Owner shall supply its fixed charge rate to the Transmission Provider.

iv) The fixed charge rate(s) shall take account of all costs necessary to support the upgrade in the potential Balanced Portfolio, including but not limited to, operation and maintenance expenses, depreciation, property and payroll taxes, income taxes, if applicable, return on investment and any other factors affecting the revenue requirement associated with the upgrade.

v) The revenue requirements also shall include any specific costs that are projected to be incurred by the Transmission Provider or a Zone(s) as a result of third-party impacts due to one or more upgrades within a proposed Balanced Portfolio.

vi) The revenue requirements for the potential Balanced Portfolio shall equal the sum of the revenue requirements of the upgrades that comprise the potential Balanced Portfolio.
vii) The Transmission Provider shall estimate the cost for each Zone by allocating the revenue requirements for the potential Balanced Portfolio to each Zone based on its Region-wide Load Ratio Share forecasted over the ten year period analyzed.

viii) If any costs of an upgrade in the potential Balanced Portfolio will be borne by other funding mechanisms, such costs shall not be included in the determination of the net present value of the revenue requirements for the potential Balanced Portfolio.

d) The Transmission Provider shall determine for each Zone the net present value of the benefits of each potential Balanced Portfolio as follows:

i) The benefits from each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system.

ii) The Transmission Provider shall use an adjusted production cost metric to analyze the benefits of the potential Balanced Portfolio, where adjusted production cost is the production cost minus revenues from sales plus cost of purchases. As described in Section IV.5 of this Attachment O, the Transmission Provider shall continue to evaluate and explore with the stakeholders any additional metrics and criteria which have quantifiable economic effects.

iii) The adjusted production cost benefit for each Zone shall equal the difference between the adjusted production cost with the potential Balanced Portfolio modeled and without the potential Balanced Portfolio modeled.

iv) The Transmission Provider shall estimate the annual benefits for each Zone over the same ten-year period as used to determine the costs by calculating the annual benefits for at least three specific years in the ten-year time period and interpolating the annual benefits for the remaining years.

e) A potential Balanced Portfolio shall meet the following conditions:

i) Cost Beneficial: The sum of the benefits of the potential Balanced Portfolio determined in Section IV.3.d must equal or exceed the sum of the costs determined in Section IV.3.c; and
ii) Balanced: For each Zone, the sum of the benefits of the potential Balanced Portfolio determined in Section IV.3.d must equal or exceed the sum of the costs determined in Section IV.3.c. Additionally, the balance may be achieved through the provisions set forth in Section IV.4.

f) In developing a potential Balanced Portfolio, the Transmission Provider shall timely publish a report, including but not limited to, the study input assumptions, the estimated costs included in the potential Balanced Portfolio, and the expected economic benefits of the potential Balanced Portfolio. With regard to such report, the Transmission Provider shall comply with the information sharing and reporting requirements in Part VII (Information Exchange) and Section IV.2 (High Priority Studies) of this Attachment O, including the requirements for treatment of confidential information.

4) Options for Achieving a Balanced Portfolio
   
a) Section IV.3 of this Attachment O sets forth provisions to achieve a Balanced Portfolio when there are deficient Zones. A deficient Zone is a Zone where the costs allocated to the Zone in Section IV.3.c exceed the benefits allocated to the Zone in Section IV.3.d, including any additional costs or benefits derived from the application of the provisions in this Section IV.4.

b) In order to achieve a Balanced Portfolio, the Transmission Provider may include transmission upgrades that do not adhere to the voltage requirements of Sections IV.3.b.i and ii of this Attachment O.

c) If including the lower voltage transmission facilities does not achieve a Balanced Portfolio, the Transmission Provider may balance the portfolio by transferring a portion of the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement. Transmission Provider shall include the following constraints in this assessment:

i) Limit the amount to be transferred from the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement to the minimum amount that will balance the portfolio over the ten-year period analyzed;
ii) Transfer from the Base Plan Zonal Annual Transmission Revenue Requirement first, then, if necessary, transfer from the Zonal Annual Transmission Revenue Requirement; and

iii) For each Zone, meet the conditions specified in Section IV.3.e.ii of this Attachment O.

5) Development of Additional Benefit Metrics for Balanced Portfolios

a) The Transmission Provider shall continue to evaluate and explore with the stakeholders via the transmission planning process any additional metrics and criteria which have quantifiable economic effects, such as:

i) Reduction in system losses;

ii) Differing environmental impacts;

iii) Improvement to capacity margin and operating reserve requirements;

iv) Energy, capacity and ancillary service market facilitation;

v) Increased competition in wholesale markets;

vi) Reliability enhancement, including storm hardening and black start capability; and

vii) Critical infrastructure and homeland security.

b) Any subsequent adjustment to the metrics and criteria for evaluating potential Balanced Portfolios developed by the Transmission Provider, with input from the stakeholders, shall be proposed through Tariff amendments.

