February 27, 2015

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. ER15-_____-000
Submission of Tariff Revisions to Section III.D of Attachment J

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. 824d ("FPA"), and Section 35.13 of the Federal Energy Regulatory Commission's ("Commission") Regulations, 18 C.F.R. § 35.13, Southwest Power Pool, Inc. ("SPP") submits revisions to its Open Access Transmission Tariff ("Tariff")[1] to add potential remedies to Section III.D of Attachment J that SPP could recommend as part of its Regional Cost Allocation Review ("RCAR") process.

SPP requests an effective date of May 1, 2015 for the proposed Tariff revisions.

I. BACKGROUND

A. SPP

SPP is a Commission-approved Regional Transmission Organization ("RTO").[2] It is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. SPP has 83 Members, including 14 investor-owned utilities, 11 municipal systems, 14 generation and transmission cooperatives, 8 state agencies, 12 independent power producers, 12 power marketers, 11 independent transmission companies and 1 federal agency. As an RTO, SPP administers open

[1] Southwest Power Pool, Inc., Open Access Transmission Tariff, Sixth Revised Volume No. 1.

[2] *Southwest Power Pool, Inc.*, 109 FERC ¶ 61,009 (2004), *order on reh'g*, 110 FERC ¶ 61,137 (2005).

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,[3] and administers the Integrated Marketplace containing centralized day ahead and real-time energy and operating reserve markets with locational marginal pricing and market-based congestion management.[4]

B. The RCAR Process

Attachment J, Section III.D of the SPP Tariff contains the provisions for the review of SPP's regional cost allocation methodology. SPP originally added this "unintended consequences" review process to its Tariff in 2005 along with the implementation of its cost allocation process for Base Plan Upgrades.[5] In the Base Plan Order the Commission accepted SPP's inclusion of an unintended consequences review and stated that "this aspect of the proposal provides a reasonable check on the outcome of the transmission expansion process, as well as an additional level of review regarding the effectiveness of SPP's transmission expansion plan and cost allocation decisions."[6]

In 2010, SPP submitted two filings that modified the unintended consequences review process. First, in April 2010, SPP submitted revisions to the SPP Tariff to establish a new cost allocation methodology, known as Highway/Byway, for Base Plan Upgrades.[7] The Commission accepted the Highway/Byway Filing, effective June 19, 2010.[8] Second, in May 2010, SPP also submitted revisions to its Tariff to incorporate a modified transmission planning

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3 *See Sw. Power Pool, Inc.*, 89 FERC ¶ 61,084 (1999); *Sw. Power Pool, Inc.*, 86 FERC ¶ 61,090 (1999); *Sw. Power Pool, Inc.*, 82 FERC ¶ 61,267, *order on reh'g*, 85 FERC ¶ 61,031 (1998).

4 *Sw. Power Pool, Inc.*, 146 FERC ¶ 61,130 (2014) (order approving the start-up and operation of the Integrated Marketplace effective March 1, 2014).

5 *See Sw. Power Pool, Inc.*, 111 FERC ¶ 61,118 (2005) ("Base Plan Order").

6 Base Plan Order at P 61.

7 Submission of Tariff Revisions to Modify Transmission Cost Allocation Methodology of Southwest Power Pool, Inc., Docket No. ER10-1069-000 (Apr. 19, 2010) ("Highway/Byway Filing").

8 *See Sw. Power Pool, Inc.*, 131 FERC ¶ 61,252 (2010) ("Highway/Byway Order").

process, the Integrated Transmission Plan ("ITP").[9] The Commission conditionally accepted the ITP Filing, subject to a compliance filing, on July 15, 2010.[10]

Both the Highway/Byway Filing and the ITP Filing altered Attachment J, Section III.D with respect to the unintended consequences review, which is now referred to as the RCAR. Attachment J, Section III.D now requires SPP to review the cost allocation methodology and allocation factors at least every three years (rather than five years, as existed under the previous Tariff provisions).[11] In addition, for each of these reviews, SPP shall determine the cost allocation impacts of the Base Plan Upgrades to each pricing Zone within the SPP region, and SPP, in collaboration with the Regional State Committee ("RSC") will determine the cost allocation impacts pursuant to guidelines specified in Attachment O of the Tariff.[12] Attachment J, Section III.D provides that SPP will share the results of its review with the Regional Tariff Working Group ("RTWG"), Markets and Operations Policy Committee ("MOPC"), and RSC, and will publish the results on its website.[13] If the results of the analysis show an imbalanced cost allocation in one or more Zones, SPP also will request that the RSC provide any recommendations to adjust cost allocations.[14]

Attachment J, Section III.D.4.i provides that the MOPC and RSC "will define the analytical methods to be used" to report under the RCAR process. As a result, the Regional Allocation Review Task Force ("RARTF") was formed in 2011. The RARTF was originally composed of three members of the RSC, three SPP Members, and one member of the SPP Board of Directors ("SPP Board").[15] The RARTF is responsible for defining the analytical methods to be used to review the reasonableness of the regional allocation methodology and factors and the zonal allocation methodology. The analytical methodology will form a basis for the MOPC

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[9] Submission of Revisions to Open Access Transmission Tariff to Incorporate Integrated Transmission Plan of Southwest Power Pool, Inc., Docket No. ER10-1269-000 (May 17, 2010) ("ITP Filing").

[10] *See Sw. Power Pool*, *Inc*., 132 FERC ¶ 61,042 (2010) ("ITP Order").

[11] *See* Tariff at Attachment J, Section III.D.1.

[12] *See id*. at Attachment J, Section III.D.2.

[13] *See id.* at Attachment J, Section III.D.3.

[14] *See id.* at Attachment J, Section III.D.4.

[15] Today, the RARTF has nine members composed of four members of the RSC, four SPP Members and one member of the SPP Board.

and RSC to consider improvements, if any, to the long term cumulative equity of cost allocation and benefits for members resulting from SPP's ITP process.

