

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of	)	
KCP&L Greater Missouri Operations	)	
Company for Authority to Transfer Functional	)	
Control of Certain Transmission Assets	)	Case No. EO-2009-_____
to the Southwest Power Pool, Inc.	)	

**APPLICATION**

Pursuant to Mo. Rev. Stat. § 393.190.1 (2008) and 4 C.S.R. § 240-3.110 (2003), KCP&L Greater Missouri Operations Company, formerly Aquila, Inc. (“KCP&L-GMO” or “Applicant”) hereby respectfully submits to the Missouri Public Service Commission (“Commission”) KCP&L-GMO’s application (“Application”) to transfer functional control of KCP&L-GMO’s transmission system, 60kV and above, to the Southwest Power Pool, Inc. (“SPP”). In support of its Application, KCP&L-GMO offers as follows:

**Applicant**

1. KCP&L-GMO is a Delaware corporation with its principal office and place of business at 1201 Walnut, Kansas City, Missouri 64106<sup>1</sup>. KCP&L-GMO is primarily engaged in providing electric and steam utility service in Missouri to the public in its certificated areas. The Certificate To Do Business As A Foreign Corporation for KCP&L-GMO, formerly Aquila, Inc., was filed in Case No. EU-2002-1053. Aquila Inc.’s Amended Certificate of Authority for a Foreign Corporation changing its name to KCP&L Greater Missouri Operations Company is attached hereto and incorporated herein as **APPENDIX A**.

2. KCP&L-GMO is authorized to conduct business in Missouri and is engaged in providing electric and steam utility service in Missouri to the public in its certificated areas.

<sup>1</sup> KCP&L-GMO is the surviving corporation that resulted from the merger of Aquila, Inc., a Delaware corporation, and Gregory Acquisition Corp., a Delaware corporation, which was a direct, wholly-owned subsidiary of Great Plains Energy Incorporated, a Missouri corporation. This merger was approved by the Commission in its Report and Order issued on July 1, 2008 in Case No. EM-2007-0374.

KCP&L-GMO is an “Electrical Corporation” and “Public Utility,” as those terms are defined in Chapters 386 and 393 and is subject to the jurisdiction, supervision and control of the Commission. KCP&L-GMO operates in service areas formerly served by Aquila Networks-MPS and Aquila Networks- L&P with separate rates for each service area.

3. KCP&L-GMO has no pending or final judgments or decisions against it from state or federal regulatory agencies or courts which involve customer service occurring within the three (3) years immediately preceding the filing of this Application.

4. KCP&L-GMO has no overdue Commission annual reports or assessment fees.

5. Pleadings, notices, orders and other correspondence and communications concerning this Application should be addressed to the undersigned counsel and:

Timothy M. Rush  
Director Regulatory Affairs  
Kansas City Power & Light Company  
1201 Walnut – 13<sup>th</sup> Floor  
Kansas City, Missouri 64106  
Phone: (816) 556-2344  
Fax: (816) 556-2110  
E-mail: Tim.Rush@kcpl.com

Richard A. Spring  
Vice President – Transmission Policy, Planning and Compliance  
KCP&L Greater Missouri Operations Company  
1201 Walnut – 21<sup>st</sup> Floor  
Kansas City, Missouri 64106  
Phone: (816) 556-2231  
Fax: (816) 556-2924  
E-mail: Richard.Spring@kcpl.com

### **KCP&L-GMO’s Transmission System**

6. As set forth in more detail in the pre-filed Direct Testimony of Dennis Odell, the KCP&L-GMO transmission system consists of approximately 1,300 miles of 345kV, 161kV, and 69kV transmission lines extending over an area from the northwest corner of Missouri as far south as Lamar, and as far east as Sedalia, except for the central Kansas City area. Operated

from Kansas City, Missouri, the system carries a native peak load of around 1,960 MW, as well as additional transmission load services for customers connected to the system, and transmission wheeling services over the system for wholesale power marketing entities.

### **KCP&L-GMO's RTO Membership**

7. KCP&L-GMO's predecessor companies, Missouri Public Service Company and St. Joseph Light & Power joined the SPP in 1951 and 1958, respectively. KCP&L-GMO does not, however, participate in SPP's Energy Imbalance Service market or receive security coordination service from SPP at this time.

8. KCP&L-GMO is currently a transmission-owning member of SPP pursuant to the SPP Membership Agreement ("Membership Agreement"), attached as **Appendix B**. KCP&L-GMO currently receives security coordination service from Midwest Independent Transmission System Operator, Inc. ("MISO") under Schedule 10-B. In 2001, KCP&L-GMO (then UtiliCorp United Inc.) began the process of obtaining approvals to transfer functional control of its transmission facilities to MISO.<sup>2</sup> After a diligent pursuit of this goal and numerous intervening events, its application to transfer functional control of transmission assets to MISO was ultimately denied by the Commission in Case No. EO-2008-0046, effective October 19, 2008<sup>3</sup>. As a result, KCP&L-GMO then notified MISO of its intent to terminate its membership in MISO effective November 8, 2008, subject to approval by the Federal Energy Regulatory Commission ("FERC"), and to transfer security coordination responsibilities from MISO to SPP effective as soon as practicable. KCP&L-GMO receives other services, including tariff administration, OASIS administration, available transmission capacity and total transmission capacity

<sup>2</sup> Case No. EO-2002-125.

<sup>3</sup> KCP&L-GMO's Application was denied by the Commission in Order dated October 9, 2008 holding that MISO is not the appropriate RTO for KCP&L-GMO to join and that whether KCP&L-GMO should join SPP was not properly before the Commission in that case.

calculations, scheduling agent, and regional transmission planning from SPP, and has notified SPP of its intent to begin receiving security coordination service from SPP effective as soon as all required approvals are in place and is otherwise practicable.

### **SPP**

9. SPP is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. SPP came into existence in 1941, when 11 companies joined together voluntarily to serve critical national defense needs during World War II. When the war ended in 1945, SPP's Executive Committee decided the organization should be retained to further the benefits of coordinated operation of their electric systems. As a result of the northeast power interruption in late 1965, a number of reliability councils were organized, and in 1968 SPP joined with 12 other entities to form the National Electric Reliability Council, now known as the North American Electric Reliability Corporation ("NERC"). SPP incorporated as a not-for-profit corporation in 1994.

10. SPP currently has over fifty members serving more than 4.5 million customers in a 255,000 square mile area covering all or part of the States of Arkansas, Kansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma and Texas. SPP's membership includes investor-owned utilities, municipal utilities, generation and transmission cooperatives, state and federal power agencies, independent power producers, independent transmission companies and power marketers. A list of SPP's current members from SPP's website is attached as **Appendix C**.

11. Since 1998, SPP has administered open-access transmission service across the SPP region under the terms of SPP's Open-Access Transmission Tariff, filed with and approved by FERC. The transmission facilities used to provide service under the SPP tariff are comprised of the transmission facilities owned by a number of public utility and non-public utility members

of SPP that are currently committed to the SPP tariff. Customers taking service under the SPP tariff now possess the ability to receive and/or deliver power throughout the SPP region with one-stop shopping, while paying only a single non-pancaked transmission charge for service under the SPP tariff.

12. FERC Order No. 2000<sup>4</sup> strongly encouraged all public utilities that own, operate or control interstate transmission facilities to participate in a Regional Transmission Organization (“RTO”). On October 15, 2003, SPP submitted a filing pursuant to Section 205 of the Federal Power Act (“FPA”),<sup>5</sup> and Section 35.34 of the FERC’s regulations<sup>6</sup> to establish the SPP RTO. This filing sought recognition that the SPP RTO satisfied the requirements of Order No. 2000 and FERC’s regulations issued thereunder.

13. In an order issued February 10, 2004, the FERC granted RTO status to SPP, subject to fulfillment of certain requirements.<sup>7</sup> The order noted that approving SPP’s RTO proposal would further the FERC’s goals of establishing efficient, reliable markets throughout the region, and prevent undue discrimination in the provision of electric transmission services.