6) Evaluation of Proposed Interregional Projects

a) Proposed Interregional Projects shall be developed through the Transmission Provider’s participation in an Interregional Planning Process with one or more Interregional Planning Regions in accordance with the provisions of Section VIII of this Attachment O.

b) The Transmission Provider shall facilitate a regional review of the proposed Interregional Projects identified in the Coordinated System Plan (“CSP”) report developed and issued pursuant to the applicable Interregional Planning Process. The regional review will be subject to the timelines identified in the respective Interregional Planning Region
procedures in accordance with the applicable Addendum(s) to this Attachment O.

c) The Transmission Provider shall, in consultation with stakeholders, develop the regional review methodology which shall be posted on the Transmission Provider’s website. The methodology will contain, at a minimum, the specific procedures to:

i. Determine the assumptions and criteria necessary to complete the regional review of proposed Interregional Projects.

ii. Determine the regional models to be used in the evaluation of proposed Interregional Projects.

iii. Determine the appropriate updates to the regional models to be used in the evaluation of proposed Interregional Projects.

iv. Quantify the benefits of each proposed Interregional Project using the Transmission Provider’s regional benefit metrics consistent with Section III.6 of this Attachment O.

d) For each regional review of a proposed Interregional Project, the Transmission Provider shall publish a report which includes, but is not limited to, the following:

i. The results of the regional review analysis and a comparison to the results contained in the CSP report;

ii. The study input assumptions and criteria used to assess the proposed Interregional Project;

iii. The proposed Interregional Project’s reliability impacts on the Transmission Provider’s system and impacts on third parties not participating in the applicable Interregional Planning Process;

iv. Any expected benefits of the proposed Interregional Project; and

v. The Transmission Provider shall make a recommendation whether to approve the proposed Interregional Project and the allocation of proposed Interregional Project costs between the Interregional Planning Regions.

e) The Transmission Provider’s report shall be posted on the Transmission Provider’s website. If the Transmission Provider’s report contains confidential information in accordance with the provisions of the Tariff,
the SPP Membership Agreement, or CEII requirements the report will be password protected to preserve the confidentiality of information and a redacted version of the report shall be posted on the Transmission Provider’s website. The redacted version shall include instructions for acquiring the complete version of the report.

f) The Transmission Provider’s report shall be reviewed by the appropriate stakeholder group(s) in accordance with the provisions of Section II of Attachment O. The stakeholder group(s) and the Transmission Provider will each provide a recommendation to the Markets and Operations Policy Committee. The Markets and Operations Policy Committee shall make a recommendation to the SPP Board of Directors regarding the approval of a proposed Interregional Project.

g) The SPP Board of Directors shall review all reports and recommendations related to the regional review of the proposed Interregional Project.

i. The SPP Board of Directors may approve a proposed Interregional Project only where the benefits equal or exceed the costs for the SPP Region.

ii. The Transmission Provider shall notify the applicable interregional joint planning committee whether a proposed Interregional Project has been approved by the SPP Board of Directors.

h) To qualify as an approved Interregional Project, the proposed Interregional Project must be approved by the SPP Board of Directors and the corresponding Interregional Planning Region in accordance with the applicable Interregional Planning Process.

i) Upon approval by the corresponding Interregional Planning Region and the SPP Board of Directors, the Transmission Provider’s portion of the approved Interregional Project will be constructed in accordance with Section VI of this Attachment O.
V. The SPP Transmission Expansion Plan

The SPP Transmission Expansion Plan shall be a comprehensive listing of all transmission projects in the SPP for the twenty-year planning horizon. Projects included in the SPP Transmission Expansion Plan are: 1) upgrades required to satisfy requests for Transmission Service; 2) upgrades required to satisfy requests for generation interconnection; 3) approved projects from the 20-Year Assessment, 10-Year Assessment and Near Term Assessment (ITP Upgrades); 4) upgrades within approved Balanced Portfolios; 5) approved high priority upgrades; and 6) endorsed Sponsored Upgrades; and 7) approved Interregional Projects. A specific endorsed Sponsored Upgrade will be included in the Transmission System planning model upon execution of a contract that financially commits a Project Sponsor to such upgrade or when such upgrade is otherwise funded pursuant to the Tariff. An approved Interregional Project will be included in the Transmission System planning model upon approval for construction in accordance with Section IV.6 of this Attachment O. To be included in the SPP Transmission Expansion Plan, each project must have been endorsed or approved through its proper process. This Section V describes the process used to approve or endorse the specific upgrades identified in 20-Year, 10-Year and Near Term Assessments, high priority upgrades, and Balanced Portfolios.

