

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 27, 2006

In Reply Refer To:
Southwest Power Pool, Inc.
Docket Nos. ER05-652-005, RT04-1-019,
ER05-109-004 and ER04-48-019

Wright & Talisman, P.C.
1200 G Street, N.W., Suite 600
Washington, DC 20005

Attention: Matthew K. Segers
Attorney for Southwest Power Pool, Inc.

Reference: Compliance Filing on Revisions to SPP's Aggregate Transmission Service
Study Procedures

Dear Mr. Segers:

1. On February 10, 2006, you submitted on behalf of Southwest Power Pool, Inc. (SPP), revisions to section VII (Transmission Service Crediting) of Attachment Z (Aggregate Transmission Service Study Procedures) of SPP's Open Access Transmission Tariff (OATT), in compliance with the Commission's January 11, 2006 Order.¹ You request an effective date of May 5, 2005. The compliance filing modifies provisions of SPP's OATT related to allocation of costs of new and/or upgraded transmission facilities and, in particular, provisions regarding credits to be paid to customers to whom such costs were originally allocated. We accept SPP's compliance filing, effective May 5, 2005, and direct a further compliance filing as discussed below.
2. Notice of SPP's compliance filing was published in the *Federal Register*, 71 Fed. Reg. 10,029 (2006), with protests or interventions due on or before March 3, 2006. The Missouri Joint Municipal Electric Utility Commission, Oklahoma Municipal Power Authority and West Texas Municipal Power Agency (collectively, TDU Intervenors) filed timely comments. No protests were filed.

¹ *Southwest Power Pool, Inc.* 114 FERC ¶ 61,021 (2006) (January 11 Order).

3. Section VII of Attachment Z provides that transmission customers paying for a directly assigned network upgrade shall receive credits for new transmission service that uses the facility. The credit amount shall be recovered with interest from new transmission service until the credit balance has zeroed. A crediting mechanism is provided for point-to-point transmission service (subpart 1), network transmission service (subpart 2) and power controlling devices (subpart 3).

4. The January 11 Order found that SPP had largely complied with the directives of the Commission's September 20, 2005 Order,² but noted that additional changes were still needed.³ In order to avoid discriminating between different classes of network transmission customers, the Commission found that SPP should apply the cost allocations rules pertaining to network customers equally to all network transmission customers, including transmission owners taking service under the non-rate terms and conditions of SPP's OATT.⁴ For this reason, SPP was directed to revise section VII to make it applicable to transmission owners taking service under the non-rate terms and conditions of SPP's OATT.⁵

5. Under subpart 1 of section VII, revenues from new point-to-point transmission service that increases loading on a new network upgrade in the direction of the initial overload is included for crediting purposes. In the September 20 Order, we clarified that SPP had to provide credits for point-to-point transmission service reservations made prior to completion of the network upgrades with service commencing after the upgrades are placed in service, including reservations that were made before the completion date, but started after or extended beyond the completion date.⁶ Therefore, the January 11 Order accepted SPP's compliance filing but noted that SPP's edits only included the

² *Southwest Power Pool, Inc.*, 112 FERC ¶ 61,319 (2005) (September 20 Order). The *September 20 Order* addressed rehearing of and SPP's compliance filing in *Southwest Power Pool, Inc.*, 111 FERC ¶ 61,118 (2005) (April 22 Order). The April 22 Order conditionally accepted tariff revisions proposed by SPP in order to implement a regional transmission cost allocation plan with regard to new transmission upgrades.

³ January 11 Order at P 23.

⁴ *Id.* at P 24 citing September 20 Order at P 35.

⁵ *Id.* at P 24.

⁶ September 20 Order at P 70.

reservations “starting after” the completion date and not the reservations “extending beyond” the completion date.⁷ Accordingly, SPP was directed to further revise the second sentence of subpart 1 of section VII.⁸

6. In its compliance filing, SPP proposes to modify section VII by adding a sentence at the end of the introductory paragraph that states that “[t]he provisions of Section VII are applicable to Transmission Owners subject to the provisions of Section 39.1^[9] of this Tariff.” SPP also proposes to modify subpart 1 of section VII to incorporate the “extending beyond” option as an instance that would also provide revenues for crediting.

7. TDU Intervenors do not object to the edits to section VII, but believe that subpart 2 of this section needs further editing to ensure that it applies to the transmission owners taking service under the non-rate terms and conditions of the tariff. Thus, they suggest editing subpart 2 in the following manner:

Network Transmission Service and Service to Transmission Owners Taking Service Under Non-Rate Terms and Conditions: Credits will be provided for (i) Long-Term Network Transmission Service, and (ii) Transmission Service taken under the non-rate terms and conditions of this Tariff by Transmission Owners subject to Section 39.1 of this Tariff, using the Network Upgrade in the direction of the initial overload to accommodate designation of new Network Loads or Transmission Owner loads, new Designated Resources above previously designated levels. Credits shall be determined based upon the subsequent incremental use of the Network Upgrade for such new or increased Network Load or Transmission Owner load or Network Resource. (Emphasis added to show new language).

8. TDU Intervenors also state that SPP is amenable to the proposed changes and will submit a revised compliance filing to reflect this change. SPP has neither contested TDU Intervenors’ suggested edits nor has it made any subsequent filing. We find that the modification requested by TDU Intervenors is needed to ensure compliance with the Commission’s earlier direction that SPP “revise section VII of Attachment Z to make it applicable to the use by transmission owners taking service under the non-rate terms and conditions of the tariff.”¹⁰ Additionally, we find the “extending beyond” language proposed by SPP satisfies the Commission’s direction in the January 11 Order.

⁷ January 11 Order at P 25.

⁸ *Id.*

⁹ Section 39.1 of SPP’s OATT provides that Transmission Owners with bundled retail and grandfathered load are subject to the non-rate terms and conditions.

¹⁰ January 11 Order at P 24.

Accordingly, we conditionally accept SPP's compliance filing, effective May 5, 2005, and we direct SPP to make a further compliance filing that reflects the edits proposed by TDU Intervenors to subpart 2 of section VII of Attachment Z no later than 10 days from the date of issuance of this order.

By direction of the Commission.

Magalie R. Salas,
Secretary.