14. In its order granting RTO status, the FERC directed SPP to: (1) implement its independent Board and modify its governance structure; (2) expand the coverage of SPP’s tariff to ensure that SPP is the sole transmission provider; (3) obtain clear and sufficient authority to exercise day-to-day functional control over the appropriate transmission facilities within its footprint; (4) have an independent market monitor in place to monitor the competitiveness and efficiency of the market; (5) obtain clear and precise authority to independently and solely determine which projects to include in the regional transmission plan and to prioritize the

<sup>4</sup> *Regional Transmission Organizations*, Order No. 2000, 65 Fed. Reg. 809 (Jan. 6, 2000), FERC Stats & Regs. ¶ 31,089 (1999), *order on reh’g*, Order No. 2000-A, 65 Fed. Reg. 12,088 (Mar. 8, 2000), FERC Stats. & Regs. ¶ 31,092 (2000), *affirmed sub nom.*, *Public Utility District No. 1 of Snohomish County, Washington, et al. v. FERC*, 272 F.3d 607 (D.C. Cir. 2001).

<sup>5</sup> 16 U.S.C. § 824d (2004).

<sup>6</sup> 18 C.F.R. § 35.34 (2005).

projects; and, (6) have on file with the Commission a seams agreement with the MISO prior to receiving RTO authorization. FERC further required SPP to file revised Bylaws and a revised Membership Agreement, pursuant to Section 205 of the Federal Power Act. FERC directed SPP to make a compliance filing demonstrating that it had addressed these outstanding issues. FERC explained that it would grant SPP final RTO status upon approval of such a compliance filing. On May 3, 2004, SPP made the compliance filing required by FERC.

15. By order dated July 2, 2004, FERC accepted in part and rejected in part SPP's compliance filing and directed SPP to make a further compliance filing prior to being recognized as an RTO.<sup>8</sup> SPP made its further compliance filing on August 2, 2004. In a series of orders issued October 1, 2004, FERC granted SPP RTO status subject to certain modifications.<sup>9</sup> SPP submitted the requisite modifications for approval on November 1, 2004. On January 24, 2005, FERC issued an order accepting SPP's compliance filing effective October 27, 2004, finding that SPP's proposed modifications satisfy the requirements of FERC's October 1 order.<sup>10</sup>

#### **Application to Transfer Functional Control**

16. The Membership Agreement requires SPP's transmission-owning members to transfer functional control of their transmission facilities to SPP. As FERC explained, "under a functioning SPP RTO, the SPP transmission owners will no longer be the transmission providers. The SPP will become the sole provider of transmission service, as prescribed by Order No. 2000, and the transmission owners must take all transmission services from SPP."<sup>11</sup>

---

<sup>7</sup> *Southwest Power Pool, Inc.*, 106 FERC ¶ 61,359 (2004).

<sup>8</sup> *Southwest Power Pool, Inc.*, 108 FERC ¶ 61,003 (2004).

<sup>9</sup> *Southwest Power Pool, Inc.*, Order on Compliance Filing, 109 FERC ¶ 61,009; *Southwest Power Pool, Inc.*, Order on Proposed Joint Operating Agreement, 109 FERC ¶ 61,008; *Southwest Power Pool, Inc.*, Order on Rehearing, 109 FERC ¶ 61,110.

<sup>10</sup> *Southwest Power Pool, Inc.*, 110 FERC ¶ 61,046 (2005).

<sup>11</sup> *Southwest Power Pool, Inc.*, 106 FERC ¶ 61,359, at P 109 (2004).

17. Missouri law provides that “No . . . electrical corporation . . . shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public, nor by any means, direct or indirect, merge or consolidate such works or system, or franchises, or any part thereof, with any other corporation, person or public utility, without having first secured from the commission an order authorizing it so to do.”<sup>12</sup>

18. By this Application, Applicant, as a FERC- and Missouri-jurisdictional utility, seeks approval of the Commission to transfer functional control of its transmission system, 60kV and above, to SPP and to continue participation in the SPP RTO. KCP&L-GMO will continue to own its transmission facilities.

19. Transmission owning members of the SPP are required to transfer functional control of their transmission facilities to the SPP. Section 2.1.1(k) of the Membership Agreement states that “SPP shall have the authority to direct the day-to-day operations of the Tariff Facilities in order to carry out its responsibilities as a Transmission Provider and Reliability Coordinator as described in SPP’s Operational Authority Reference Document. . .” By virtue of having functional control of such facilities, SPP is able to direct the day-to-day operation of each member’s transmission facilities and to administer transmission service under the SPP Open-Access Transmission Tariff (“SPP OATT”) over each owner’s facilities.

20. The Operational Authority Reference Document lists the functions that are included in SPP’s authority and that involve functional control. These functions include: (i) scheduling authority over facilities under the SPP OATT; (ii) determining the Available Transmission Capacity under the SPP OATT; (iii) coordinating with other regions; (iv) directing transmission construction under coordinated planning criteria or under the SPP OATT; (v) acting

<sup>12</sup> Mo. Rev. Stat. § 393.190.1 (2008).

as a reliability coordinator; (vi) directing control areas to maintain adequate reserves; (vii) directing the emergency response of any of SPP's members, including the shedding of firm load; (viii) monitoring and coordinating voltage schedules; (ix) directing redispatch of generation in accordance with the SPP OATT; (x) reviewing and coordinating transmission and generation maintenance schedules; and (xi) redirecting maintenance outage schedules for reliability reasons and providing compensation.

21. KCP&L-GMO asks the Commission to approve the transfer of functional control of its 60kV and over transmission system to the SPP RTO consistent with the recognition by FERC of the SPP as an RTO in Docket No. RT04-01, and subsequent related dockets. Such transfer of functional control to SPP will ensure that the administration of transmission service over these facilities is conducted independently from the owners of electric generation facilities in accordance with the relevant Orders of FERC. KCP&L-GMO will continue to own, operate, and be responsible for the maintenance of these transmission facilities.

22. The transfer of functional control is consistent with the public interest because KCP&L-GMO does not anticipate any substantial change in the provision of retail electric service due to this transfer and the transfer has the potential to increase transmission system reliability and increase wholesale competition in generation purchases and sales, consistent with the FERC's expressed desire to establish RTOs.

23. KCP&L-GMO also seeks authority from the Commission, to the extent such authority is deemed by the Commission to be necessary and appropriate, to take network integration transmission service from SPP to serve KCP&L-GMO's retail load.

#### **Cost-Benefit Analysis**

24. As part of its application to join MISO filed with the Commission in Case No. EO-2008-0046, KCP&L-GMO submitted the results of a cost-benefit analysis performed by

CRA International (“CRA”). The report of that analysis is included as an attachment to the Direct Testimony of Mr. Odell. As set forth in that testimony, CRA is an independent consulting firm hired by KCP&L-GMO to analyze the costs and benefits of KCP&L-GMO’s various options for joining, or not joining, an RTO. The study concluded that over the ten-year study period, the net benefit to KCP&L-GMO of joining SPP amounts to \$86.9 million, contrasted with only a \$21.1 million benefit of joining MISO, compared to moving to a stand-alone status. Thus, as established by the independent and credible cost benefit analysis performed by CRA, the net benefit over ten years to KCP&L-GMO of joining SPP will be approximately \$65.8 million greater than the next most beneficial option.

25. Additionally, as discussed in Mr. Odell’s testimony, it is anticipated that full participation in the SPP will result in improved regional transmission management and planning, transparency of power prices, and exercise of a market monitoring function to promote competitive markets. Further, Kansas City Power & Light Company (“KCP&L”) is a member of the SPP RTO. KCP&L and KCP&L-GMO intend to jointly operate the transmission systems of both entities. As outlined in Case No. EM-2007-0374, having both entities’ membership in SPP will provide additional benefits in terms of administrative, planning, reliability, and operational efficiencies.

#### **Documents Required by Rule**

26. As to the material required by 4 C.S.R. 240-3.110(1)(A) and (B), functional control of KCP&L-GMO’s transmission system assets, 60kV and above, would be transferred to the SPP. The Membership Agreement that is the subject of this Application is marked **Appendix B**, and attached hereto.

27. As to the reasons required by 4 C.S.R. 240-3.110(1)(C), the Membership Agreement was signed by Carl A. Huslig on June 30, 2005 with proper authority as Vice President of Transmission of Aquila, Inc.