The RARTF completed its final report in January 2012 ("RARTF Report")[16] and shortly thereafter the RARTF Report was approved by the SPP Board.[17] The RARTF Report included a number of recommendations as to how SPP should conduct the RCAR process, such as integrating the RCAR schedule with the SPP three year ITP cycle and undertaking the RCAR process upon the completion of the 10-year ITP. The report also included a recommendation regarding the establishment of a Benefit to Cost threshold. The recommended Benefit to Cost threshold would be the basis for SPP to evaluate remedies for any zones falling below the threshold. The RARTF Report also included a list of potential remedies for SPP to study and report for any zone below the Benefit to Cost threshold.

Utilizing the recommendations from the RARTF, SPP conducted the first RCAR in 2013. In accordance with the Tariff, SPP shared the results of the first review in the RCAR Report with the RTWG, MOPC and RSC. The RCAR Report was approved as meeting the requirements of the Tariff by the MOPC on October 16, 2013.[18] The RSC accepted the report as presented on October 28, 2013.[19]

SPP is currently conducting the second RCAR which is scheduled to conclude in July 2015.

C. Stakeholder Process

The Tariff modifications proposed in this filing were developed and approved through the SPP stakeholder process. In April 2014, the SPP Board directed the RTWG to draft Tariff language that incorporates a process for the application of remedies including the list of potential remedies included in the RARTF Report. As a result, the Tariff language proposed herein was developed and reviewed in the SPP

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[16] *See* RARTF Report posted on SPP's website at http://www.spp.org/publications/FINAL%20RARTF%20Report%20011012.pdf.

[17] *See* BOD/MC Minutes 1/31/12, Board of Directors/Members Committee Meeting Minutes No. 145 at Agenda Item 6 posted on SPP's website at http://www.spp.org/section.asp?group=113&pageID=27 The RARTF Report is included as Att 7 to the minutes.

[18] *See* MOPC Meeting Minutes at Agenda Item 17 posted on SPP's website at: http://www.spp.org/publications/MOPC%20Meeting%20Minutes%20&%20Attachments%20October%2015-16,%202013.pdf.

[19] *See* RSC Meeting Minutes at page 4 posted on SPP's website at: http://www.spp.org/publications/RSC102813.pdf.

stakeholder process. The RARTF unanimously approved the Tariff modifications on December 15, 2014.[20] The RTWG approved the Tariff modifications on December 19, 2014.[21] The Tariff modifications were subsequently approved by the MOPC[22] and the SPP Board for filing.[23]

As stated previously, the Tariff revisions herein proposed by SPP are the result of the stakeholder process, and were approved by the SPP Board. While SPP recognizes that stakeholder approval does not by itself cause a filing to be just and reasonable, SPP requests that the Commission extend appropriate deference to the wishes of SPP's stakeholders, consistent with Commission precedent.[24] Further, the addition of this language will provide clarity to the Tariff. For these reasons, SPP requests the Commission find the proposed Tariff revisions to be just and reasonable and to accept the Tariff revisions included in this filing, effective May 1, 2015.

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[20] *See* RARTF Meeting Minutes at Agenda Item 6 posted on SPP's website at: http://www.spp.org/publications/RARTF%20Minutes%20121514.pdf.

[21] *See* RTWG Meeting Minutes at Agenda Item 22 (b) posted on SPP's website at: http://www.spp.org/publications/RTWG%20Minutes%20December%2017%20-%2019,%202014%20Amended%201-28-2015.pdf.

[22] *See* MOPC Meeting Minutes at Agenda Item 8 posted on SPP's website at: http://www.spp.org/publications/MOPC%20Minutes%20&%20Attachments%20January%2013-14,%202015.pdf.

[23] *See* Board of Directors/Members Committee Meeting Minutes No. 162 at Agenda Item 4 posted on SPP's website at: http://www.spp.org/publications/BOD%20MC%20MIN_ATT%20012715.pdf.

[24] The Commission has previously recognized that provisions approved through RTO stakeholder processes are due deference. *See Sw. Power Pool, Inc.*, 127 FERC ¶ 61,283, at P 33 (2009) (noting that the Commission "accord[s] an appropriate degree of deference to RTO stakeholder processes"); *New Eng. Power Pool*, 105 FERC ¶ 61,300, at P 34 (2003) (Commission approval of transmission cost allocation proposal based upon an extensive and thorough stakeholder process); Policy Statement Regarding Regional Transmission Groups, 1991-1996 FERC Stats. & Regs., Regs. Preambles ¶ 30,976, at 30,872 (1993) (the Commission will afford the appropriate degree of deference to the stakeholder approval process). The Commission's deference to RTO stakeholder processes has been upheld by the courts. *See* Pub. Serv. Comm'n of Wis. v. FERC, 545 F.3d 1058, 1062-63 (D.C. Cir. 2008) (noting that the Commission often gives weight to RTO proposals that reflect the position of the majority of the RTO's stakeholders) (quoting Am.Elec. Power Serv. Corp. v. Midwest Indep. Transmission Sys. Operator, Inc., 122 FERC ¶ 61, 083, at P 172 (2008)).

II. DESCRIPTION AND JUSTIFICATION FOR TARIFF REVISIONS

In this filing, SPP proposes to add to Section III.D.5 of Attachment J potential remedies that SPP could recommend for the relief of imbalanced cost allocation at the conclusion of an RCAR process. Specifically, SPP proposes seven potential remedies that SPP could evaluate: (1) acceleration of planned upgrades; (2) issuance of Notifications to Construct for selected new upgrades; (3) apply regional allocation to all, or a portion, of the cost of any project that otherwise would not qualify for regional allocation; (4) recommend potential Seams Transmission Projects; (5) transfer zonal Annual Transmission Revenue Requirement ("ATRR") to the Region-wide ATRR; (6) exemptions from allocated costs associated with future transmission projects; and (7) change cost allocation percentages as defined in Section III of Attachment J. These potential remedies are based upon the potential remedies identified in the RARTF Report.[25]

SPP proposes adding this list of potential remedies to Section III.D of Attachment J to add more transparency to the on-going RCAR process. The proposed Tariff revisions make it clear what remedies SPP would consider if an RCAR identified imbalanced cost allocation that needed to be relieved and further require that any recommended remedy proposed by SPP be reviewed through the appropriate SPP stakeholder process.