1) Development of the Recommended Set of Upgrades from Planning Studies

a) Upon completion of the analysis, studies and stakeholder review and comment on the results in accordance with Sections III and IV of this Attachment O, the Transmission Provider shall prepare a draft list of all projects for review by the stakeholders. The Transmission Provider shall post the draft project list on the SPP website and shall identify the assessment process with which they are associated.

b) Upon posting of the draft project list, the Transmission Provider shall invite written comments to be submitted to the Transmission Provider.

c) The Transmission Provider shall review the draft project list with the stakeholder working groups and the Regional State Committee.

d) Considering the input from the stakeholders through this review process, the Transmission Provider shall prepare a recommended list of proposed ITP Upgrades based upon the analysis as described in Section III, upgrades within proposed Balanced Portfolios, and proposed high priority upgrades for review and approval.

2) Disclosure of the Recommended Set of Upgrades and Supporting Information from Planning Studies
a) The Transmission Provider shall disclose planning information, which includes the recommended list of proposed upgrades and the underlying studies, by providing:

i) All stakeholders equal access, notice and opportunity to participate in planning summits, the stakeholder working group meetings and the sub-regional planning meetings as well as any associated web conferences or teleconferences as set forth in Section II of this Attachment O; and

ii) For the contemporaneous availability of such meeting handouts on the SPP website.

b) The related study results, criteria, assumptions, analysis results, and data underlying the studies used to develop the proposed ITP Upgrades, the list of upgrades within proposed Balanced Portfolios, and proposed high priority upgrades shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address CEII requirements. Additionally, Transmission Owner specific local plans and criteria shall be accessible via an electronic link on the SPP website in accordance with Section VII of this Attachment O. The CEII compliant redacted version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans shall be posted on the SPP website. Redacted versions shall include instructions for acquiring the complete version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans. An electronic link shall be provided on the SPP website by which stakeholders may send written comments on the SPP Transmission Expansion Plan and Transmission Owner specific local plans and criteria.

3) Approval and Endorsement Process

a) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of ITP Upgrades. Approval by the SPP Board of Directors is required for the inclusion of ITP Upgrades in the SPP Transmission Expansion Plan.

b) The Markets and Operations Policy Committee shall make a recommendation regarding the inclusion of a proposed Balanced Portfolio in the SPP Transmission Expansion Plan. Approval by the SPP Board of Directors is required for inclusion of a Balanced Portfolio in the SPP Transmission Expansion Plan. SPP is not required to have a Balanced Portfolio each year.
c) If the SPP Board of Directors approves a list of ITP Upgrades, upgrades within Balanced Portfolios, or high priority upgrades other than those recommended by the Markets and Operations Policy Committee, the explanation for the deviation shall be included in the SPP Transmission Expansion Plan.

d) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of a high priority upgrade recommended by the Transmission Provider. Approval by the SPP Board of Directors is required for the inclusion of a high priority upgrade in the SPP Transmission Expansion Plan.

e) The Markets and Operations Policy Committee shall make a recommendation regarding endorsement of a proposed Sponsored Upgrade. Endorsement by the SPP Board of Directors is required for the inclusion of a Sponsored Upgrade in the SPP Transmission Expansion Plan.

f) The list of projects shall be posted on the SPP website by the Transmission Provider. The Transmission Provider shall, in addition to the posting, e-mail notice of such posting to the stakeholders at least ten days prior to a meeting at which the SPP Board of Directors is expected to take action on accepting or modifying the list.

g) The list of approved ITP Upgrades, upgrades within approved Balanced Portfolios, approved high priority upgrades, and endorsed Sponsored Upgrades may be modified throughout the year by the SPP Board of Directors provided that such action shall be posted and noticed pursuant to this section.

h) The list of upgrades for Transmission Service are approved in accordance with the provisions of Attachment Z1 and included in the STEP accordingly.

i) The list of interconnection facilities and other transmission upgrades related to requests for generation interconnection service are approved in accordance with the provisions of Attachment V and included in the STEP accordingly.

j) The list of Interregional Projects is approved in accordance with Section IV.6 of this Attachment O and included in the STEP accordingly.

jk) The SPP Transmission Expansion Plan shall be presented to the SPP Board of Directors at least once a year. Approval of the ITP
Upgrades, Balanced Portfolios, and high priority upgrades, and the endorsement of the other projects contained in the SPP Transmission Expansion Plan by the SPP Board of Directors shall certify a regional plan for meeting the transmission needs of the SPP Region.

4) Updates to the SPP Transmission Expansion Plan
   a) Modifications to the SPP Transmission Expansion Plan may be made between the annual approvals as required to maintain system reliability and to meet new business opportunities as they are identified.
   b) The Transmission Provider shall work with the stakeholders on an on-going basis throughout the year analyzing any newly identified issues and incorporating any necessary adjustments to the SPP Transmission Expansion Plan on an out of cycle basis.
   c) On a quarterly basis, the Transmission Provider shall post any modifications to the SPP Transmission Expansion Plan on the SPP website.
   d) The modifications shall be reviewed by the stakeholders and the Regional State Committee, endorsed by the stakeholder working groups, and approved or endorsed by the SPP Board of Directors, in accordance with Section V of this Attachment O.