28. As to the reasons required by 4 C.S.R. 240-3.110(1)(D) as to why “the proposed sale of the assets is not detrimental to the public interest,” Applicant states that there is no proposed “sale” of jurisdictional assets. Further, the transfer of functional control is not detrimental to the public interest because:

a. The separation of control of transmission from generation and the transfer of functional control of the Applicant’s transmission facilities to SPP is strongly encouraged by FERC Order No. 2000 and is intended to further ensure equal access to the transmission system which should provide future benefits for Missouri electric customers;

b. As demonstrated by the CRA cost-benefit study, transfer of functional control of the Applicant’s transmission facilities to the SPP RTO and Applicant’s participation in the SPP RTO will not be detrimental for Missouri electric customers. In addition, Applicant will continue to be regulated by the Commission;

c. By promoting the efficient use of generation and transmission resources, the transaction should have beneficial effects on the environment. The SPP Regional State Committee (“RSC”) sponsored a SPP regional cost-benefit study of the Energy Imbalance Service market prior to market start-up. That RSC-sponsored study predicted reductions in both NOx and SOx emissions in the SPP region as a result of implementation of the SPP Energy Imbalance Service market.

d. Participation in the SPP RTO will result in new mechanisms that facilitate regional transmission construction. The timely construction of appropriate transmission facilities

and the appropriate sharing of costs among transmission customers throughout the SPP area would be beneficial to Missouri retail electric consumers;

e. Transfer of the Applicant's functional control of its transmission facilities will not have any effect on the historic allocation of jurisdiction over electric utility operations between the Commission and FERC. The Commission's jurisdiction should be effectively preserved by its continued regulation of the Applicant; and

f. The transaction is intended to benefit affected public utility shareholders by assuring efficient use of generation and transmission resources and appropriate compensation to the utilities for use of their transmission facilities.

29. As to the material required by 4 C.S.R. 240-3.110(1)(E), KCP&L-GMO states that there is no "purchaser" because there is no "sale" of jurisdictional assets. Additionally, KCP&L-GMO does not anticipate that SPP will be subject to the jurisdiction of the Commission, as a result of the Commission granting the authority requested herein.

30. As to the material required by 4 C.S.R. 240-3.110(1)(F), KCP&L-GMO states that there is no expected impact on the tax revenues of any political subdivisions because there will be no transfer of title concerning the subject facilities. KCP&L-GMO will continue to own the facilities and will continue to be responsible for taxes levied thereon.

#### **Rate Making Implications and Cost Recovery Certainty**

31. Applicant anticipates that, as a result of participation in the SPP RTO, it will incur costs that generally fall into two categories. These costs are anticipated to be: (i) FERC-approved costs and fees under the SPP RTO tariff assessed against and paid by Applicant; and, (ii) other costs of participating in the SPP RTO, which KCP&L-GMO may have some ability to control. KCP&L-GMO seeks recognition by the Commission that all FERC-approved costs and fees addressed by item (i) above, and costs prudently incurred by KCP&L-GMO and included

within the description of item (ii) will be included by the Commission in KCP&L-GMO's rates, when properly requested.

### **Timing**


32. As indicated in the CRA cost-benefit study, a chief advantage of KCP&L-GMO membership in the SPP RTO is the opportunity to participate in the SPP market for electrical energy. SPP's market protocols require a potential market participant to notify SPP a minimum of six months in advance of entry into the energy market due to the complexity and workload of implementing such participation. KCP&L-GMO plans to participate in SPP's Energy Imbalance Service market as soon as practicable, subject to the Commission granting the authorizations sought in this Application. Moreover, KCP&L-GMO will begin realizing savings associated with transmission service reservations immediately upon the transfer of functional control and network integration transmission service to the SPP. Accordingly, KCP&L-GMO seeks the requested Commission approval within 90 days of submission of this Application, or by February 10, 2009, in order to allow all necessary market preparation work to proceed, thereby permitting the resulting benefits to be achieved at the earliest possible date.

WHEREFORE, KCP&L-GMO respectfully requests that the Commission issue its order:

- A. Authorizing KCP&L-GMO to transfer functional control to the SPP RTO in accordance with the SPP RTO Membership Agreement (**Appendix B**) of transmission facilities operated at or above 60kV, and to take any and all other actions that may be reasonably necessary and incidental to KCP&L-GMO's performance under the SPP RTO Membership Agreement, including actions to be taken under subsequent agreements as may be approved by FERC;

- B. Acknowledging that if the Commission approves this Application, when properly requested for inclusion in such rates by KCP&L-GMO, the Commission will include in KCP&L-GMO's Commission jurisdictional rates:
- i. all FERC-approved costs and fees under the SPP RTO tariff assessed against and paid by KCP&L-GMO, and
  - ii. the prudently incurred costs of participating in the SPP RTO, which KCP&L-GMO has some ability to control;
- C. Authorizing, to the extent such authority is deemed by the Commission to be necessary and appropriate, KCP&L-GMO to take network integration transmission service from SPP to serve KCP&L-GMO's retail load; and
- D. Granting such other relief as may be deemed necessary and appropriate which is not inconsistent with this pleading.

Respectfully submitted,



---

Curtis D. Blanc (Mo. Bar No. 58052)  
Victoria Schatz (Mo. Bar No. 44208)  
Kansas City Power & Light Company  
1201 Walnut – 20<sup>th</sup> Floor  
Kansas City, Missouri 64106  
Phone: (816) 556-2483  
Fax: (819) 556-2787  
Email: Curtis.Blanc@kcpl.com

ATTORNEYS FOR KCP&L GREATER  
MISSOURI OPERATIONS COMPANY

Dated: November 12, 2008

### **CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, this 12<sup>th</sup> day of November, 2008, to the Staff of the Missouri Public Service Commission, Office of Public Counsel, and all counsel of record in Case No. EO-2008-0046.

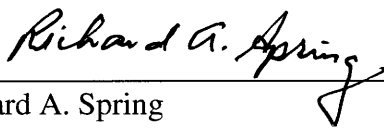
A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a solid horizontal line.

Victoria Schatz

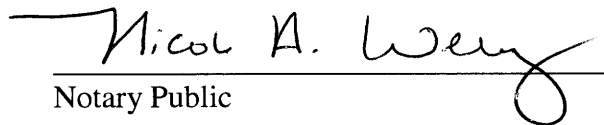
AFFIDAVIT

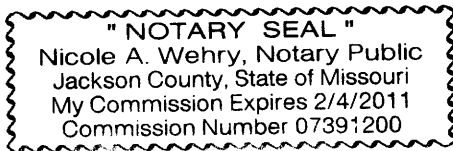
State of Missouri     )  
                                  ) ss  
County of Jackson    )

I, Richard A. Spring, having been duly sworn upon my oath, state that I am the Vice President – Transmission Policy, Planning and Compliance of KCP&L Greater Missouri Operations Company (“KCP&L-GMO”), that I am duly authorized to make this affidavit on behalf of KCP&L-GMO, and that the matters and things stated in the foregoing application and appendices thereto are true and correct to the best of my information, knowledge and belief.

  
\_\_\_\_\_  
Richard A. Spring

Subscribed and sworn before me this <sup>12<sup>th</sup></sup>~~10<sup>th</sup>~~ day of November 2008.

  
\_\_\_\_\_  
Notary Public



**APPENDIX A**

**Amended Certificate of Authority for a Foreign Corporation  
Dated October 17, 2008**



F00300558

## CERTIFICATE OF CORPORATE RECORDS

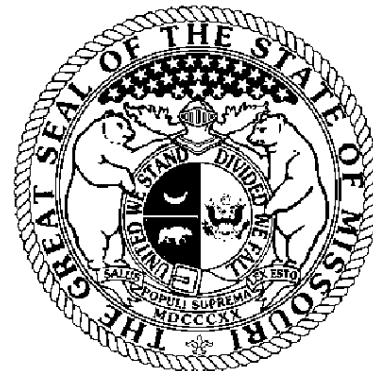
### KCP&L GREATER MISSOURI OPERATIONS COMPANY

I, ROBIN CARNAHAN, Secretary of the State of the State of Missouri and Keeper of the Great Seal thereof, do hereby certify that the annexed pages contain a full, true and complete copy of the original documents on file and of record in this office for which certification has been requested.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 28th day of October, 2008

A handwritten signature in cursive script that reads "Robin Carnahan".