Under the proposed Tariff provisions, SPP is not recommending any specific remedy to be applied. Rather, the Tariff revisions include a list of potential remedies that SPP could consider. SPP will evaluate any potential remedies at the time the need for a remedy is identified in the RCAR and will recommend a remedy to best relieve that specific imbalanced cost allocation.[26] Any proposed recommendation would be thoroughly reviewed through the SPP stakeholder process. SPP also did not include any provisions in the proposed Tariff language regarding the effective date of any potential remedies. Just as the exact remedy that SPP would recommend will not be identified until the need for one arises, the determination of the effective date of a potential remedy would have to be evaluated at the time the remedy is proposed and in light of the cost allocation imbalance SPP is seeking to resolve.

Furthermore, SPP recognizes that for any remedies that would result in a change to the SPP Tariff (i.e., a change in cost allocation), SPP would be required to make a filing at the Commission under Section 205 of the FPA in order to implement

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25 *See* RARTF Report at Section 5.

26 One of the principles identified by the RARTF for the RCAR process was "equity over time." Specifically, the RARTF concluded that the RCAR "should adhere to the long term view of the Highway/Byway cost allocation methodology to strive toward regional cost allocation equity over time." *See* RARTF Report at Section 3.1 (10).

the remedy.[27] Section III.D.1 of Attachment J states that "[a]ny change in the regional allocation methodology and factors or the zonal allocation methodology shall be filed with the Commission."[28] To further clarify this in the Tariff, SPP proposes the following addition to Section III.D.6, "[i]n accordance with the SPP Bylaws, the SPP Board of Directors will initiate the appropriate actions, including any necessary filings with the Commission, to implement any SPP Board of Directors' approved remedy(ies)."[29] This proposed revision makes it clear that in order to implement any remedies approved by the SPP Board, SPP will first make the necessary filings at the Commission. In such a Section 205 filing, SPP would be required to justify any proposed changes to the SPP Tariff, as well as the proposed effective date for the proposed Tariff change.

The purpose of the new Tariff language is to clarify that SPP can recommend possible remedies for cost allocation inequities identified in an RCAR. However, the proposed Tariff revisions do not modify the role of the RSC in the RCAR process, as specified in Section III.D.4 of Attachment J, nor do the proposed Tariff revisions modify SPP's planning processes including the ITP process.

For the foregoing reasons, SPP respectfully requests the Commission find the proposal to modify Attachment J, Section III.D to include potential remedies that SPP could recommend if an imbalanced cost allocation is identified in an RCAR to be just and reasonable and approve the Tariff modifications proposed herein.

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[27] In the Highway/Byway Order, in response to an intervener's requested clarification that any change to SPP's cost allocation as a result of an RCAR will not be effective unless its filed with and accepted by the Commission, the Commission stated: "we find that there is no need for SPP to clarify that any reallocation of costs will be done on a prospective basis. Any change in allocation will have to be filed under section 205 of the FPA, as the unintended consequences provisions already provide. Upon such a filing, the Commission will review such proposed change in allocation for compliance with the requirements of section 205 of the FPA, as well as the filed rate doctrine and the rule against retroactive ratemaking." (emphasis added). Highway/Byway Order at P 84.

[28] *See* Tariff at Attachment J, Section III.D.1.

[29] *See* Proposed Tariff at Attachment J, Section III.D.6.

III. EFFECTIVE DATE

SPP requests that the Commission accept the proposed revisions to the Tariff to become effective May 1, 2015, which is not less than 60 days, or more than 120 days, after the submission of this filing as required by the Commission.[30]

IV. 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

B. Service:

SPP has electronically served a copy of this filing on all its Members, Customers and Market Participants. 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 do not modify applicable Commission-approved rates and are clarifying in nature. The proposed Tariff revisions are revenue neutral with no impact on the current processes SPP utilizes.

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30 *See* 18 C.F.R. § 35.3 at (a) (1).

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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V. CONCLUSION

For all of the foregoing reasons, SPP respectfully requests that the Commission accept the Tariff revisions proposed herein as just and reasonable, with the effective date of May 1, 2015.

Respectfully submitted,

/s/ Tessie Kentner
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III. Base Plan Upgrades

A single Base Plan Upgrade is comprised of any upgrade or group of upgrades required to be made to a single transmission circuit, where a transmission circuit is comprised of all load carrying elements between circuit breakers or the comparable switching devices. A load carrying element within a Base Plan Upgrade that is connected at two different voltage levels (e.g. a 345kV/138kV transformer) shall, for the purposes of this Attachment J, be considered to have a nominal operating voltage of its lower voltage level (excluding any tertiary windings) and its costs shall be allocated in accordance with the rules governing the lower voltage level in this Attachment J. A waiver may be requested to use a transformer's higher voltage level instead of the lower voltage level for the purposes of cost allocation under this Attachment J based on the anticipated utilization of the transformer. Such request must be made in writing with supporting analysis and submitted to the Transmission Provider not later than one hundred eighty (180) days following the inclusion of the transformer in an approved SPP Transmission Expansion Plan. Any waiver request submitted shall be evaluated based upon the following general factors, including but not limited to: (i) whether the power flows through the transformer predominately are from the lower voltage to the higher voltage; (ii) whether the transformer is not necessary for the support of, or does not substantially benefit, the lower voltage system in the host zone to which it is connected. The Transmission Provider shall make a recommendation to accept or deny the waiver, on a non-discriminatory basis, to the Markets and Operations Policy Committee. The Markets and Operations Policy Committee will consider the waiver request and the Transmission Provider's recommendation, and will provide its own recommendation (along with the Transmission Provider's recommendation) regarding such waiver to the SPP Board of Directors. Barring unusual circumstances, the recommendation to approve or reject such waiver request will be submitted to the SPP Board of Directors within one hundred twenty (120) days following the receipt of the waiver request.

A. Allocation of Base Plan Upgrade Costs Eligible for Cost Allocation

1. If the cost of a Base Plan Upgrade is less than or equal to $100,000, the annual transmission revenue requirement associated with such Base Plan Upgrade shall be allocated to the Base Plan

Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.