5) Removal of an Upgrade from the SPP Transmission Expansion Plan.
   The Transmission Provider, in consultation with the stakeholders in accordance with Section V of this Attachment O, may remove an upgrade from an approved SPP Transmission Expansion Plan. A Transmission Owner that has incurred costs related to the removed upgrade shall be reimbursed for any expenditure pursuant to Section VIII of Attachment J to the Tariff.

6) Status of Upgrades Identified in the SPP Transmission Expansion Plan
   a) The Transmission Provider shall track the status of planned system upgrades to ensure that the projects are built in time or that acceptable mitigation plans are in place to meet customer and system needs.
   b) On a quarterly basis, at a minimum, the Transmission Provider shall:
i) Report to the Markets and Operations Policy Committee, the Regional State Committee and the SPP Board of Directors on the status of the upgrades identified in the SPP Transmission Expansion Plan; and

ii) Post the status of the upgrades on the SPP website.
VI. Construction of Transmission Facilities

1) The Transmission Provider shall not build or own transmission facilities. The Transmission Provider, with input from the Transmission Owners and other stakeholders, shall designate in a timely manner within the SPP Transmission Expansion Plan (“STEP”) one or more Transmission Owners to construct, own, and/or finance each project in the plan.

2) Any owner of Transmission Facilities, as defined in Attachment AI of this Tariff, which are or are capable of being used by the Transmission Provider to provide transmission service pursuant to Part II and Part III of this Tariff, shall have the right to sign the SPP Membership Agreement as a Transmission Owner and thereby acquire all of the rights and obligations of a Transmission Owner described therein, including all of the rights and obligations of a Transmission Owner described in this Tariff and specifically this Section VI. Each Transmission Owner and every other entity designated to construct a project by the Transmission Provider pursuant to this Section VI shall use due diligence to construct transmission facilities as directed by the SPP Board of Directors 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. Such construction shall be performed in accordance with Good Utility Practice, applicable SPP Criteria, industry standards, the applicable 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. Each Transmission Owner shall be fully compensated to the greatest extent permitted by the Commission for the costs of construction undertaken by such Transmission Owner in accordance with this Tariff.

3) A specific endorsed Sponsored Upgrade in the SPP Transmission Expansion Plan will be deemed approved for construction upon execution of a contract that financially commits a Project Sponsor to such upgrade.

4) After a new transmission project is (i) approved under the SPP Transmission Expansion Plan; or (ii) approved as an Interregional Project with a portion to be constructed within the SPP Region in accordance with Section IV.6 (i) of this Attachment O; or (iii) required pursuant to a Service Agreement; or (iv) required by a generation interconnection agreement to be constructed by a Transmission Owner(s) other than the Transmission Owner that is a party to the generation interconnection agreement, the Transmission Provider shall direct the appropriate Transmission Owner(s) to begin implementation of the project for which financial commitment is required prior to the approval of the next update of the SPP Transmission Expansion Plan. At the discretion of the SPP Board of Directors, the Transmission Provider may direct the appropriate Transmission Owner(s) to begin implementation of other such approved or required transmission projects for which financial commitment is not required prior to approval of the next SPP
Transmission Expansion Plan. The direction from the Transmission Provider shall be provided in writing to the Transmission Owner(s) designated to construct the project (“Designated Transmission Owner(s)”). The written notification to the Designated Transmission Owner(s) shall include but not be limited to: (1) the specifications of the project required by the Transmission Provider and (2) a reasonable project schedule, including a project completion date (“Notification to Construct”). If the project forms a connection with facilities of a single Transmission Owner, that Transmission Owner shall be designated to construct the project. If the project forms a connection with facilities owned by multiple Transmission Owners, the applicable Transmission Owners will be designated to provide their respective new facilities. If there is more than one Transmission Owner designated to construct a project, the Designated Transmission Owners will agree among themselves which part of the project will be provided by each entity. If the Designated Transmission Owners cannot come to a mutual agreement regarding the assignment and ownership of the project the Transmission Provider will facilitate their discussion. Each project or segment of a project being built by a single Designated Transmission Owner shall be considered a separate project for purposes of Section VI.6 and each Designated Transmission Owner will receive a separate Notification to Construct for each project or segment of a project they are responsible to construct.

5) Network Upgrade(s) and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement will be constructed pursuant to the generation interconnection agreement or pursuant to Section VI.4 of this Attachment O. Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement required to be constructed by the Transmission Owner who is a party to the generation interconnection agreement shall be constructed pursuant to the generation interconnection agreement. All other Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement to be constructed by Transmission Owners not a party to the generation interconnection agreement shall be constructed pursuant to Section VI.4 of this Attachment O.

