

December 15, 2008

VIA HAND DELIVERY

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

Re: *Southwest Power Pool, Inc.*, Docket No. ER08-1419-____
Compliance Filing

Dear Secretary Bose:

I. Introduction

On August 15, 2008, SPP filed amendments to its Open Access Transmission Tariff¹ to establish a process for including a “Balanced Portfolio” of economic upgrades into the SPP Transmission Expansion Plan and a regional postage stamp rate design for recovery of costs of such upgrades.² The amendments were developed through an extensive stakeholder process and have overwhelming stakeholder and state commission support.³

¹ Open Access Transmission Tariff For Services Offered By Southwest Power Pool, FERC Electric Tariff, Fifth Revised Volume No. 1 (“SPP Tariff”).

² SPP Submission of Revisions to Open Access Transmission Tariff to Add “Balanced Portfolio” Cost Allocation Process for Economic Planning Upgrades, Docket No. ER08-1419-000 (Aug. 15, 2008) (“August 15 Filing”).

³ August 15 Filing at 2-3; *see also* Amended Notice of Intervention of the Missouri Public Service Commission, Docket No. ER08-1419-000, at 1-3 (Sept. 11, 2008).

By order dated October 16, 2008, the Commission accepted SPP's proposed tariff revisions subject to a compliance filing.⁴ Specifically, the Commission directed SPP to modify its tariff to: (1) ensure that "system design software results needed for stakeholders to verify the application of the assumptions in creating the adjusted production cost-benefit metrics will be made available," and (2) clarify "that costs incurred by transmission owners or zones due to third-party impacts are included among the factors affecting the revenue requirement associated with the economic upgrade."⁵ The tariff amendments filed herein comply with these directives.

II. Compliance Amendments

A. Stakeholder Support

Like the tariff amendments filed in the August 15 Filing, the compliance amendments have stakeholder and SPP Board of Director support. At its meetings on November 12, 2008 and November 24, 2008, the Regional Tariff Working Group ("RTWG") considered amendments developed to comply with the October 16 Order. At its November 24, 2008 meeting, the RTWG voted unanimously to recommend that the Markets and Operations Policy Committee ("MOPC") approve the amendments. In turn MOPC voted, with only one opposed and one abstention, to recommend approval of the amendments by the SPP Board of Directors. The SPP Board of Directors followed MOPC's recommendation and, on December 9, 2008, approved the compliance amendments.

⁴ *Southwest Power Pool, Inc.*, 125 FERC ¶ 61,054 (2008) ("October 16 Order").

⁵ October 16 Order, at ordering para. (B) (2008).

B. Compliance Amendments Addressing Availability of Software Design Results

In the October 16 Order, the Commission stated that “it is important for market participants to be able to review the system design software results to check the application of the assumptions in creating the adjusted production cost-benefit metrics,” and thus, it directed “SPP to create a mechanism that allows for market participants . . . to review the system design software, subject to signing confidentiality agreements or other needed arrangements to protect sensitive information.”⁶ With regard to this directive, on November 17, 2008, SPP filed a motion for clarification or in the alternative a request for rehearing. SPP requested clarification that the existing SPP Tariff provisions (sections IV.3(g), IV.6(b) and X.7 of Attachment O) already comply with the requirement in the October 16 Order to provide a mechanism that allows for market participants to review the analysis of Balanced Portfolios and that no further modifications to the SPP Tariff are necessary.⁷

Notwithstanding SPP’s Request for Clarification, to further comply with the Commission’s directive, in this compliance filing SPP amends section IV.6 of Attachment O to add the following new subsection (f):

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

⁶ October 16 Order at P 37.

⁷ Request for Clarification or, in the Alternative, Rehearing of Southwest Power Pool, Inc., Docket No. ER08-1419-001, at 9 (Nov. 17, 2008) (“Request for Clarification”).

information sharing and reporting requirements in Part IX (Information Exchange) and Section IV(3) (High Priority Studies) of this Attachment O, including the requirements for treatment of confidential information.