2. If a) the Base Plan Upgrade is included in and constructed pursuant to the SPP Transmission Expansion Plan in order to ensure the reliability of the Transmission System or is an approved high priority upgrade, and the cost for that upgrade is not allocable under Section III.A.1; or b) the Base Plan Upgrade cost eligible for cost allocation under Section III.B.1 is not associated with a new or changed Designated Resource for a wind generation plant, then:

    i. X% of the annual transmission revenue requirement associated with such Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Region-wide Annual Transmission Revenue Requirement and recovered through the Region-wide Charge, where X shall be set as follows:

        a. For all Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010 or whose nominal operating voltage level is less than 300 kV but greater than 100 kV, X shall be 33%.

        b. For all other Base Plan Upgrades whose nominal operating voltage level is greater than or equal to 300 kV, X shall be 100%.

        c. For all other Base Plan Upgrades whose nominal operating voltage level is less than or equal to 100 kV, X shall be 0%.

    ii. (100-X)% of the annual transmission revenue requirement associated with such Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement and recovered through the Base Plan Zonal Charge as follows:

a. For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of specific Zones based on the Zones' share of the incremental positive MW-mile benefits as computed in Section 4 of Attachment S to this Tariff. Each Zone with a benefit of at least 10 MW-miles from a given Base Plan Upgrade shall be allocated a portion of the Base Plan Zonal Annual Transmission Revenue Requirement for such upgrade based on its incremental positive MW-mile benefit divided by the sum of the incremental positive MW-mile benefits for all of those Zones with a benefit of at least 10 MW-miles from the upgrade, provided that such allocation represents an engineering and construction cost of at least $100,000.

b. For all other Base Plan Upgrades, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated solely to the Base Plan Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.

3. If the Base Plan Upgrade cost eligible for cost allocation under Section III.B.1 of Attachment J is a) associated with a new or changed Designated Resource that is a wind generation plant and b) the Base Plan Upgrade is located within the same zone as the Transmission Customer's Point of Delivery, then:

i. X% of the annual transmission revenue requirement associated with the portion of the Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Region-wide Annual Transmission Revenue Requirement and recovered through the Base Plan Region-wide Charge, where X shall be set as follows:

a. For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010 or whose nominal operating voltage level is less than 300 kV and greater than 100 kV, X shall be 33%.

b. For all other Base Plan Upgrades whose nominal operating voltage level is greater than or equal to 300 kV, X shall be 100%.

c. For all other Base Plan Upgrades whose nominal operating voltage level is less than or equal to 100 kV, X shall be 0%.

ii. (100-X)% of the annual transmission revenue requirement associated with the portion of the Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement and recovered through the Base Plan Zonal Charge as follows:

a. For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of specific Zones based on the Zones' share of the incremental positive MW-mile benefits as computed in Section 4 of Attachment S to this Tariff. Each Zone with a benefit of at least 10 MW-miles from a given Base Plan Upgrade shall be allocated a portion of the Base Plan Zonal Annual Transmission Revenue Requirement for such upgrade based on its incremental positive MW-mile benefit divided by the sum of the incremental positive MW-mile benefits for all of those Zones with a benefit of at least 10 MW-miles from the upgrade, provided that such allocation represents an engineering and construction cost of at least $100,000.

b. For all other Base Plan Upgrades, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.

4. If the Base Plan Upgrade cost eligible for cost allocation under Section III.B.1 of Attachment J is a) associated with a new or changed Designated Resource that is a wind generation plant and b) the Base Plan Upgrade is located within a zone(s) other than the Transmission Customer's Point of Delivery, then:

i. Y% of the annual transmission revenue requirement associated with the Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Region-wide Annual Transmission Revenue Requirement and recovered through the Base Plan Region-wide Charge, where Y shall be set as follows:

a. For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010 or whose nominal operating voltage level is less than 300 kV, Y shall be 67%.

b. For all other Base Plan Upgrades Y shall be 100%.

ii. (100-Y)% of the annual transmission revenue requirement associated with the Base Plan Upgrade costs eligible for cost allocation shall be directly assigned to the Transmission Customer.

B. Conditions for Classifying Service Upgrade Costs Associated with Designated Resources As Base Plan Upgrade Costs Eligible for Cost Allocation

1. Except as provided in Section III.A.1 and subject to the limits and rules set forth in Subsections d and f below, the costs of Service Upgrades associated with new or changed Designated Resources shall be classified as Base Plan Upgrade costs eligible for cost allocation if the conditions in the following Subsections a and b are met, and if the condition in Subsection c is met as applicable.

a. The Transmission Customer's commitment to the Designated Resource has a duration of at least five years

b. In the first year the Designated Resource is planned to be used by the Transmission Customer, the accredited capacity of the Transmission Customer's existing Designated Resources plus the lesser of: (a) the planned maximum net dependable capacity applicable to the Transmission Customer or (b) the requested capacity; shall not exceed 125% of the Transmission Customer's projected system peak responsibility determined pursuant to SPP Criteria 2.

c. If the Designated Resource is a wind generation plant, then the sum of: (1) the requested capacity and (2) the transmission capacity reserved for the Transmission Customer's existing Designated Resources that are wind generation plants shall not exceed 20% of the Transmission Customer's projected system peak responsibility as determined pursuant to SPP Criteria 2 in the first year the

Designated Resource is planned to be used by the Transmission Customer.

d. Safe Harbor Cost Limit for Eligibility of the Costs of Base Plan Upgrade for Cost Allocation

i. For Base Plan Upgrades that cost over $100,000, the aggregate cost of such upgrades assigned to each individual transmission service request that is less than or equal to the Safe Harbor Cost Limit of $180,000 / MW times the requested capacity is eligible for cost allocation in accordance with:

1) Section III.A.2 for a new or changed Designated Resource other than a wind generation plant; or

2) Sections III.A.3 and 4 for a new or changed Designated Resource that is a wind generation plant.

ii. Unless a waiver of the Safe Harbor Cost Limit is granted pursuant to Section III.C, any costs that exceed the Safe Harbor Cost Limit for a transmission service request shall be directly assigned to the Transmission Customer and allocated among the upgrades affected by the transmission service request in accordance with Section V.c of Attachment Z1 of this Tariff.

e. Base Plan Upgrade costs eligible for allocation as a result of the granting of a waiver shall be allocated in accordance with Sections III.A.2, III.A.3, or III.A.4, as applicable.

f. For each transmission service request, the amount of Base Plan Upgrade costs eligible for cost allocation shall be allocated among all Upgrades required to grant the transmission service request based upon the remaining cost after allocation of any Directly Assigned Upgrade Costs in accordance with Section III.B.1(d)(ii) of this Attachment J.