6) In order to maintain its right to construct the project, the Designated Transmission Owner shall respond within ninety (90) days after the receipt of the Notification to Construct with a written commitment to construct the project as specified in the Notification to Construct or a proposal for a different project schedule and/or alternative specifications in its written commitment to construct (“Designated Transmission Owner’s proposal”). The Transmission Provider shall respond to the Designated Transmission Owner’s proposal within ten (10) days of its receipt of the proposal. If the Transmission Provider accepts the Designated Transmission Owner’s proposal, the Notification to Construct will be modified according to the accepted proposal and the Designated Transmission Owner shall construct the project in accordance with the modified Notification to Construct. If the Transmission Provider rejects the Designated Transmission Owner’s proposal,
the Designated Transmission Owner’s proposal shall not be deemed an acceptable written commitment to construct the project. However, the Transmission Provider’s rejection of such proposal shall not preclude a Designated Transmission Owner from providing a written commitment to construct the project after such rejection, provided the subsequent written commitment to construct the project is made within the ninety day time period after the issuance of the Notification to Construct.

If a Designated Transmission Owner does not provide an acceptable written commitment to construct within the ninety (90) day period, the Transmission Provider shall solicit and evaluate proposals for the project from other entities and select a replacement designated provider. The Transmission Provider shall solicit proposals from entities that meet certain specified legal, regulatory, technical, financial and managerial qualifications, specifically including the following:

i) Entities that have obtained all state regulatory authority necessary to construct, own and operate transmission facilities within the state(s) where the project is located,

ii) Entities that meet the creditworthiness requirements of the Transmission Provider,

iii) Entities that have signed or are capable and willing to sign the SPP Membership Agreement as a Transmission Owner upon the selection of its proposal to construct and own the project, and

iv) Entities that meet such other technical, financial and managerial qualifications as are specified in the Transmission Provider’s business practices.

The Transmission Provider shall evaluate each proposal with regard to the cost, reliability and timeliness of the proposed construction of the project and shall make a recommendation to the Board of Directors. The Board of Directors shall thereafter select an entity making a proposal and arrange for that entity to construct the project and become the Designated Transmission Owner.

At any time, a Designated Transmission Owner may elect to arrange for another entity or another existing Transmission Owner to build and own all or part of the project in its place subject to the qualifications in Subsections i, ii, iii, and iv above.

Nothing in this Section VI.6 shall relieve a Transmission Owner of its obligation to construct an upgrade as specified in Section VI.2 of this Attachment O and Section 3.3(a) of the SPP Membership Agreement in the event that no other qualified entity can be found to construct the project.
VIII. Inter-regional Coordinating Planning

1) The Transmission Provider shall participate in interregional planning and undertake to coordinate any studies required to assure the reliable, efficient, and effective operation of the Transmission System with the following Interregional Planning Regions listed in the respective Addendums to this Attachment O:

Addendum 3: The Midwest Independent Transmission System Operator, Inc. (“MISO”)

Addendum 4: Southeastern Regional Transmission Planning (“SERTP”), at a minimum, first-tier adjacent interconnected systems. Such coordination shall include:

a) Sharing system plans to ensure that such plans are simultaneously feasible and otherwise use consistent assumptions and data; and

b) Identifying system enhancements that could relieve inter-regional congestion or integrate new resources on an aggregate basis.

2) The portion of an approved Interregional Project to be constructed by each Interregional Planning Region shall be determined in accordance with the applicable Addendum to this Attachment O. The Transmission Provider shall undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed in Addendum 1 to this Attachment O.

3) The costs of an approved Interregional Project shall be allocated to each Interregional Planning Region in accordance with the applicable Addendum to this Attachment O. On an annual basis, the Transmission Provider shall review the ongoing planning activities under the agreements specified in Addendum 1 to this Attachment O to determine the need for any additional inter-regional studies. The Transmission Provider shall share this review with the stakeholders at a planning summit and solicit input regarding additional inter-regional studies that should be initiated by the Transmission Provider.

4) The Transmission Provider’s obligation to construct an approved Interregional Project within the SPP Region shall be determined in accordance with Section IV.6 of this Attachment O.
ADDENDUM 1 TO ATTACHMENT O

INTER-REGIONAL COORDINATION AGREEMENTS

1) In addition to interregional planning pursuant to accordance with Section VIII of Attachment O, the Transmission Provider shall undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed below:

   1) The Joint Operating Agreement between the Midwest Independent Transmission System Operator, Inc. (MISO) and Southwest Power Pool, Inc. (SPP);

   2a) The Transmission Coordination Agreement between the Associated Electric Cooperative, Inc. (AECI) and the Southwest Power Pool, Inc. (SPP);

   2b) The United States Department of Energy Southwestern Power Administration Agreement Between United States of America and Southwest Power Pool, Inc. (the “SPA Agreement”);

   4c) The Eastern Interconnection Reliability Assessment Group; and

   5d) All other Bilateral agreements between the Transmission Provider and transmission systems to which the SPP Region is interconnected and which are not identified in Section VIII of this Attachment O.