Secretary of State





**State of Missouri**  
Robin Carnahan, Secretary of State

Corporations Division  
P.O. Box 778 / 600 W. Main Street, Rm 322  
Jefferson City, MO 65102

File Number:  
F00300558  
Date Filed: 10/22/2008  
Robin Carnahan  
Secretary of State

**Application for an Amended Certificate of  
Authority for a Foreign Corporation**


*Submit with filing fee of \$25.00*

The below corporation, relating to amending its certificate of authority of Foreign Corporation, does hereby state:

- (1) Its name is: Aquila Foreign Qualifications Corporation  
and is incorporated in the State of: Delaware; and it  
was qualified in the State of Missouri on March 27, 1987  
*month/day/year*
- (2) By appropriate corporate action on: October 17, 2008, the corporation:  
*month/day/year*
- (1) Changed its corporate name to: KCP&L Greater Missouri Operations Company  
Name it will use in Missouri if new name not available: \_\_\_\_\_
- (2) Changed its period of duration to: \_\_\_\_\_
- (3) Changed the state or country of its incorporation to: \_\_\_\_\_
- (3) There is attached hereto a Certificate of the Secretary of State of the State of Delaware  
relating to the amendment(s), set forth in item 2 above and showing that the Corporation is in existence and in good  
standing in said State.
- (4) The effective date of this document is the date it is filed by the Secretary of State of Missouri, unless you indicate  
a future date, as follows: \_\_\_\_\_  
*(Date may not be more than 90 days after the filing date in this office)*

In Affirmation thereof, the facts stated above are true and correct:

(The undersigned understands that false statements made in this filing are subject to the penalties provided under Section 575.040,  
RSMo)

  
Authorized Signature

Mark G. English  
Printed Name

Assistant Secretary  
Title

*month/day/year*

Attached is an original current certificate attesting to the change, duly authenticated by the secretary of state or other official hav-  
ing custody of corporate records in the state or country of incorporation.

Name and address to return filed document:

Name: Jessica Rutland  
Address: 120 W 12 Street, Ste 1700  
City, State, and Zip Code: Kansas City MO 64105

State of Missouri  
Amend/Restate - Gen Bus 8 Page(s)

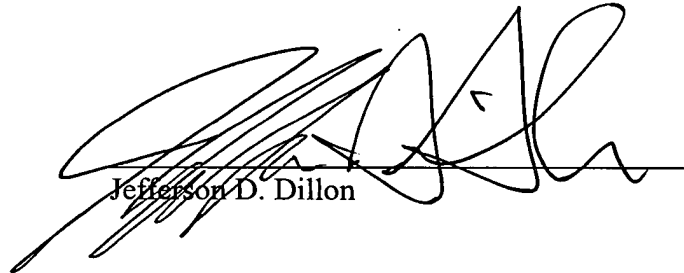


T0829616650

### ASSIGNMENT OF NAME

The undersigned, Jefferson D. Dillon, hereby assigns and transfers unto Aquila Foreign Qualifications Corporation, a Missouri foreign corporation, a/k/a Aquila, Inc., a Delaware corporation, the right to use the name "KCP&L Greater Missouri Operations Company" for corporate, limited partnership, limited liability company and limited liability partnership purposes in the State of Missouri. The name "KCP&L Greater Missouri Operations Company" was previously reserved by the undersigned by the filing of an Application for Reservation of Name with the Missouri Secretary of State on August 27, 2008 (Tracking Number T0824021519). A copy of such Application for Reservation of Name is attached hereto as Exhibit A.

Executed as of October 17, 2008.



Jefferson D. Dillon

**Exhibit A**

**Name Reservation**



Office of the Secretary of State  
State of Missouri

ROBIN CARNAHAN  
SECRETARY OF STATE

Jefferson City  
65101

CORPORATIONS DIVISION  
(866) 223-6535 TOLL FREE

***Shughart Thomson & Kilroy, P.C.***  
***Twelve Wyandotte Plaza, 120 W. 12th St.***  
***Kansas City, MO 64105***

### NAME RESERVATION

THE FOLLOWING NAME HAS BEEN RESERVED FOR THE SIXTY-DAY PERIOD INDICATED BELOW. THE RESERVATION MAY BE TRANSFERRED OR ASSIGNED, BUT A NAME WILL NOT BE GIVEN TO ANOTHER PARTY UNLESS THE ARTICLES ARE ACCOMPANIED BY A WRITTEN AUTHORIZATION OF ASSIGNMENT. THE NAME RESERVATION MAY BE RENEWED IN SIXTY DAYS.

RESERVED NAME: ***KCP&L Greater Missouri Operations Company***

RESERVED FROM: ***06/30/2008 TO 10/26/2008***

RESERVED FOR:

***Jeff Dillon***  
***c/o Shughart Thomson & Kilroy, P.C.***  
***120 W. 12th Street, Ste. 1800***  
***Kansas City, MO 64105***

TRACKING NUMBER: # T0824021519

JAMES C. KIRKPATRICK STATE INFORMATION CENTER  
600 W. MAIN STREET • PO BOX 778 • JEFFERSON CITY 65102

ADMINISTRATIVE RULES • BUSINESS SERVICES • ELECTIONS • PUBLICATIONS • SECURITIES • STATE ARCHIVES • STATE LIBRARY • WOLF LIBRARY



# State of Missouri

Robin Carnahan, Secretary of State

Corporations Division  
P.O. Box 778 / 600 W. Main Street, Rm 322  
Jefferson City, MO 65102

File Number:

Date Filed: 08/27/2008

Expiration Date: 10/26/2008

Robin Carnahan

Secretary of State

## Application for Reservation of Name

*(Submit fee of \$25 for a business entity except Limited Liability Partnerships)  
(Submit a fee of \$30.00 for a Limited Liability Partnership)*

The undersigned requests that the following name be reserved for designating a corporation, limited partnership, limited liability company, or limited liability partnership.

Name to be reserved KCP&L Greater Missouri Operations Company

*This name reservation is for a 60-day period. You may submit additional name reservations on the same name, but please note the name you are reserving may only be reserved for a maximum of 180 days per Missouri statutes.*

*In Affirmation thereof, the facts stated above are true and correct:*

*(The undersigned understands that false statements made in this filing are subject to the penalties provided under Section 575.040, RSMo)*

Reserved by:

Jefferson D. Dillon, Esq.

8/27/08

Signature

Printed Name

Title

Date

120 W. 12th Street, Suite 1800

Kansas City, Missouri 64105

Street

City/State/Zip

Name and address to return filed document:

Jeff Dillon c/o

Name: Shughart Thomson & Kilroy, P.C.

Address: 120 W. 12th Street, Suite 1800

City, State, and Zip Code: Kansas City, MO 64105

State of Missouri

T0824021519

# Delaware

PAGE 1

*The First State*

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "AQUILA, INC.", CHANGING ITS NAME FROM "AQUILA, INC." TO "KCP&L GREATER MISSOURI OPERATIONS COMPANY", FILED IN THIS OFFICE ON THE SEVENTEENTH DAY OF OCTOBER, A.D. 2008, AT 9:14 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

2101053 8100

081045472

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



*Harriet Smith Windsor*

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6916501

DATE: 10-17-08

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 09:14 AM 10/17/2008  
FILED 09:14 AM 10/17/2008  
SRV 081045472 - 2101053 FILE

CERTIFICATE OF AMENDMENT  
OF  
AQUILA, INC.

Aquila, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, by the unanimous written consent of its members, filed with the minutes of the Board, adopted a resolution proposing and declaring advisable that the name of said corporation be changed to "KCP&L Greater Missouri Operations Company"

SECOND: That, pursuant to the aforementioned resolution adopted by the Board of Directors of said corporation, the Certificate of Incorporation of Aquila, Inc. be amended by changing Article One thereof so that, as amended, said Article shall be and read as follows:

The name of the Corporation is KCP&L Greater Missouri Operations Company (the "Corporation").

THIRD: That in lieu of a meeting and vote the Sole Shareholder, the Sole Shareholder has given unanimous written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

FOURTH: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Mark G. English, Assistant Secretary of Aquila, Inc. has caused this certificate to be signed this 17 day of October, 2008.

AQUILA, INC.