2. The Transmission Customer must provide the Transmission Provider the information that the Transmission Provider deems necessary to verify that the new or changed Designated Resource meets conditions in Section III.B.1.a, b and c above.

3. If an upgrade for a new or changed Designated Resource meets the requirements set forth in Section III.B.1.a, b, and c above, the costs up to the $180,000/MW Safe Harbor Cost Limit will be classified as Base Plan Upgrade costs eligible for cost allocation.

4. If the conditions set forth in Section III.B.1.a, b, and c above are not met, and the Transmission Customer does not secure a waiver of the relevant condition(s), the costs of the upgrades will be directly assigned to the Transmission Customer. If the costs of upgrades associated with a new or changed Designated Resource exceeds the Safe Harbor Cost Limit and the Transmission Customer does not secure a waiver of that limit, the costs of the upgrades in excess of the limit will be directly assigned to the Transmission Customer. The Transmission Customer shall receive *compensation* in accordance with Attachment Z2 to this Tariff for any such directly assigned costs.

C. Waiver of Conditions for Classifying Service Upgrade Costs Associated with Designated Resources As Base Plan Upgrade Costs Eligible for Cost Allocation

1. Waiver Process

If one or more of the conditions in Section III.B.1.a, b, c are not met or if the Base Plan Upgrade cost exceeds the Safe Harbor Cost Limit, the Transmission Customer may seek a waiver from the Transmission Provider in order that the costs of any Service Upgrade(s) that otherwise would be directly assigned to the Transmission Customer may be classified in whole or in part as Base Plan Upgrade costs eligible for cost allocation.

To obtain a waiver for the conditions set forth in Section III.B.1.a, b, c, the Transmission Customer must submit a request for a waiver to the Transmission Provider simultaneous with its request for long-term transmission service, submitted in accordance with Attachment Z1 to this Tariff, for the new or changed Designated Resource.

Aggregate Facilities Studies performed by the Transmission Provider as part of the Aggregate Transmission Service Study procedure, which is described in Attachment Z1, will determine whether the costs for Service Upgrades associated with a new or changed Designated Resource might exceed the Safe Harbor Cost Limit. If the Transmission Provider determines that the costs for Service Upgrades associated with a new or changed Designated Resource might exceed the Safe Harbor Cost Limit, the Transmission Provider shall notify the affected Transmission Customer when the Transmission Provider posts the associated Facilities Study. The affected Transmission Customer may request a waiver regarding the costs in excess of the Safe Harbor Cost Limit within 15 days of such notice form the Transmission Provider.

Following the receipt of a request for a waiver, the Transmission Provider will review the request and make a determination on a non-discriminatory basis of whether a waiver should be granted based upon consideration of the factors described in Section III.C.2. of this Attachment. The Transmission Customer requesting the waiver shall be responsible for the reasonable costs of any studies that the Transmission Provider performs in making its determination. The Transmission Provider will provide a report and recommendation to the Markets and Operations Policy Committee for each requested waiver. The Markets and Operations Policy Committee will consider the waiver request and the Transmission Provider's report and recommendation, and will provide its own recommendation (along with the Transmission Provider's report and recommendation) regarding each requested waiver to the SPP Board of Directors. Barring unusual circumstances, a valid waiver request will be reviewed and submitted to the SPP Board of Directors within 120 days following the receipt of the waiver request.

2. Factors to be Considered in Evaluating Waiver Requests

Any waiver request submitted by a Transmission Customer pursuant to Section III.C.1. of this Attachment shall be evaluated based upon the following general factors, including but not limited to:

i. There are insufficient competitive resource alternatives for one or more Transmission Customers.

ii. In the event that the aggregate costs of a Service Upgrade associated with a new or changed Designated Resource exceed the Safe Harbor Cost Limit, (i) those costs up to the level of the Safe Harbor Cost Limit shall be classified as Base Plan Upgrade costs eligible for cost allocation, and (ii) those costs that exceed the Safe Harbor Cost Limit may be classified in whole or in part as Base Plan Upgrade costs eligible for cost allocation taking into account the extent to which the duration of the Transmission Customer's commitment to the new or changed Designated Resource exceeds the five-year commitment period set forth in paragraph III.B.1. above.

iii. The five-year commitment period for the new or changed Designated Resource may be waived if: (i) the associated Service Upgrade costs are significantly less than the Safe Harbor Cost Limit; or (ii) the associated Service Upgrades provide benefits to other Transmission Customers that would offset in less than five years any costs allocated to them as a result of the upgrade being classified as a Base Plan Upgrade.

iv. If a request for a waiver is received by the Transmission Provider based upon other circumstances, such waiver request shall also be considered pursuant to the waiver process described in Section III.C.1. of this Attachment.

If the costs of the Service Upgrade(s) required for a new or changed Designated Resource are not eligible for classification as Base Plan Upgrade costs, the Transmission Customer may nevertheless request the construction of such upgrades. In such event, the costs of such upgrades shall be allocated in accordance with Attachment Z1 to this Tariff.

D. Review of Base Plan Allocation Methodology

1. The Transmission Provider shall review the reasonableness of the regional allocation methodology and factors (X% and Y%) and the zonal allocation methodology at least once every three years in accordance with this Section III.D. The Transmission Provider and/or the Regional State Committee may initiate such review at any time. Any change in the regional allocation methodology and factors or the zonal allocation methodology shall be filed with the Commission.

2. For each review conducted in accordance with Section III.D.1, the Transmission Provider shall determine the cost allocation impacts of the Base Plan Upgrades approved for construction after June 19, 2010 to each pricing Zone within the SPP Region. The Transmission Provider in collaboration with the Regional State Committee shall determine the cost allocation impacts utilizing the analysis specified in Section III.e of Attachment O and the results produced by the analytical methods defined pursuant to Section III.D.4(i) of this Attachment J.