2) On an annual basis, the Transmission Provider shall review the ongoing planning activities under the coordination agreements specified in this Addendum 1 to determine any need for additional interregional studies. The Transmission Provider shall share this review with the stakeholders at a planning summit and solicit input regarding any additional interregional studies that should be initiated by the Transmission Provider.

3) Any Network Upgrade approved pursuant to the coordination agreements under this Addendum 1 shall not be considered an approved Interregional Project pursuant to the Interregional Planning Process identified in Section VIII of Attachment O.

SPP shall continue its efforts to formalize and improve seams agreements with its neighbors and affected systems to facilitate inter-regional and interconnection-wide transmission planning and expansion.
ADDENDUM 3 TO ATTACHMENT O

COORDINATED INTERREGIONAL TRANSMISSION PLANNING WITH THE MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.

Pursuant to Section VIII of Attachment O, the Transmission Provider and the Midwest Independent Transmission System Operator, Inc. (“MISO”) shall undertake coordinated interregional transmission planning in accordance with the provisions of Article IX of the Joint Operating Agreement between the Midwest Independent Transmission System Operator, Inc. and Southwest Power Pool, Inc. (“JOA”). The agreement can be accessed at the following link: http://www.spp.org/section.asp?group=409&pageID=27.

The objective of coordinated interregional transmission planning with MISO is to identify potential Interregional Projects, calculate the benefits to each region and present that information to the Transmission Provider and MISO. The process for coordinated interregional transmission planning between the Transmission Provider and MISO provides for joint identification and analysis of proposed Interregional Projects which may benefit the regions served by the Transmission Provider and MISO. The process includes, but is not limited to:

i. Establishment of a joint planning committee and stakeholder committee;

ii. Voting procedures whereby proposed Interregional Projects may be approved for construction by both parties;

iii. Data exchange requirements;

iv. Coordinated system planning between the parties to identify and evaluate proposed Interregional Projects;

v. Determination of costs and benefits for each party; and

vi. Construction and ownership of approved Interregional Projects.

Any proposed Interregional Projects shall be reviewed by the Transmission Provider in accordance with Section IV.6 of Attachment O. The Transmission Provider will construct its part of any approved Interregional Projects in accordance with Section VI of Attachment O. Any cost obligation of the SPP Region related to Interregional Projects shall be allocated in accordance with Section VI of Attachment J.
ADDENDUM 4 TO ATTACHMENT O

INTERREGIONAL TRANSMISSION COORDINATION
BETWEEN THE TRANSMISSION PROVIDER
AND THE
SOUTHEASTERN REGIONAL TRANSMISSION PLANNING PROCESS

Pursuant to Section VIII of Attachment O, the Transmission Provider and the public utility transmission providers in the Southeastern Regional Transmission Planning Process ("SERTP") region shall undertake coordinated interregional transmission planning in accordance with the provisions of this Addendum 4. All terms not otherwise defined herein shall have the definitions assigned in the Tariff.

For purposes of this Addendum 4, the Transmission Provider’s regional transmission planning process is the process described in Attachment O of this Tariff; the SERTP is the process described in the respective Attachment Ks (or comparable tariff sections) of the public utility transmission providers in the SERTP. References to the respective regional transmission planning processes in this Addendum 4 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Addendum 4 refer to Sections within this Addendum 4.
INTERREGIONAL TRANSMISSION PLANNING

1. Coordination

1.1 Annual Coordination: Representatives of the Transmission Provider and the SERTP will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the Transmission Provider and the SERTP may meet more frequently to coordinate the evaluation of interregional transmission project(s).

1.2 Data Exchange

1.2.1 Annual Data Exchange: At least annually, the Transmission Provider and the public utility transmission providers in the SERTP shall exchange power-flow models and associated data used in the regional transmission planning processes to develop their respective then-current regional transmission plan(s). The Transmission Provider shall designate a representative for its region and the SERTP sponsors shall designate a representative for the SERTP region to facilitate the annual data exchange. The data exchange will occur when such data is available in each of the regional transmission planning processes, typically during the first calendar quarter. Additional transmission-based models and data used in the development of the respective regional transmission plans will be exchanged between the Transmission Provider and the public utility transmission providers in the SERTP if requested. Data exchanged between the Transmission Provider and the public utility transmission providers in the SERTP under this Section 1.2.1 shall be posted on the
pertinent regional transmission planning websites consistent with the posting requirements of the respective regional transmission planning processes and is generally considered CEII.

1.2.2 **Exchange of Regional Transmission Plans:** The Transmission Provider’s regional transmission plan(s) will be posted on the SPP website pursuant to the Transmission Provider’s regional transmission planning process. The Transmission Provider will also notify the SERTP representative of such posting so they may retrieve the transmission plan(s). The public utility transmission providers in the SERTP will exchange the then-current SERTP regional transmission plan(s) in a similar manner according to its regional transmission planning process.