This new subsection is consistent with the reporting requirements already contained in Attachment O for high priority studies, including providing study input assumptions. It also further clarifies that the Commission-approved procedures for treating confidential information shall apply to the Balanced Portfolio reports. Simply put, this section as well as the existing sections of Attachment O comply with the October 16 Order directive.

C. Compliance Amendments Addressing Third Party Impacts of Upgrades Included in the Balanced Portfolio

In the October 16 Order, the Commission found that “any specific costs that are incurred by transmission owners as a result of third-party impacts due to balanced portfolio economic upgrades should be included in the cost-benefit analysis.”⁸ Therefore, it directed SPP to amend the SPP Tariff to clarify “that costs incurred by a transmission owner or zone due to third party impacts are included among the ‘other factors affecting the revenue requirement associated with the economic upgrade.’”⁹

In compliance with the directive, new subsections 6(b)(iv), 6(c)(iv) and 6(c)(v) are added to part IV of Attachment O of the SPP Tariff. The purpose of these new subsections is to (i) take into account in the cost-benefit analysis any potential third party impacts required to relieve congestion on a neighboring system, and (ii) include in the cost-benefit analysis all costs necessary to support the Balanced Portfolio.

⁸ October 16 Filing at P 25.

⁹ *Id.*

New subsection IV.6(b)(iv) provides that the evaluation of each economic upgrade to be included in the Balanced Portfolio “[w]ill 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.”

New subsection IV.6(c)(iv) enumerates the costs that will be accounted for in the fixed charge rate(s) that will be used to estimate the revenue requirements for each upgrade in the Balanced Portfolio. This subsection specifically provides that 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.” While SPP noted in footnote 20 of the August 15 Filing that these costs would be included in revenue requirement,¹⁰ the costs were not explicitly identified in the tariff provisions. In its order, however, the Commission understood that the SPP Tariff included these provisions.¹¹ Therefore, for clarity and to avoid confusion, SPP includes this new subsection to include the costs enumerated in footnote 20 of the August 15 Filing in the SPP Tariff.

New subsection IV.6(c)(v) clarifies that, in the cost-benefit analysis, 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

¹⁰ August 15 Filing at 8 n.20.

¹¹ See October 16 Order at P 25.

upgrades within a proposed Balanced Portfolio.” In accordance with the October 16 Order, this section specifically provides that the costs of third party impacts of upgrades included in a Balanced Portfolio will be included in the revenue requirements used in the cost-benefit analysis to evaluate proposed Balanced Portfolios.

Because the costs of third party impacts of upgrades now are explicitly included in the Balanced Portfolio cost-benefit analysis, certain additional changes are required to Attachment J (Recovery Of Costs Associated With New Facilities) of the SPP Tariff to ensure consistency in handling third party impacts and the proper allocation of costs, in the event that third party impact costs are included in the revenue requirement of any upgrades included in the Balanced Portfolio. To this end, subsections IV.A.1 and IV.A.2 of Attachment J are revised to account for the actual costs of third party impacts attributable to the Balanced Portfolio in implementing the reallocation of revenue requirements from deficient zones and determining the final reallocation and true-up of reallocated revenue requirements.

Similarly, subsection IV.B.1(ii) is amended to include increases in the costs of third party impacts as an unintended consequence that may result in a recommendation to reconfigure a previously approved Balanced Portfolio. This section is appropriate and provides consistency because now that the costs attributable to third party impacts are considered in the cost benefit analysis for a potential Balanced Portfolio, increases in such costs likewise should be considered in determining whether a previously-approved Balanced Portfolio should be reconfigured.

D. Effective Date

Consistent with the October 16 Order, SPP requests an effective date of October 17, 2008 for the compliance amendments.¹²

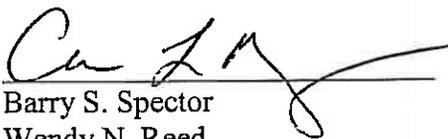
III. Documents Enclosed

SPP submits an original and six copies of this transmittal letter and the compliance amendments in clean and redline format as Attachment A.

IV. Service

SPP has served a copy of this filing on document upon each person designated on the official service list compiled by the Secretary in this proceeding, as well as SPP 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.