3. The Transmission Provider shall review the results of the cost allocation analysis with SPP's Regional Tariff Working Group, Markets and Operations Policy Committee, and the Regional State Committee. The Transmission Provider shall publish the results of

the cost allocation impact analysis and any corresponding presentations on the SPP website.

4. The Transmission Provider shall request the Regional State Committee provide its recommendations, if any, to adjust or change the costs allocated under this Attachment J if the results of the analysis show an imbalanced cost allocation in one or more Zones.

   i) One year prior to each three-year planning cycle (starting in 2013) the Markets and Operations Policy Committee and Regional State Committee will define the analytical methods to be used to report under this Section III.D and suggest adjustments to the Regional State Committee and Board of Directors on any imbalanced zonal cost allocation in the SPP footprint; and

   ii) Starting in 2015 and at any time thereafter, any member company that feels that it has an imbalanced cost allocation may request relief through the Markets and Operations Policy Committee. The Markets and Operations Policy Committee recommendation, if any, will be forwarded with the request for relief to the Regional State Committee and Board of Directors for review.

5. The Transmission Provider may recommend remedies for the relief of imbalanced cost allocation at the conclusion of each review. Any recommended remedy shall be reviewed through the appropriate stakeholder process. The list of potential remedies that the Transmission Provider could evaluate include, but are not limited to:

   i) Acceleration of planned upgrades;

   ii) Issuance of NTCs for selected new upgrades;

iii) Apply regional allocation to all, or a portion, of the cost of any project that otherwise would not qualify for regional allocation;

iv) Recommend potential Seams Transmission Projects;

v) Transfer zonal ATRR to the Region-wide ATRR;

vi) Exemptions from allocated costs associated with future transmission projects;

vii) Change cost allocation percentages as defined under Section III of this Attachment J.

6. In accordance with the SPP Bylaws, the SPP Board of Directors will initiate the appropriate actions, including any necessary filings with the Commission, to implement any SPP Board of Directors' approved remedy(ies).

III. Base Plan Upgrades

A single Base Plan Upgrade is comprised of any upgrade or group of upgrades required to be made to a single transmission circuit, where a transmission circuit is comprised of all load carrying elements between circuit breakers or the comparable switching devices. A load carrying element within a Base Plan Upgrade that is connected at two different voltage levels (e.g. a 345kV/138kV transformer) shall, for the purposes of this Attachment J, be considered to have a nominal operating voltage of its lower voltage level (excluding any tertiary windings) and its costs shall be allocated in accordance with the rules governing the lower voltage level in this Attachment J. A waiver may be requested to use a transformer's higher voltage level instead of the lower voltage level for the purposes of cost allocation under this Attachment J based on the anticipated utilization of the transformer. Such request must be made in writing with supporting analysis and submitted to the Transmission Provider not later than one hundred eighty (180) days following the inclusion of the transformer in an approved SPP Transmission Expansion Plan. Any waiver request submitted shall be evaluated based upon the following general factors, including but not limited to: (i) whether the power flows through the transformer predominately are from the lower voltage to the higher voltage; (ii) whether the transformer is not necessary for the support of, or does not substantially benefit, the lower voltage system in the host zone to which it is connected. The Transmission Provider shall make a recommendation to accept or deny the waiver, on a non-discriminatory basis, to the Markets and Operations Policy Committee. The Markets and Operations Policy Committee will consider the waiver request and the Transmission Provider's recommendation, and will provide its own recommendation (along with the Transmission Provider's recommendation) regarding such waiver to the SPP Board of Directors. Barring unusual circumstances, the recommendation to approve or reject such waiver request will be submitted to the SPP Board of Directors within one hundred twenty (120) days following the receipt of the waiver request.

A. Allocation of Base Plan Upgrade Costs Eligible for Cost Allocation

1. If the cost of a Base Plan Upgrade is less than or equal to $100,000, the annual transmission revenue requirement associated with such Base Plan Upgrade shall be allocated to the Base Plan

Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.

2. If a) the Base Plan Upgrade is included in and constructed pursuant to the SPP Transmission Expansion Plan in order to ensure the reliability of the Transmission System or is an approved high priority upgrade, and the cost for that upgrade is not allocable under Section III.A.1; or b) the Base Plan Upgrade cost eligible for cost allocation under Section III.B.1 is not associated with a new or changed Designated Resource for a wind generation plant, then:

    i. X% of the annual transmission revenue requirement associated with such Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Region-wide Annual Transmission Revenue Requirement and recovered through the Region-wide Charge, where X shall be set as follows:

        a. For all Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010 or whose nominal operating voltage level is less than 300 kV but greater than 100 kV, X shall be 33%.

        b. For all other Base Plan Upgrades whose nominal operating voltage level is greater than or equal to 300 kV, X shall be 100%.

        c. For all other Base Plan Upgrades whose nominal operating voltage level is less than or equal to 100 kV, X shall be 0%.

    ii. (100-X)% of the annual transmission revenue requirement associated with such Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement and recovered through the Base Plan Zonal Charge as follows:

a. For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of specific Zones based on the Zones' share of the incremental positive MW-mile benefits as computed in Section 4 of Attachment S to this Tariff. Each Zone with a benefit of at least 10 MW-miles from a given Base Plan Upgrade shall be allocated a portion of the Base Plan Zonal Annual Transmission Revenue Requirement for such upgrade based on its incremental positive MW-mile benefit divided by the sum of the incremental positive MW-mile benefits for all of those Zones with a benefit of at least 10 MW-miles from the upgrade, provided that such allocation represents an engineering and construction cost of at least $100,000.

b. For all other Base Plan Upgrades, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated solely to the Base Plan Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.