1.2.3 **Confidentiality:** Any CEII and Confidential data disclosed by the Transmission Provider pursuant to this Addendum 4 shall be subject to the provisions of Section VII of Attachment O of this Tariff.

1.3. **Joint Evaluation**

1.3.1 **Identification of Interregional Transmission Projects:** At least biennially, the Transmission Provider will review the then-current regional transmission plan of the SERTP, and the public utility transmission providers in the SERTP will review the Transmission Provider’s then-current regional transmission plan. Such plans include the transmission needs of each region as prescribed by each region’s planning process. This review shall occur on a mutually agreeable schedule, taking into account each region’s regional transmission planning processes timetable.
If through this review, the Transmission Provider and the public utility transmission providers, as applicable, in the SERTP identify a potential interregional transmission project that could be more efficient and cost-effective than transmission projects included in the respective regional transmission plans, the Transmission Provider and the public utility transmission providers in the SERTP will jointly evaluate the potential transmission project pursuant to Section 1.3.3.

1.3.2 Identification of Interregional Transmission Projects by Stakeholders:

Stakeholders may also propose transmission projects that may be more efficient or cost-effective than transmission projects included in the Transmission Provider’s and/or the SERTP’s regional transmission plans pursuant to the procedures in each region’s regional transmission planning processes or new transmission projects to address interregional transmission needs pursuant to Transmission Provider’s and/or the SERTP’s regional transmission planning processes. The Transmission Provider and the public utility transmission providers in the SERTP will evaluate interregional transmission projects proposed by stakeholders pursuant to Section 1.3.3.

1.3.3 Evaluation of Interregional Transmission Projects:

1.3.3.1 Joint Evaluation of Interregional Transmission Projects: The Transmission Provider and the public utility transmission providers in the SERTP shall act through their respective regional transmission planning processes to evaluate potential interregional transmission projects and to
determine whether the inclusion of any potential interregional transmission projects in each region’s regional transmission plan would be more efficient or cost-effective than transmission projects included in the respective then-current regional transmission plans. Initial coordination activities to facilitate such analysis will typically begin during the third calendar quarter. Such analysis shall be consistent with accepted planning practices of the respective regions and the methods utilized to produce each region’s respective regional transmission plan(s). To the extent possible, and as needed, information will be coordinated between the Transmission Provider and the public utility transmission providers in the SERTP, including, but not limited to:

- Planning horizons;
- Expected timelines/milestones associated with the joint evaluation;
- Study assumptions and data;
- Models; and
- Criteria

The Transmission Provider and the public utility transmission providers in the SERTP will exchange status updates for new interregional transmission project proposals or proposals currently under consideration as needed. These status updates will generally include, if applicable: (i) an update of the region’s evaluation of the proposal; (ii) the anticipated timeline for future assessments; and (iii) reevaluations related to the proposal.
1.3.3.2 Determination of Regional Benefit(s) for Interregional Cost Allocation Purposes:

The Transmission Provider and the SERTP shall evaluate the proposed interregional transmission project that meets the criteria of Section 2 for interregional cost allocation within the respective regions as follows:

A. Each region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed interregional transmission project(s) provides Regional Benefits to its respective region. For purposes of this Addendum 4, “Regional Benefit” shall mean the calculation described in Section 1.3.3.2.B.

B. Based upon the evaluation made pursuant to 1.3.3.2.A, each region will quantify a Regional Benefit based upon (i) for the Transmission Provider, the Transmission Provider shall calculate the total avoided costs of regional transmission projects that would be displaced if the proposed interregional transmission project was included; and (ii) for the SERTP, the SERTP sponsors shall calculate the total avoided costs of transmission projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included.

C. Updated Regional Benefits calculations will be exchanged in a similar manner to the status updates described in Section 1.3.3.1. In any regional benefit to cost (“BTC”) ratio calculation(s)
performed pursuant to the respective regional transmission planning processes, the anticipated allocation of costs of the interregional transmission project to each region shall be based upon the ratio of the region’s Regional Benefit to the sum of the Regional Benefits identified for both SPP and the SERTP.

2. Cost Allocation

2.1 Interregional Transmission Projects Proposed for Interregional Cost Allocation Purposes: For a transmission project to be considered for purposes of interregional cost allocation between the Transmission Provider and the SERTP, the following criteria must be met:

A. The transmission project must interconnect to the Transmission System and the transmission facilities of one or more SERTP sponsors and meet the qualification criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of regional cost allocation in accordance with the respective regional transmission planning processes of both the Transmission Provider and the SERTP.

