How We Got Here

Cost Allocation Symposium
October 12, 2004
Dallas, TX
The Driver

- FERC requirement in 2/10/04 SPP RTO Order
  - to develop and file a transmission cost allocation plan by the end of this year that addresses pricing treatment for the projects identified in SPP’s transmission plan
- SPP OATT sunset provision that the cost of all Network Upgrades constructed for service under the SPP OATT be rolled-in after February 1, 2005
  - to assess rate treatments for new facilities as possible alternatives to the currently effective Tariff provisions in Attachment J of the SPP OATT
Stakeholder Participation

- SPP kicked off the stakeholder process to receive input to develop a transmission cost allocation plan with the March 18th symposium
- The CAWG took the lead in this process in mid-June, teleconferencing 1 or 2 times a week since April
- To date… 14 meetings/teleconferences with stakeholder participation
Key Dates in Process

February 10th
FERC Order requiring SPP to develop cost allocation methodology

April 2004
CAWG/RSC develop draft cost allocation principles

May 2004
SPP issues revised draft discussion paper on Trans Cost Allocation

March 2004
First SPP Symposium

May 2004
• Mini-symposium to review RSC/CAWG principles
• SPP issues Discussion Paper on alternatives

June 9, 2004
2nd SPP Symposium
• Strawman Proposal presented
• Stakeholders present alternate approaches

June 2004
CAWG Meetings

July 28, 2004
Conference in KC. Presentations on alternate methodologies:
• Flow-based
• Hiway-Byway
• MW mile
• Postage stamp

August 31, 2004
CAWG Meeting with Stakeholders to review SPP analysis of allocation methodologies

May 2004
• Mini-symposium to review RSC/CAWG principles
• SPP issues Discussion Paper on alternatives

June/July 2004
Stakeholders submit response to critical issues request from RSC

July 2004
RSC briefed on current status at RSC meetings on 7/12 and 7/26

August 2004
CAWG meetings: Base Plan proposal based on SPP approach refined and discussed with Stakeholders
RSC briefed on proposals and key issues at 8/18 meeting

September 15, 2004
RSC Meeting to discuss Base Plan Proposal & critical issues lists from stakeholders

October 5, 2004
• RSC teleconference
• RSC supports CAWG base plan proposal
Cost Allocation – Methodologies Considered

- Rolled in regionally and/or zonally
  - Postage stamp and/or license plate
- MW-mile
- Flow based
- Highway/Byway
  - Functional test or bright line test
Inputs – Stakeholders’ Written Comments Solicited

- Critical transmission cost allocation issues for stakeholders
  - Responses from AEP, Empire, Entergy, Golden Spread, KCP&L, KMU, OG&E, SWPA, TDU group, Westar, Wind, Xcel

- Base funding and economic upgrade issues from the September 8th RSC conference call
  - Responses from AEP, Entergy, Golden Spread, KMU, TDU group, TO group
Deliverables

❖ **Base Funding Proposal**
  ♦ Evolving proposal distributed to stakeholders August 24th and 25th and September 16th
  ♦ RSC supported proposal dated October 5th

❖ **Economic Upgrade Proposal**
  ♦ Work in progress
Contact SPP

http://www.spp.org

General Inquiries: 501-614-3200