3. If the Base Plan Upgrade cost eligible for cost allocation under Section III.B.1 of Attachment J is a) associated with a new or changed Designated Resource that is a wind generation plant and b) the Base Plan Upgrade is located within the same zone as the Transmission Customer's Point of Delivery, then:

i. X% of the annual transmission revenue requirement associated with the portion of the Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Region-wide Annual Transmission Revenue Requirement and recovered through the Base Plan Region-wide Charge, where X shall be set as follows:

a. For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010 or whose nominal operating voltage level is less than 300 kV and greater than 100 kV, X shall be 33%.

b. For all other Base Plan Upgrades whose nominal operating voltage level is greater than or equal to 300 kV, X shall be 100%.

c. For all other Base Plan Upgrades whose nominal operating voltage level is less than or equal to 100 kV, X shall be 0%.

ii. (100-X)% of the annual transmission revenue requirement associated with the portion of the Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement and recovered through the Base Plan Zonal Charge as follows:

a. For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of specific Zones based on the Zones' share of the incremental positive MW-mile benefits as computed in Section 4 of Attachment S to this Tariff. Each Zone with a benefit of at least 10 MW-miles from a given Base Plan Upgrade shall be allocated a portion of the Base Plan Zonal Annual Transmission Revenue Requirement for such upgrade based on its incremental positive MW-mile benefit divided by the sum of the incremental positive MW-mile benefits for all of those Zones with a benefit of at least 10 MW-miles from the upgrade, provided that such allocation represents an engineering and construction cost of at least $100,000.

b. For all other Base Plan Upgrades, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.

4. If the Base Plan Upgrade cost eligible for cost allocation under Section III.B.1 of Attachment J is a) associated with a new or changed Designated Resource that is a wind generation plant and b) the Base Plan Upgrade is located within a zone(s) other than the Transmission Customer's Point of Delivery, then:

i. Y% of the annual transmission revenue requirement associated with the Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Region-wide Annual Transmission Revenue Requirement and recovered through the Base Plan Region-wide Charge, where Y shall be set as follows:

a. For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010 or whose nominal operating voltage level is less than 300 kV, Y shall be 67%.

b. For all other Base Plan Upgrades Y shall be 100%.

ii. (100-Y)% of the annual transmission revenue requirement associated with the Base Plan Upgrade costs eligible for cost allocation shall be directly assigned to the Transmission Customer.

B. Conditions for Classifying Service Upgrade Costs Associated with Designated Resources As Base Plan Upgrade Costs Eligible for Cost Allocation

1. Except as provided in Section III.A.1 and subject to the limits and rules set forth in Subsections d and f below, the costs of Service Upgrades associated with new or changed Designated Resources shall be classified as Base Plan Upgrade costs eligible for cost allocation if the conditions in the following Subsections a and b are met, and if the condition in Subsection c is met as applicable.

   a. The Transmission Customer's commitment to the Designated Resource has a duration of at least five years

   b. In the first year the Designated Resource is planned to be used by the Transmission Customer, the accredited capacity of the Transmission Customer's existing Designated Resources plus the lesser of: (a) the planned maximum net dependable capacity applicable to the Transmission Customer or (b) the requested capacity; shall not exceed 125% of the Transmission Customer's projected system peak responsibility determined pursuant to SPP Criteria 2.

   c. If the Designated Resource is a wind generation plant, then the sum of: (1) the requested capacity and (2) the transmission capacity reserved for the Transmission Customer's existing Designated Resources that are wind generation plants shall not exceed 20% of the Transmission Customer's projected system peak responsibility as determined pursuant to SPP Criteria 2 in the first year the

Designated Resource is planned to be used by the Transmission Customer.

d. Safe Harbor Cost Limit for Eligibility of the Costs of Base Plan Upgrade for Cost Allocation

i. For Base Plan Upgrades that cost over $100,000, the aggregate cost of such upgrades assigned to each individual transmission service request that is less than or equal to the Safe Harbor Cost Limit of $180,000 / MW times the requested capacity is eligible for cost allocation in accordance with:

1) Section III.A.2 for a new or changed Designated Resource other than a wind generation plant; or

2) Sections III.A.3 and 4 for a new or changed Designated Resource that is a wind generation plant.

ii. Unless a waiver of the Safe Harbor Cost Limit is granted pursuant to Section III.C, any costs that exceed the Safe Harbor Cost Limit for a transmission service request shall be directly assigned to the Transmission Customer and allocated among the upgrades affected by the transmission service request in accordance with Section V.c of Attachment Z1 of this Tariff.

e. Base Plan Upgrade costs eligible for allocation as a result of the granting of a waiver shall be allocated in accordance with Sections III.A.2, III.A.3, or III.A.4, as applicable.

f. For each transmission service request, the amount of Base Plan Upgrade costs eligible for cost allocation shall be allocated among all Upgrades required to grant the transmission service request based upon the remaining cost after allocation of any Directly Assigned Upgrade Costs in accordance with Section III.B.1(d)(ii) of this Attachment J.

2. The Transmission Customer must provide the Transmission Provider the information that the Transmission Provider deems necessary to verify that the new or changed Designated Resource meets conditions in Section III.B.1.a, b and c above.

3. If an upgrade for a new or changed Designated Resource meets the requirements set forth in Section III.B.1.a, b, and c above, the costs up to the $180,000/MW Safe Harbor Cost Limit will be classified as Base Plan Upgrade costs eligible for cost allocation.

4. If the conditions set forth in Section III.B.1.a, b, and c above are not met, and the Transmission Customer does not secure a waiver of the relevant condition(s), the costs of the upgrades will be directly assigned to the Transmission Customer. If the costs of upgrades associated with a new or changed Designated Resource exceeds the Safe Harbor Cost Limit and the Transmission Customer does not secure a waiver of that limit, the costs of the upgrades in excess of the limit will be directly assigned to the Transmission Customer. The Transmission Customer shall receive *compensation* in accordance with Attachment Z2 to this Tariff for any such directly assigned costs.

C. Waiver of Conditions for Classifying Service Upgrade Costs Associated with Designated Resources As Base Plan Upgrade Costs Eligible for Cost Allocation

1. Waiver Process

If one or more of the conditions in Section III.B.1.a, b, c are not met or if the Base Plan Upgrade cost exceeds the Safe Harbor Cost Limit, the Transmission Customer may seek a waiver from the Transmission Provider in order that the costs of any Service Upgrade(s) that otherwise would be directly assigned to the Transmission Customer may be classified in whole or in part as Base Plan Upgrade costs eligible for cost allocation.