By: Mark G. English  
Assistant Secretary

# Delaware

PAGE 1

*The First State*

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "KCP&L GREATER MISSOURI OPERATIONS COMPANY" IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTIETH DAY OF OCTOBER, A.D. 2008.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "KCP&L GREATER MISSOURI OPERATIONS COMPANY" WAS INCORPORATED ON THE NINTH DAY OF SEPTEMBER, A.D. 1986.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

2101053 8300

081049370

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



*Harriet Smith Windsor*

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6919575

DATE: 10-20-08

## **APPENDIX B**

### **Southwest Power Pool, Inc. Membership Agreement**

# **SOUTHWEST POWER POOL, INC.**

## **MEMBERSHIP AGREEMENT**

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

**MEMBERSHIP AGREEMENT**  
**TABLE OF CONTENTS**

1.0	DEFINITIONS.....	5
1.1	Agreement.....	5
1.2	Board of Directors.....	5
1.3	Bylaws.....	5
1.4	Distribution Facilities.....	5
1.5	Effective Date .....	5
1.6	Electric Transmission System.....	5
1.7	FERC.....	5
1.8	Good Utility Practice .....	5
1.9	Member .....	6
1.10	NERC .....	6
1.11	Non-Transmission Owner .....	6
1.12	Reliability Coordinator .....	6
1.13	SPP.....	6
1.14	SPP Criteria.....	6
1.15	SPP Region .....	6
1.16	Standards of Conduct.....	6
1.17	Tariff Facilities.....	6
1.18	Transmission Customer .....	6
1.19	Transmission Owner .....	7
1.20	Open Access Transmission Tariff (OATT) .....	7

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

2.0	RIGHTS, POWERS AND OBLIGATIONS OF SPP.....	7
2.1	Operation and Planning.....	7
2.1.1	General.....	7
2.1.2	Reliability.....	9
2.1.3	Transmission Maintenance .....	10
2.1.4	Generation Maintenance .....	11
2.1.5	Planning Activities.....	12
2.2	Non-Discriminatory Transmission Service.....	13
2.2.1	Pricing.....	13
2.2.2	Standards of Conduct.....	13
2.2.3	OASIS.....	13
2.2.4	Ancillary Services.....	13
2.2.5	Transmission Service Scheduling.....	14
2.3	Fiduciary Responsibilities and Duties of Southwest Power Pool to Members .....	14
2.4	Additional Obligations of SPP.....	14
2.4.1	Inspection and Auditing Procedures .....	14
2.4.2	Stranded Cost Recovery Charges.....	15
3.0	COMMITMENTS, RIGHTS, POWERS, AND OBLIGATIONS OF MEMBER.....	15
3.1	Redispatch and Curtailment.....	16
3.2	Transmission and Generation Maintenance Practices .....	17
3.3	Construction.....	17
3.4	Use of Distribution Facilities.....	18
3.5	Providing Information.....	18
3.6	Facilities Access.....	18

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

3.7	Inspection and Auditing Procedures .....	18
3.8	Compliance and Bylaws and Other Policies and Procedures .....	19
3.9	Planning and Participation .....	19
3.10	Pricing .....	20
4.0	TERMINATION OF MEMBERSHIP .....	20
4.1	Events of Termination and Partial Termination .....	20
4.2	Termination Procedures and Effective Dates .....	21
4.2.1	Notice of Voluntary Withdrawal .....	21
4.2.2	Effective Date of Termination .....	21
4.3	Obligations Upon Termination .....	22
4.3.1	Obligation to Hold Users Harmless .....	22
4.3.2	Obligation to Pay Current and Existing Obligations .....	22
4.3.3	Construction of Transmission Facilities .....	23
4.3.4	Regulatory and Other Approvals or Procedure .....	23
5.0	REGULATORY, TAX, AND OTHER AUTHORITIES .....	23
5.1	Regulatory and Other Authorities .....	23
5.2	Tax Authorities .....	24
5.3	Effectiveness as to Certain Members .....	24
6.0	REMOVAL OF MEMBERS .....	25
7.0	EFFECTIVE DATE, DURATION, AND TRANSITION .....	25

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

8.0	MISCELLANEOUS PROVISIONS.....	26
8.1	Governing Law .....	26
8.2	Successors and Assigns.....	26
8.3	No Implied Waivers.....	26
8.4	Severability .....	26

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy  
Issued on: August 9, 2005

Effective: July 26, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

8.5	Renegotiation .....	27
8.6	Representations and Warranties.....	27
8.7	Further Assurances.....	28
8.8	Delivery of Notices .....	28
8.9	Entire Agreement .....	28
8.10	Good Faith Efforts .....	29
8.11	Third Party Joint Agreements .....	29
8.12	Amendment.....	30
8.13	Counterparts.....	30
Appendix A	.....	32

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

**Southwest Power Pool  
Membership Agreement**

This Agreement is made between the Member and SPP, as defined herein.

**1.0 DEFINITIONS**

**1.1 Agreement**

This Membership Agreement.

**1.2 Board of Directors**

The Board of Directors elected pursuant to the Bylaws.

**1.3 Bylaws**

SPP's Bylaws or any successor document.

**1.4 Distribution Facilities**

Facilities that are the subject of a separate distribution charge pursuant to the Open Access Transmission Tariff.

**1.5 Effective Date**

This Agreement is effective on January 1, 2000 or upon the date of execution by Member if after January 1, 2000.

**1.6 Electric Transmission System**

The transmission facilities subject to SPP's tariff administration, except for any Distribution Facilities.

**1.7 Existing Obligations**

Shall have the meaning given in Section 4.3.2(b).

**1.8 FERC**

The Federal Energy Regulatory Commission or successor organization.

**1.9 Financial Obligations**

Shall have the meaning given in Section 4.3.2(b).

**1.10 Future Interest**

Shall have the meaning given in Section 4.3.2(b).

**1.11 Good Utility Practice**

Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods,

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather to be a range of acceptable practices, methods, or acts generally accepted in the region. SPP Criteria and NERC Policies and Standards are considered Good Utility Practice.

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy  
Issued on: August 9, 2005

Effective: July 26, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

**1.12 Member**

Signatory to this Agreement that has completed the application requirements pursuant to the Bylaws.

**1.13 NERC**

North American Electric Reliability Council or successor organizations.

**1.14 Non-Transmission Owner**

A Member that is not a Transmission Owner. A Non-Transmission Owner that owns or controls Tariff Facilities may have its status changed to a Transmission Owner under this Agreement upon notice to SPP and execution of this Agreement as a Transmission Owner.

**1.15 Partial Termination**

Shall have the meaning given in Section 4.1.

**1.16 Reliability Coordinator**

SPP, in performing its reliability coordinator function as recognized by NERC pursuant to its policies, and pursuant to SPP Criteria and this Agreement.

**1.17 SPP**

Southwest Power Pool, Inc., or successor organization.

**1.18 SPP Criteria**

SPP's approved operating and planning criteria.

**1.19 SPP Region**

The geographic area encompassing the transmission systems of Members that are Transmission Owners.

**1.21 Standards of Conduct**

SPP's Standards of Conduct that apply to the conduct of its directors, officers, employees, and consultants on file with FERC.

**1.21 Tariff Facilities**

The Electric Transmission System and the Distribution Facilities subject to SPP's tariff administration.

**1.22 Termination**

Shall have the meaning given in Section 4.1.

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

**1.23 Termination Date**

Shall mean the date of Termination is effective in accordance with Section 4.2.2(b).

**1.24 Transmission Customer**

A customer under the Open Access Transmission Tariff.

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

### **1.25 Transmission Owner**

A signatory to this Agreement which transfers functional control related to the rates, terms and conditions of the OATT to SPP by executing this Agreement or appoints SPP under another agreement to provide service under the Transmission Tariff over Tariff Facilities which it owns or controls.

### **1.26 Open Access Transmission Tariff (OATT)**

The SPP nondiscriminatory, Open-Access Transmission Tariff (OATT) on file with FERC pursuant to Section 205 of the Federal Power Act under which SPP will offer transmission service, or any such successor tariff.

## **2.0 RIGHTS, POWERS AND OBLIGATIONS OF SPP**

SPP possesses the rights, powers, and obligations as detailed in this Section 2.

### **2.1 Operation and Planning**

#### **2.1.1 General**

- (a) SPP shall schedule transactions and to administer transmission service over Tariff Facilities as necessary to provide service in accordance with the SPP OATT.
- (b) SPP shall function in accordance with Good Utility Practice and shall conform to applicable reliability criteria, policies, standards, rules, regulations, guidelines and other requirements of SPP and NERC, Transmission Owner's specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements specified in this paragraph), and all applicable requirements of federal and state regulatory authorities.
- (c) SPP shall maintain a publicly available registry of all facilities that are not classified as critical energy infrastructure information that constitute the Electric Transmission System.