B. At the request of either planning region, the Transmission Provider and SERTP will consider an interregional transmission project that does not satisfy all of the criteria specified in Section 2.1.A but: (i) provides quantifiable interregional benefits; (ii) would be located in both regions; and (iii) would be interconnected to the transmission facilities of one or more SERTP Sponsors and the transmission facilities of a Transmission Owner in SPP.
C. The transmission project must be proposed in the Transmission Provider and the SERTP regional planning processes for purposes of cost allocation, as well as any other regions to which the proposed transmission project would interconnect, in accordance with the procedures of the applicable regional transmission planning processes. If the proposed transmission project is being proposed by a transmission developer, the transmission developer must also satisfy all qualification criteria specified in the respective regional transmission planning processes, as applicable.

2.2 Inclusion in Regional Transmission Plans for Purposes of Cost Allocation:

An interregional transmission project proposed for interregional cost allocation purposes in each region will be included in the respective regional transmission plans for purposes of cost allocation after each region has performed all evaluations and the transmission project has obtained all approvals, as prescribed in the respective regional transmission planning processes, necessary for it to be included in each regional transmission plan for purposes of cost allocation.

2.3 Allocation of Costs Between the Transmission Provider and the SERTP: The cost of an interregional transmission project selected for purposes of cost allocation in the regional transmission plans of both the Transmission Provider and the SERTP will be allocated between the regions as follows:

A. Each region will be allocated a portion of the interregional transmission project’s costs in proportion to such region’s Regional Benefit to the sum of the Regional Benefits identified for both the Transmission Provider and the SERTP.
The Regional Benefits used for this determination shall be based upon the last Regional Benefit calculation performed – pursuant to the method described in Section 1.3.2 – before each region included the transmission project in its regional transmission plan for purposes of cost allocation and as approved by each region.

Should one region be willing to bear more costs of the interregional transmission project than the costs identified pursuant to the methodology described in this Section 2.3.A, the regions may voluntarily agree, subject to applicable regional approvals, to an alternative cost sharing arrangement.
2.4 **Milestones of Required Steps Necessary to Maintain Status as Being Selected for Interregional Cost Allocation Purposes:** Once selected in the respective regional transmission plans for purposes of cost allocation, the Transmission Provider and the SERTP sponsor(s) that will be allocated costs of the transmission project (“beneficiaries”) and the transmission developer must mutually agree upon an acceptable development schedule including milestones by which the necessary steps to develop and construct the transmission project must occur. These milestones may include (to the extent not already accomplished) obtaining all necessary rights-of-way and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) between the transmission developer and the beneficiaries. If the specified milestones are not met, then the Transmission Provider and the SERTP sponsor(s) may remove the transmission project from the selected category in the regional transmission plan for purposes of cost allocation.

2.5 **Interregional Project Contractual Arrangements:** The contracts referenced in Section 2.4 will address terms and conditions associated with the development of the proposed transmission project included in the regional transmission plans for purposes of cost allocation, including but not limited to:

a) Engineering, procurement, construction, maintenance, and operation of the proposed transmission project, including coordination responsibilities of the parties;

b) Emergency restoration and repair;
c) The specific financial terms/specific total amounts to be charged by the transmission developer of the transmission project to each beneficiary, as agreed to by the parties;

d) Creditworthiness/project security requirements;

e) Milestone reporting, including schedule of projected expenditures;

f) Reevaluation of the transmission project; and

g) Non-performance or abandonment.

2.6 Removal from Regional Transmission Plans for Purposes of Cost Allocation:

An interregional transmission project may be removed from the Transmission Provider’s or the SERTP’s regional transmission plan for purposes of cost allocation (1) if the project is removed from either regions’, regional transmission plans pursuant to the requirements of its regional transmission planning process or (2) if the developer fails to meet the developmental milestones established pursuant to Section 2.4.

2.6.1: The Transmission Provider and/or the public utility transmission providers in the SERTP will notify the other party if an interregional transmission project or a portion thereof is likely to be removed from its regional transmission plan.

3. Transparency

3.1 The Transmission Provider and the public utility transmission providers in the SERTP shall host their respective regional websites for communication of information related to coordinated interregional transmission planning procedures. The regions shall coordinate on the documents and information that is posted on
their respective websites to ensure consistency of information. Each regional website shall contain, at a minimum, the following information:

i. Link to this Addendum;

ii. Information related to joint meetings, such as links to materials for joint meetings;

iii. Documents relating to joint evaluations; and

iv. Procedures for coordination and joint evaluation

3.2 Access to the data utilized will be made available through the pertinent regional planning websites subject to the requirements in Section 1.2.3. The Transmission Provider will make available, on the SPP website, links to where stakeholders can register (if applicable/available) for SERTP stakeholder committees and distribution lists.

3.3 The Transmission Provider shall report back to its stakeholders on the status of any interregional activities done under this Addendum 4 including:

   o Facilities to be evaluated

   o Analysis performed

   o Determinations/results

3.4 Stakeholders will have an opportunity to provide input and feedback related to interregional facilities identified, analysis performed, and any determination/results within the respective regional transmission planning processes. Stakeholders may participate in either or both regions’ regional transmission planning processes to provide their input and feedback regarding the interregional coordination activities described in this Addendum 4.