Respectfully submitted,



Barry S. Spector
Wendy N. Reed
Carrie L. Bumgarner

**Attorneys for
Southwest Power Pool, Inc.**

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¹² See October 16 Order at P 1 and ordering para (A).

Attachment A

Tariff Revisions

Clean

approved Balanced Portfolio are completed and included in rates under the Tariff and the actual costs of any third party impacts identified under Section IV.6.c of Attachment O are determined prior to the fourth anniversary of the Trigger Date, the remaining Reallocated Revenue Requirements shall be reallocated and the true-up specified in Section IV.A.2 of this Attachment shall be performed.

The reallocation of the Reallocated Revenue Requirements shall be from the Base Plan Zonal Annual Transmission Revenue Requirement of the deficient Zone(s) first, then, if necessary, from the Zonal Annual Transmission Revenue Requirement of the deficient Zone(s).

2. Final Reallocation of Reallocated Revenue Requirements and True-up

Upon the completion and inclusion in rates under the Tariff of all of the upgrades that are part of the approved Balanced Portfolio and the determination of the actual cost of any third party impacts attributable to the Balanced Portfolio under Section IV.6.c of Attachment O, the final amount of costs to be reallocated from the Reallocated Revenue Requirements for the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement to balance the approved Balanced Portfolio shall be trued-up based on the applicable fixed charge rate and actual costs. The final reallocation shall be performed using the same benefits estimated at the time the Balanced Portfolio was approved.

Issued by: L. Patrick Bourne, Director - Regulatory Policy

Issued on: December 15, 2008

Effective: October 17, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER08-1419-000, Issued October 16, 2008, 125 FERC ¶ 61,054 (2008).

Notwithstanding the foregoing, if the ten-year net present value of levelized annual transmission revenue requirements based on actual costs and third party impact costs under Section IV.6.c of Attachment O exceeds the ten-year net present value of estimated benefits for the entire approved Balanced Portfolio, then the reallocation for each Zone shall be set at a level that equates the benefit to cost ratio in each Zone to the trueed-up benefit to cost ratio for the approved Balanced Portfolio.

B. Reconfiguration of an Approved Balanced Portfolio

1. Conditions Under Which an Approved Balanced Portfolio may be Reconfigured

Under certain conditions, the Transmission Provider shall review an approved Balanced Portfolio for unintended consequences and may recommend reconfiguring a previously approved Balanced Portfolio. Conditions that would initiate such review include but are not limited to:

- i. Cancellation of an upgrade that is part of an approved Balanced Portfolio;
- ii. Unanticipated decreases in benefits or increases in the costs of upgrades that are part of an approved Balanced Portfolio or increases in the costs of third party impacts under Section IV.6.c of Attachment O; and
- iii. Significant unanticipated changes in the transmission system.

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2. Factors to be Considered in Determining Whether a Balanced Portfolio Should be Reconfigured

Reconfiguration of a Balanced Portfolio shall be evaluated based upon the following general factors, including but not limited to, the impact of the reconfiguration on:

- i. Meeting the conditions for a Balanced Portfolio specified in Section IV.6.e of Attachment O to this Tariff;
- ii. The number of deficient Zones as defined in Section IV.7.a of Attachment O to this Tariff;
- iii. The amount of Reallocated Revenue Requirements that needs to be transferred from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement in order to balance the reconfigured portfolio; and
- iv. The increase in the overall cost of the reconfigured Balanced Portfolio, if upgrades are added to the portfolio.

3. Reallocation of Reallocated Revenue Requirements

If a reconfigured portfolio is to be balanced by transferring a portion of the Reallocated Revenue Requirements from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission

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- 6) 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.

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- 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.8 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.6.d must equal or exceed the sum of the costs determined in Section IV.6.c; and

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- ii) **Balanced:** For each Zone, the sum of the benefits of the potential Balanced Portfolio determined in Section IV.6.d must equal or exceed the sum of the costs determined in Section IV.6.c. Additionally, the balance may be achieved through the provisions set forth in Section IV.7.
 - 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 IX (Information Exchange) and Section IV(3) (High Priority Studies) of this Attachment O, including the requirements for treatment of confidential information.
- 7) Options for Achieving a Balanced Portfolio
- a) Section IV.7 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.6.c exceed the benefits allocated to the Zone in Section IV.6.d, including any additional costs or benefits derived from the application of the provisions in this Section IV.7.