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

- (d) SPP shall review and approve, as appropriate, requests for service, schedule transmission transactions, and determine available transfer capability under the OATT, provided that SPP shall coordinate with the Transmission Owner when processing requests for service involving its Tariff Facilities.
- (e) SPP shall be responsible for coordinating with neighboring regional organizations and/or non-member transmission owners or providers as appropriate.
- (f) SPP shall not exercise its administration of transmission service over the Tariff Facilities in such a way as to interfere with contracts between Transmission Owner and any Transmission Customer that are in effect as of the Effective Date of this Agreement except as permitted by the OATT.
- (g) SPP shall be responsible for documenting all transmission service requests, the disposition of such requests, and any supporting data required to support the decision with respect to such requests. SPP shall negotiate as appropriate to develop reciprocal service, equitable tariff application, compensation principles, and any related arrangements.
- (h) SPP shall propose and file with FERC pursuant to Section 205 of the Federal Power Act modifications to the OATT and make any other necessary filings subject to approval by the Board of Directors.
- (i) SPP shall develop penalties and incentives, subject to FERC filings where appropriate.
- (j) SPP shall direct Transmission Owner pursuant to the provisions of Section 3.3 to construct transmission facilities in accordance with coordinated planning criteria, or if necessary under the OATT.
- (k) SPP shall have the authority to direct the day-to-day operations of the Tariff Facilities in order to carry out its responsibilities as a Transmission Provider and Reliability Coordinator as described in SPP's Operational Authority Reference Document, attached hereto as Appendix A; provided, however, nothing in this Agreement or the OATT shall be

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: October 27, 2004

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

construed to require a change in the physical control of any Tariff Facilities using a Party's existing facilities or equipment.

- (l) SPP shall take any actions necessary for it to carry out its duties and responsibilities, subject to receiving any necessary regulatory approvals and any necessary approvals from the Board of Directors.

### **2.1.2 Reliability**

SPP shall have responsibility for reliability of the Electric Transmission System in connection with its rights, powers, and obligations under this Agreement. SPP shall act as the Reliability Coordinator of the Electric Transmission System, and as such, shall have reliability monitoring and emergency response responsibilities pursuant to related SPP Criteria and the following requirements:

- (a) SPP shall monitor real-time data to determine whether any control areas are experiencing generation capacity deficiencies. If a generation capacity deficiency event threatens the security of the Electric Transmission System, SPP is authorized to and shall direct the acquisition of generation capacity and, if that direction is not satisfied, is authorized to and shall direct the shedding of firm load in the deficient control area.
- (b) SPP shall work with other reliability coordinators and non-member transmission owners or providers to develop regional reliability plans and emergency operating procedures.
- (c) SPP shall maintain emergency response procedures for responding to specified critical contingencies and shall continuously analyze issues that may require the initiation of such actions.
- (d) SPP is authorized to and shall direct the response to any emergency and Members shall carry out the required emergency actions as directed by SPP (except in cases involving endangerment to the safety of employees or the public), including the shedding of firm load if required for regional reliability.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

- (e) After the conclusion of an emergency condition, any affected entity that disagrees with SPP's handling of the emergency may resolve that disagreement pursuant to the dispute resolution procedures in the Bylaws.
- (f) SPP shall monitor and coordinate the maintenance of adequate Electric Transmission System voltage levels with control areas and Transmission Owner, where appropriate.
- (g) SPP shall direct redispatch of generation in accordance with the OATT and in its role as Reliability Coordinator, subject to the generator receiving appropriate compensation pursuant to an applicable rate schedule.

### **2.1.3 Transmission Maintenance**

SPP is required to approve all planned maintenance of the Electric Transmission System consistent with the following requirements:

- (a) SPP shall review planned transmission maintenance schedules submitted by Transmission Owner for a minimum of a rolling one-year period. These planned maintenance schedules shall be updated daily. Planned transmission maintenance requests shall be submitted to SPP at least one week in advance of an outage.
- (b) SPP shall analyze a planned transmission maintenance request to determine its effect on available transfer capability, ancillary services, the reliability of the Electric Transmission System, and any other relevant effects. Within two business days of receiving a planned maintenance request, SPP shall provide a response. If SPP's response indicates that such planned transmission maintenance will have an adverse impact, Transmission Owner shall work with SPP to minimize the impact of such planned maintenance, up to and including re-scheduling the maintenance.
- (c) SPP shall notify Transmission Owner of the need to change previously reviewed planned transmission maintenance outages if forced transmission outages or other circumstances compromise the integrity or reliability of the Electric Transmission System. If Transmission Owner is fully

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

compensated for any additional costs resulting from any changes in maintenance schedules as provided in an applicable rate schedule, Transmission Owner shall revise maintenance outages to address such emergency circumstances.

- (d) As part of its review process, SPP shall identify planned transmission maintenance schedules that limit available transfer capability. If requested by a Transmission Customer, SPP shall identify opportunities and associated costs for rescheduling planned maintenance to enhance available transfer capability. Transmission Owner shall be compensated for the additional costs of rescheduled maintenance as provided in the SPP OATT.
- (e) SPP shall be responsible for documenting all planned transmission maintenance requests, the disposition of those requests, and all data supporting the disposition of each request.
- (f) SPP shall coordinate with Transmission Owner to the extent practicable to implement schedules for unplanned transmission maintenance when conditions endanger the safety of employees or the public, may result in damage to facilities, or may result in the unsatisfactory operation of its transmission system or any other transmission system.

#### **2.1.4 Generation Maintenance**

SPP shall coordinate the maintenance of generating units as appropriate to the extent such generation maintenance directly affects the capacity or reliability of the Electric Transmission System and the generation is located in the SPP Region as follows:

- (a) SPP shall review planned generating unit maintenance schedules submitted by generation owners for a minimum of a rolling one-year period. The planned maintenance schedules shall be updated daily. SPP shall keep such information confidential.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

- (b) SPP shall analyze a planned generating unit maintenance schedule to determine its effect on available transfer capability, ancillary services, the reliability of the Electric Transmission System, and any other relevant effects. SPP shall inform a generation owner if its maintenance schedule is expected to have an impact on the reliability of the Electric Transmission System.
- (c) As part of its review process, SPP shall identify generating unit maintenance schedules that limit available transfer capability and shall identify opportunities and associated costs for rescheduling planned maintenance to enhance available transfer capability.
- (d) A generation owner that changes planned maintenance at the request of SPP pursuant to this Section 2.1.4 shall be compensated in accordance with the SPP OATT.
- (e) SPP shall be responsible for documenting all planned generating unit maintenance schedules, all schedule changes, and all SPP studies and services performed with respect to planned generation maintenance.

#### **2.1.5 Planning Activities**

- (a) SPP shall engage in such planning activities, in coordination with Member, as are necessary to fulfill its obligations under this Agreement, SPP Criteria and the OATT. Such planning shall conform to applicable reliability requirements of SPP, NERC, Transmission Owner's specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements), and all applicable requirements of federal or state regulatory authorities. Such planning shall seek to minimize costs, consistent with the reliability and other requirements set forth in this Agreement. The division of responsibility for planning between Member and SPP is set forth in the SPP Criteria.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

- (b) As part of its planning activities, SPP shall be responsible for planning, and for directing or arranging, necessary transmission expansions, additions, and upgrades that will enable it to provide efficient, reliable and non-discriminatory transmission service and to coordinate such efforts with the appropriate state authorities.

## **2.2 Non-Discriminatory Transmission Service**

SPP shall offer and administer transmission service over Tariff Facilities as specified in the OATT.

### **2.2.1 Pricing**

In connection with its administration of the OATT, SPP on behalf of its Members may propose to FERC such transmission pricing for transmission service as is necessary to fulfill its obligations under this Agreement, and may propose to FERC such changes in prices, pricing methods, terms, and conditions as are necessary to continue to fulfill such obligations. The Board of Directors must approve such filings. The OATT rates shall be designed and administered so as to recover full cost of service to the greatest extent practicable associated with the provision of transmission service under the OATT for Tariff Facilities. Notwithstanding the foregoing, Transmission Owner possesses the right to revise certain rates as provided in Section 3.10 of this Agreement.

### **2.2.2 Standards of Conduct**

SPP, its directors, officers, employees, contractors, and agents shall adhere to the Standards of Conduct.

