

123 FERC ¶ 61,208
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Southwest Power Pool, Inc.

Docket No. ER08-746-000

ORDER ACCEPTING IN PART AND REJECTING IN PART TARIFF CHANGES,
AND DIRECTING COMPLIANCE FILING

(Issued May 27, 2008)

1. On March 28, 2008, Southwest Power Pool, Inc. (SPP) filed proposed revisions to its Open Access Transmission Tariff (Tariff) to (1) modify its transmission service aggregate study process, (2) clarify the application of its network upgrade cost allocation methodology and transmission service revenue crediting, and (3) include various non-substantive modifications and changes to provide internal consistency throughout the Tariff.

Background

2. On October 29, 2004, in Docket No. ER05-109-000, SPP submitted a proposal for an aggregate transmission service study process to evaluate long-term transmission service requests, as well as cost allocation and cost recovery provisions in Attachment Z (Aggregate Transmission Service Study Procedures) of its Tariff. On February 28, 2005, as amended on March 1, 2005, in Docket No. ER05-652-000, SPP submitted proposed Tariff revisions to both Attachment Z and Attachment J (Recovery of Costs Associated With New Facilities) in order to implement a regional transmission cost allocation plan, including revenue crediting procedures, with regard to new transmission upgrades. In Attachment J, SPP proposed a methodology to allocate the cost of Base Plan Upgrades.¹

¹ SPP defines Base Plan Upgrades as: “Those Upgrades included in and constructed pursuant to the SPP Transmission Expansion Plan in order to ensure the reliability of the Transmission System. Base Plan Upgrades shall also include those upgrades required for new or changed Designated Resources to the extent allowed for in Attachment J to this [SPP’s] Tariff. *All such upgrades shall specifically exclude planned* (continued...) ”

The Commission approved SPP's aggregate study process and cost allocation plan in a series of orders.²

The Filing

3. Here, SPP proposes a number of changes to its Tariff to modify its aggregate study process, cost allocation plan, and revenue crediting processes. SPP also proposes other modifications and non-substantive revisions to its Tariff. SPP requests an effective date for the revisions of May 27, 2008.

4. SPP states that each of the proposed revisions was developed through SPP's stakeholder process and approved by SPP's Regional Tariff Working Group, Markets and Operations Policy Committee, and board of directors.

Notice of Filing and Responsive Pleadings

5. Notice of SPP's filing was published in the *Federal Register*, with motions to intervene and protests due on or before April 18, 2008.³ Timely motions to intervene were filed by East Texas Electric Cooperative, Inc., Northeast Texas Electric Cooperative, Inc. and Tex-La Electric Cooperative of Texas, Inc. (collectively, East Texas Cooperatives); Dogwood Energy LLC; Redbud Energy LP; Oklahoma Gas and Electric Company (OG&E); Aquila, Inc.; and Xcel Energy Services, Inc., on behalf of Southwestern Public Service Company. Timely motions to intervene accompanied by comments or protests were filed by Missouri Joint Municipal Electric Utility Commission, Oklahoma Municipal Power Authority and West Texas Municipal Power Agency (collectively, TDU Intervenors); Western Farmers Electric Cooperative (WFEC); and Golden Spread Electric Cooperative, Inc. (Golden Spread). SPP filed an answer. OG&E filed a Motion to Answer One Day Out of Time and an answer.

Transmission System facilities indentified in the SPP Transmission Expansion Plan that are: (i) placed in service during the 2005 calendar year; or (ii) required to be in service to meet the SPP Criteria and the NERC Reliability Standards for the summer of 2005." (SPP proposes to add the emphasized language in the filing at issue.)

² *Southwest Power Pool, Inc.*, 115 FERC ¶ 61,121 (2006); *Southwest Power Pool, Inc.*, 114 FERC ¶ 61,021 (2006); *Southwest Power Pool, Inc.*, 111 FERC ¶ 61,118 (2005), *order on reh 'g*, 112 FERC ¶ 61,319 (2005); *Southwest Power Pool, Inc.*, 110 FERC ¶ 61,028 (2005).

³ 73 Fed. Reg. 19,203 (2008).

Procedural Matters

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2007), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

7. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. 385.213(a)(2) (2007), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept SPP and OG&E's answers because they have provided information that assisted us in our decision-making process.

Discussion

A. Contested Issues

8. The following proposals are the subject of comments and protests in this proceeding.

3. Revenue Crediting Procedures

32. While SPP's original Attachment Z only provided credits that were the result of the aggregate study process, SPP proposes to expand the eligibility for credits to other relevant customers in Attachment Z2, consistent with Commission directives.⁴ In addition, SPP proposes language clarifying that any Project Sponsor⁵ will be eligible for credits. Finally, SPP proposes language providing that revenue credits will be based on network and point-to-point transmission service that could not be provided "but for" the existence of the upgrade. SPP's currently effective Tariff only allows credits when new service increases loading in the direction of the initial overload. SPP states that its proposed revision recognizes that, although a particular upgrade may have been built to enable transfer capability in a particular direction, it may also provide benefits by increasing the ability to provide transmission service in the opposite direction.

33. SPP also proposes language in Attachment Z2 providing that Project Sponsors of Sponsored Upgrades will be paid credits until the Project Sponsor's credit balance is

⁴ See *Southwest Power Pool, Inc.*, 122 FERC ¶ 61,060 (2008). In the order, the Commission directed SPP to revise its Attachment Z to clarify that network upgrades associated with generator interconnection requests are eligible for crediting under Attachment Z in a manner similar to the financial compensation process used for subsequent incremental use of economic upgrades.

⁵ SPP defines Project Sponsors as: "One or more entities that voluntarily agree to bear a portion or all of the costs of a Sponsored Upgrade."

zero, and only then will other transmission customers who have paid credits to the Project Sponsor for using the Sponsored Upgrade receive such credits.

Comments

34. WFEC states that it supports SPP's filing of the new Attachment Z2, subject to the rehearing filed by WFEC in Docket No. ER07-1311-000, because it clarifies that credits provided to an interconnecting generator that has paid for the costs of network upgrades will be recovered from the revenues provided by customers paying for new transmission service. WFEC also states that "new transmission service" is not clearly defined, but the intent appears to be that it applies to transmission service provided under requests submitted *after* the request that resulted in the need for the network upgrade for which credits must be provided.⁶

Commission Determination

35. We accept SPP's revised revenue crediting procedures proposed in the new Attachment Z2. The revised procedures implement crediting for interconnection customers and expand eligibility to customers that fund network upgrades. WFEC's concerns about the application of the term "new transmission service" have been addressed in previous Commission orders.⁷

⁶ WFEC Comments at 5.

⁷ See generally, *Southwest Power Pool, Inc.*, 112 FERC ¶ 61,319 (2005), in which the Commission addressed issues related to crediting for new transmission service and increases in existing network resource designations.