To obtain a waiver for the conditions set forth in Section III.B.1.a, b, c, the Transmission Customer must submit a request for a waiver to the Transmission Provider simultaneous with its request for long-term transmission service, submitted in accordance with Attachment Z1 to this Tariff, for the new or changed Designated Resource.

Aggregate Facilities Studies performed by the Transmission Provider as part of the Aggregate Transmission Service Study procedure, which is described in Attachment Z1, will determine whether the costs for Service Upgrades associated with a new or changed Designated Resource might exceed the Safe Harbor Cost Limit. If the Transmission Provider determines that the costs for Service Upgrades associated with a new or changed Designated Resource might exceed the Safe Harbor Cost Limit, the Transmission Provider shall notify the affected Transmission Customer when the Transmission Provider posts the associated Facilities Study. The affected Transmission Customer may request a waiver regarding the costs in excess of the Safe Harbor Cost Limit within 15 days of such notice form the Transmission Provider.

Following the receipt of a request for a waiver, the Transmission Provider will review the request and make a determination on a non-discriminatory basis of whether a waiver should be granted based upon consideration of the factors described in Section III.C.2. of this Attachment. The Transmission Customer requesting the waiver shall be responsible for the reasonable costs of any studies that the Transmission Provider performs in making its determination. The Transmission Provider will provide a report and recommendation to the Markets and Operations Policy Committee for each requested waiver. The Markets and Operations Policy Committee will consider the waiver request and the Transmission Provider's report and recommendation, and will provide its own recommendation (along with the Transmission Provider's report and recommendation) regarding each requested waiver to the SPP Board of Directors. Barring unusual circumstances, a valid waiver request will be reviewed and submitted to the SPP Board of Directors within 120 days following the receipt of the waiver request.

2. Factors to be Considered in Evaluating Waiver Requests

Any waiver request submitted by a Transmission Customer pursuant to Section III.C.1. of this Attachment shall be evaluated based upon the following general factors, including but not limited to:

i. There are insufficient competitive resource alternatives for one or more Transmission Customers.

ii. In the event that the aggregate costs of a Service Upgrade associated with a new or changed Designated Resource exceed the Safe Harbor Cost Limit, (i) those costs up to the level of the Safe Harbor Cost Limit shall be classified as Base Plan Upgrade costs eligible for cost allocation, and (ii) those costs that exceed the Safe Harbor Cost Limit may be classified in whole or in part as Base Plan Upgrade costs eligible for cost allocation taking into account the extent to which the duration of the Transmission Customer's commitment to the new or changed Designated Resource exceeds the five-year commitment period set forth in paragraph III.B.1. above.

iii. The five-year commitment period for the new or changed Designated Resource may be waived if: (i) the associated Service Upgrade costs are significantly less than the Safe Harbor Cost Limit; or (ii) the associated Service Upgrades provide benefits to other Transmission Customers that would offset in less than five years any costs allocated to them as a result of the upgrade being classified as a Base Plan Upgrade.

iv. If a request for a waiver is received by the Transmission Provider based upon other circumstances, such waiver request shall also be considered pursuant to the waiver process described in Section III.C.1. of this Attachment.

If the costs of the Service Upgrade(s) required for a new or changed Designated Resource are not eligible for classification as Base Plan Upgrade costs, the Transmission Customer may nevertheless request the construction of such upgrades. In such event, the costs of such upgrades shall be allocated in accordance with Attachment Z1 to this Tariff.

D. Review of Base Plan Allocation Methodology

1. The Transmission Provider shall review the reasonableness of the regional allocation methodology and factors (X% and Y%) and the zonal allocation methodology at least once every three years in accordance with this Section III.D. The Transmission Provider and/or the Regional State Committee may initiate such review at any time. Any change in the regional allocation methodology and factors or the zonal allocation methodology shall be filed with the Commission.

2. For each review conducted in accordance with Section III.D.1, the Transmission Provider shall determine the cost allocation impacts of the Base Plan Upgrades approved for construction after June 19, 2010 to each pricing Zone within the SPP Region. The Transmission Provider in collaboration with the Regional State Committee shall determine the cost allocation impacts utilizing the analysis specified in Section III.e of Attachment O and the results produced by the analytical methods defined pursuant to Section III.D.4(i) of this Attachment J.

3. The Transmission Provider shall review the results of the cost allocation analysis with SPP's Regional Tariff Working Group, Markets and Operations Policy Committee, and the Regional State Committee. The Transmission Provider shall publish the results of

the cost allocation impact analysis and any corresponding presentations on the SPP website.

4. The Transmission Provider shall request the Regional State Committee provide its recommendations, if any, to adjust or change the costs allocated under this Attachment J if the results of the analysis show an imbalanced cost allocation in one or more Zones.

   i) One year prior to each three-year planning cycle (starting in 2013) the Markets and Operations Policy Committee and Regional State Committee will define the analytical methods to be used to report under this Section III.D and suggest adjustments to the Regional State Committee and Board of Directors on any imbalanced zonal cost allocation in the SPP footprint; and

   ii) Starting in 2015 and at any time thereafter, any member company that feels that it has an imbalanced cost allocation may request relief through the Markets and Operations Policy Committee. The Markets and Operations Policy Committee recommendation, if any, will be forwarded with the request for relief to the Regional State Committee and Board of Directors for review.

5. The Transmission Provider may recommend remedies for the relief of imbalanced cost allocation at the conclusion of each review. Any recommended remedy shall be reviewed through the appropriate stakeholder process. The list of potential remedies that the Transmission Provider could evaluate include, but are not limited to:

   i) Acceleration of planned upgrades;

   ii) Issuance of NTCs for selected new upgrades;

iii) Apply regional allocation to all, or a portion, of the cost of any project that otherwise would not qualify for regional allocation;

iv) Recommend potential Seams Transmission Projects;

v) Transfer zonal ATRR to the Region-wide ATRR;

vi) Exemptions from allocated costs associated with future transmission projects;

vii) Change cost allocation percentages as defined under Section III of this Attachment J.

6~~5~~. In accordance with the SPP Bylaws, the SPP Board of Directors will initiate the appropriate actions, including any necessary filings with the Commission, to implement any SPP Board of Directors' approved remedy(ies).~~consistent with the Regional State Committee recommendations.~~