### **2.2.3 OASIS**

SPP shall administer an Open Access Same-time Information System (OASIS) or successor systems for administration of transmission service. The OASIS, or any successor system, shall conform to the requirements for such systems as specified by FERC.

### **2.2.4 Ancillary Services**

SPP, as part of the OATT, shall facilitate the provision of such ancillary services as are required to be offered by FERC.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

### **2.2.5 Transmission Service Scheduling**

- (a) SPP shall schedule and curtail transmission service in accordance with the OATT.
- (b) SPP shall, in consultation with its Members, develop and from time-to-time amend when necessary, detailed scheduling protocols and procedures for service under the OATT, which shall be provided to all Members and be made publicly available.

### **2.3 Fiduciary Responsibilities and Duties of Southwest Power Pool to Members**

SPP shall have the following fiduciary responsibilities and duties to Member under this Agreement:

- (a) Using best efforts to avoid damage to the Tariff Facilities or any other facilities of the Member affected by SPP activities;
- (b) Collecting and distributing revenues to Member in accordance with the Transmission Tariff and any other applicable documents;
- (c) Using best efforts to maximize transmission service revenues associated with such transmission services in discounting transmission services in accordance with the Transmission Tariff; and
- (d) Using best efforts to promote the design and development of Transmission Tariff rates to assure recovery by Transmission Owner of transmission revenue requirements to the greatest extent practicable and subject to receiving necessary regulatory approvals.

### **2.4 Additional Obligations of SPP**

#### **2.4.1 Inspection and Auditing Procedures**

SPP shall grant Member, its employees, agents, or external auditors, and federal and state regulatory authorities having jurisdiction over SPP or Member, such access to SPP's books, records, business practices, control procedures and required audit test results, and related financial transactions and settlement activities as is necessary to verify compliance by SPP with this Agreement, to audit and verify transactions under this Agreement, and to assist Member in

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

complying with its statutory and regulatory requirements. Such access shall be at reasonable times and under reasonable conditions. SPP shall also comply with the reporting requirements of federal and state regulatory authorities having jurisdiction over SPP with respect to the business aspects of its operations. Contact between officers, employees, and agents of Member and those of SPP shall comply with the Standards of Conduct.

#### **2.4.2 Stranded Cost Recovery Charges**

SPP shall collect and distribute, as appropriate, any stranded cost recovery charges pursuant to applicable schedules accepted by appropriate regulatory entities.

### **3.0 COMMITMENTS, RIGHTS, POWERS, AND OBLIGATIONS OF MEMBER**

Member has made the following commitments, and shall have the following rights and shall be responsible for the following functions, some of which apply only to a Transmission Owner, some only to a Non-Transmission Owner.

- (a) Transmission Owner shall transfer functional control related to the rates, terms and conditions of the OATT of its Transmission Facilities, subject to receiving all necessary regulatory authorizations, thereby allowing SPP to (i) direct the operation of the Transmission Facilities in accordance with the terms of this Agreement and (ii) to administer transmission service under the Transmission Tariff over that Transmission Owner's Tariff Facilities; and (iii) in receiving funds from Transmission Customers relating to transmission service over Tariff Facilities and in distributing funds to it. Where Member, owns generators within the SPP Region which directly affect the capacity or reliability of the Electric Transmission System, it shall offer to provide the ancillary services required under the OATT at rates approved by regulatory authorities, where appropriate, to the extent such generators are able to provide such ancillary services.
- (b) Transmission Owner shall operate and maintain its Tariff Facilities subject to the requirements of this Agreement.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

- (c) Where Transmission Owner is a control area operator, it shall continue to operate its control areas for local generation control and economic dispatch, and shall be responsible for identifying and addressing local problems in a reliable manner.
- (d) Transmission Owner shall provide transmission service over its Tariff Facilities at the direction of SPP pursuant to the terms of the OATT.
- (e) Member agrees to comply with the instructions of SPP in its role as Reliability Coordinator.
- (f) Transmission Owner shall retain all rights of ownership, including legal and equitable title in its Tariff Facilities, subject to the provisions of this Agreement. Transmission Owner, or one acting under its authority, shall retain all rights to access to its Tariff Facilities so long as such access is consistent with the provisions of this Agreement.
- (g) Notwithstanding any other provision in this Agreement, Transmission Owner shall not be obligated or be considered as allowing transmission over its facilities if such transmission would cause the loss of the tax-exempt status of Transmission Owner or any bonds or other debt of Transmission Owner.

### **3.1 Redispatch and Curtailment**

Where Member owns or controls generation, it shall follow the instructions of SPP in its role as Reliability Coordinator in redispatching generation if such generation directly affects the reliability and capability of the Electric Transmission System and is located within the SPP Region. Member shall follow the instructions of SPP in its role as Reliability Coordinator or as administrator of the OATT to effectuate curtailment of load. Member shall submit to and coordinate with SPP unit schedules and must-run units within the SPP Region that affect Electric Transmission System capability or reliability. Where Member is providing redispatch it shall receive appropriate compensation in accordance with appropriate rate schedules.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

### **3.2 Transmission and Generation Maintenance Practices**

Transmission Owner shall maintain its Tariff Facilities in accordance with Good Utility Practice. Member shall maintain its generation facilities subject to this Agreement in accordance with Good Utility Practice. Transmission Owner shall coordinate and obtain SPP approval for maintenance on its Tariff Facilities in accordance with Section 2.1.3 of this Agreement. Where Member owns or controls generation facilities within the SPP Region directly affecting Electric Transmission System capability or reliability, it shall coordinate maintenance of such facilities with SPP in accordance with Section 2.1.4 of this Agreement.

### **3.3 Construction**

- (a) As part of its planning activities, SPP shall be responsible for planning, and for directing or arranging, necessary transmission expansions, additions, and upgrades that will enable it to provide efficient, reliable and non-discriminatory transmission service and to coordinate such efforts with the appropriate state authorities. Transmission Owner shall use due diligence to construct transmission facilities as directed by SPP in accordance with the OATT and this Agreement, subject to such siting, permitting, and environmental constraints as may be imposed by state, local and federal laws and regulations, and subject to the receipt of any necessary federal or state regulatory approvals. Such construction shall be performed in accordance with Good Utility Practice, applicable SPP Criteria, industry standards, Transmission Owner's specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements), and in accordance with all applicable requirements of federal or state regulatory authorities. Transmission Owner shall be fully compensated to the greatest extent permitted by FERC, or other regulatory authority for the costs of construction undertaken in accordance with the OATT.
- (b) After a new transmission project has received the required approvals and been approved by SPP, SPP will direct the appropriate Transmission Owner(s) to begin implementation of the project. If the project forms a connection between facilities of a single Transmission Owner, that Transmission Owner will be designated to

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

provide the new facilities. If the project forms a connection between facilities owned by multiple parties, all parties will be designated to provide their respective new facilities. The parties will agree among themselves as to how much of the project will be provided by each entity. If agreement cannot be reached, SPP will facilitate the ownership determination process.

- (c) A designated provider for a project can elect to arrange for a new entity or another Transmission Owner to build and/or own the project in its place. If a designated provider(s) does not or cannot agree to implement the project in a timely manner, SPP will solicit and evaluate proposals for the project from other entities and select a replacement.

### **3.4 Use of Distribution Facilities**

Transmission Owner shall provide such service over its Distribution Facilities, where applicable, as is necessary to effectuate transmission transactions administered by SPP, at approved rates, and subject to a separate tariff or agreement as appropriate.

### **3.5 Providing Information**

Member shall provide such information to SPP as is necessary for SPP to perform its obligations under this Agreement and the OATT, and for planning and operational purposes. Such information shall be treated as confidential when so designated so long as its designation is reasonable.

### **3.6 Facilities Access**

Transmission Owner shall allow SPP such access to Tariff Facilities as is necessary for SPP to perform its obligations under this Agreement. Such access shall be at reasonable times and under reasonable conditions.

### **3.7 Inspection and Auditing Procedures**

Transmission Owner shall grant SPP such access to its books and records as is necessary for SPP to perform its obligations under this Agreement and to audit and verify transactions under this Agreement. Such access shall be at reasonable times and under reasonable conditions.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

Transmission Owner shall not be required to provide access to confidential information unless it consents, which consent will not be unreasonably withheld. Transmission Owner may require reasonable disclosure conditions before giving its consent. Disclosure of confidential information shall be made consistent with such disclosure conditions or in accordance with any effective order requiring production of such confidential information issued by a court or regulatory authority. SPP shall provide Transmission Owner immediate notice of any request by an entity to review any such confidential information.

