



FEDERAL ENERGY REGULATORY COMMISSION

NEWS

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FERC Approves Southwest Power Pool Cost Allocation Plan

The Federal Energy Regulatory Commission (FERC) today approved Southwest Power Pool's (SPP) transmission cost allocation plan, saying it would facilitate investment in new transmission facilities, reduce congestion, efficiently integrate new resources in the region and accommodate growth in demand while providing greater certainty of cost recovery.

Known as a "Highway/Byway" proposal, SPP's plan focuses on the region as a whole, as opposed to the traditional transmission planning approach that focuses on local reliability issues.

The plan calls for costs to be allocated according to the voltage of the new transmission facilities. For example, the costs of facilities operating at 300 kilovolts (kV) and above will be allocated 100 percent across the SPP region on a postage stamp basis. For costs of facilities operating above 100 kV and below 300 kV, allocation will be one-third on a regional postage stamp basis and two-thirds to the zone in which the facilities are located. Finally, the costs of facilities operating at or under 100 kV will be allocated fully to the zone in which the facilities are located.

Order No. 890, issued in February 2007, directed transmission providers to develop a transmission planning process that satisfies nine principles: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation, economic planning studies and cost allocation for new projects. It also provided guidance to public utility transmission providers, customers and other stakeholders on developing cost allocation methods that are consistent with the cost causation principle.

SPP's proposal takes effect June 19, 2010.

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