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Tariff Revisions

Redline

approved Balanced Portfolio are completed and included in rates under the Tariff and the actual costs of any third party impacts identified under Section IV.6.c of Attachment O are determined prior to the fourth anniversary of the Trigger Date, the remaining Reallocated Revenue Requirements shall be reallocated and the true-up specified in Section IV.A.2 of this Attachment shall be performed.

The reallocation of the Reallocated Revenue Requirements shall be from the Base Plan Zonal Annual Transmission Revenue Requirement of the deficient Zone(s) first, then, if necessary, from the Zonal Annual Transmission Revenue Requirement of the deficient Zone(s).

2. Final Reallocation of Reallocated Revenue Requirements and True-up

Upon the completion and inclusion in rates under the Tariff of all of the upgrades that are part of the approved Balanced Portfolio and the determination of the actual cost of any third party impacts attributable to the Balanced Portfolio under Section IV.6.c of Attachment O. the final amount of costs to be reallocated from the Reallocated Revenue Requirements for the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement to balance the approved Balanced Portfolio shall be trued-up based on the applicable fixed charge rate and actual costs ~~for each upgrade~~. The final reallocation shall be performed using the same benefits estimated at the time the Balanced Portfolio was approved.

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B. Reconfiguration of an Approved Balanced Portfolio

1. Conditions Under Which an Approved Balanced Portfolio may be Reconfigured

Under certain conditions, the Transmission Provider shall review an approved Balanced Portfolio for unintended consequences and may recommend reconfiguring a previously approved Balanced Portfolio. Conditions that would initiate such review include but are not limited to:

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- ii. Unanticipated decreases in benefits or increases in the costs of upgrades that are part of an approved Balanced Portfolio or increases in the costs of third party impacts under Section IV.6.c of Attachment O; and
- iii. Significant unanticipated changes in the transmission system.

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Reconfiguration of a Balanced Portfolio shall be evaluated based upon the following general factors, including but not limited to, the impact of the reconfiguration on:

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- iii. The amount of Reallocated Revenue Requirements that needs to be transferred from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement in order to balance the reconfigured portfolio; and
- iv. The increase in the overall cost of the reconfigured Balanced Portfolio, if upgrades are added to the portfolio.

3. Reallocation of Reallocated Revenue Requirements

If a reconfigured portfolio is to be balanced by transferring a portion of the Reallocated Revenue Requirements from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission

6) Evaluation of Potential Balanced Portfolios

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

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- 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.
 - ~~vii~~) 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.8 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.6.d must equal or exceed the sum of the costs determined in Section IV.6.c; and

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- ii) **Balanced:** For each Zone, the sum of the benefits of the potential Balanced Portfolio determined in Section IV.6.d must equal or exceed the sum of the costs determined in Section IV.6.c. Additionally, the balance may be achieved through the provisions set forth in Section IV.7.

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 IX (Information Exchange) and Section IV(3) (High Priority Studies) of this Attachment O, including the requirements for treatment of confidential information.

7) Options for Achieving a Balanced Portfolio

- a) Section IV.7 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.6.c exceed the benefits allocated to the Zone in Section IV.6.d, including any additional costs or benefits derived from the application of the provisions in this Section IV.7.

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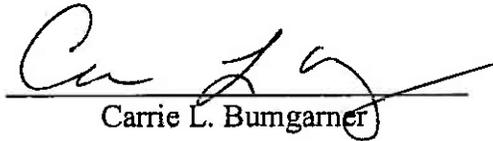
Effective: October 17, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER08-1419-000, Issued October 16, 2008, 125 FERC ¶ 61,054 (2008).

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding, all SPP members and customers, and affected state commissions.

Dated at Washington, D.C., this 15th day of December, 2008.


Carrie L. Bumgarner