### **3.8 Compliance with Bylaws and Other Policies and Procedures**

- (a) Member agrees to and will comply with and abide by the provisions of the SPP Bylaws and pay, when due, any dues, assessments, OATT charges, and other amounts owing to SPP.
- (b) Member shall comply with all approved and applicable SPP and NERC policies, principles, criteria, standards, and guides and monitoring and certification procedures.
- (c) Where Member is also a member of another NERC regional reliability council it may, at its request and upon approval of the President, be granted a waiver of responsibilities associated with SPP Criteria and/or Bylaws that are duplicative of or inconsistent with responsibilities of membership in another council. Where Member receives such a waiver, it agrees to forgo voting privileges on issues before any organizational group pertaining to waived responsibilities.

### **3.9 Planning and Participation**

Transmission Owner shall participate in regional joint planning and coordinated operation of the Electric Transmission System. Non-Transmission Owner shall be entitled to participate in regional joint planning and coordinated operation of the Electric Transmission System.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

### **3.10 Pricing**

Transmission Owner shall possess the unilateral right to file with FERC pursuant to Section 205 of the Federal Power Act modifications to change the rates or rate structure for transmission service over its Tariff Facilities and to submit proposals or filings governing new construction with FERC; provided, however, Transmission Owner may not submit a proposal which results in a Transmission Customer paying two or more transmission charges for transmission for one transaction under the OATT (excluding Distribution Facilities for which an additional charge may be imposed, and Grandfathered Agreements as defined in the OATT). Transmission Owner shall notify SPP in advance of its intention to submit a filing to FERC and provide SPP with a copy of the filing. No approval from SPP is required for such filings.

## **4.0 TERMINATION OF MEMBERSHIP**

This Section states the terms and conditional applicable to any Termination or Partial Termination.

**4.1 Events of Termination and Partial Termination.** A "Termination" shall mean any cessation of Membership, voluntary or involuntary, or a termination of this Agreement for any reason including the following:

- a. Membership voluntarily withdraws from membership under Sections 4.0 or 5.0 of this Agreement,
- b. An involuntary termination of membership occurs pursuant to Section 6.0 of this Agreement;
- c. Member withdraws from membership or terminates this Agreement to comply with the terms of any applicable law or regulation;
- d. A withdrawal from membership or termination of this Agreement is ordered by any court or administrative agency of competent jurisdiction; SPP reserves the right, but is not obligated, to maintain before such court or administrative agency, or on any appeal, that FERC has preemptive jurisdiction;
- e. A material breach or repudiation of this Agreement, in the discretion of the non-breaching or non-repudiation party;

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

- f. The liquidation or dissolution of SPP, unless a third party has assumed the rights and obligations of SPP under this Agreement and has reasonably demonstrated capability to perform SPP's obligations under this Agreement;
- g. An agreement between SPP and the Member to terminate this Agreement

A "Partial Termination" occurs upon a Member's voluntary removal of a portion of its transmission facilities or customers from the SPP service area, including, by way of example and not limitation, sale of a part of the Member's distribution or transmission network or transfer to another service provider of a portion of its retail load.

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

## **4.2 Termination Procedures and Effective Dates**

### **4.2.1 Notice of Voluntary Withdrawal**

Subject to Section 4.3, a Member may withdraw voluntarily from this Agreement, provided that it has given written notice to the President of its intent to withdraw. Notice of intent to withdraw must state a proposed date for the withdrawal and be delivered to the President no less than twelve (12) months prior to such date. The President will advise the Membership and the Board of Directors of any withdrawal notices received. In order to assure that there is no more than one proposed termination date with respect to a Member, a withdrawal notice shall be deemed to rescind any prior withdrawal notice given by the Member. Voluntary withdrawal is a Termination and creates the same obligations as a Termination for any other reason.

### **4.2.2 Effective Date of Termination**

(a) **Voluntary Withdrawal.** If the withdrawing Member is not a Transmission Owner subject to FERC jurisdiction, the Termination Date shall be the date proposed in the withdrawal notice under Section 4.2.1 or otherwise agreed by SPP. If the withdrawal Member is a Transmission Owner subject to FERC jurisdiction, the Termination Date shall be the later of (i) the proposed date specified in the withdrawal notice or other agreed by SPP, (ii) the effective date, if any, set by the FERC order approving the withdrawal; or (iii) the date that such FERC order is no longer subject to review by a court of competent jurisdiction

(b). **Termination other than Voluntary Withdrawal.** If the Termination occurs for any reason other than the Member's voluntary withdrawal under Section 4.2.1 or by agreement with SPP, the Termination Date shall be as follows:

(i) If the Member is not a Transmission Owner subject to FERC jurisdiction, the Termination Date shall be the date of the event by which the Termination occurs, for example, the date a party gives notice that it will treat a breach or repudiation as a Termination or the date a Member withdraws in order to comply with the terms of a law or regulation. The foregoing notwithstanding, if the Termination occurs due to the order of a court or administrative agency, the

Termination Date shall be the date the order is no longer subject to review by a court of competent jurisdiction

(ii) If the Member is a Transmission Owner requiring regulatory agency approval prior to effectively withdrawing from Southwest Power Pool, then the Termination Date shall be the later of (i) the effective date, if any, set by the regulatory agency order approving the Termination; or (ii) the date that such regulatory order is no longer subject to review by a court of competent jurisdiction.

(iii) In conjunction with the requirements and limitations imposed in Section 4.2.2(b)(iii) above; Transmission Owning Members of Southwest Power Pool wishing to withdraw from Southwest Power Pool and requiring regulatory agency approval prior to such withdrawal being effective are required to initiate the required regulatory filings seeking approval to withdraw prior to the end of the 12 month notice period. Additionally, these members must provide Southwest Power Pool copies of the regulatory filings in a timely manner after filing with the appropriate regulatory agency. Failure to comply with the terms of this paragraph will effectively rescind the notice of the withdrawing member.

### **4.3 Obligations Upon Termination**

#### **4.3.1 Obligation to Hold Users Harmless**

Transmission Customers taking service which involves facilities being withdrawn by a Transmission Owner from the functional control of SPP and where such service is under transmission contracts executed before the Termination Date shall continue to receive the same service for the remaining term of each such contract at the same rates, terms, and conditions that would have been applicable if the Termination or Partial Termination had not occurred. Transmission Owner agrees to continue providing service to such Transmission Customers in accordance with the preceding sentence, and shall receive revenues calculated in accordance with the OATT but no more in revenues for that service than if there had been no Termination or Partial Termination.

#### **4.3.2 Obligation to Pay Current and Existing Obligations**

(a) In the event of a Termination or Partial Termination, the Member shall pay all obligations incurred under this Agreement at any time prior to the Termination Date. In addition, in order for SPP to recover a portion of certain debts and cost payable by SPP after the Termination Date as further specified in this Agreement, the Member shall pay all Existing Obligations (as defined herein) calculated as of the Termination Date. SPP shall make reasonable efforts to mitigate the Member's Existing Obligations by commercially reasonable actions (such as prepayment of allocable debt, or investment of part or all of the Member's payment in an interest-bearing instrument) and, in its discretion, may further discount the Member's Existing Obligations to reflect any additional mitigation SPP determines it will achieve.

(b) "Existing Obligations" are all of the following and other obligations as may be set forth in the Bylaws from time to time;

- i. Member's unpaid annual membership fee,

- ii. Member's unpaid dues, assessments, and other amounts charges under Section 3.8 or otherwise under the Bylaws, plus the Member's share of costs SPP customarily includes in such dues, assessments or other charges, but which as of the Termination Date SPP had not included in such dues assessments or other charges.
- iii. Member's share (computed in accordance with the Bylaws) of the entire principal amounts of all SPP Financial Obligations outstanding as of the Termination Date. "Financial Obligations" are all long-term (in excess of six (6) months) financial obligations of SPP, including but not limited to the following:
  - a. debts under all loans, loan agreements, borrowings, promissory notes, bonds, and credit lines under which SPP is obligated, including principal and interest;
  - b. all payment obligations under equipment leases, financing leases, capital leases, real estate and office space leases, consulting contracts, and contracts for outsourced services;
  - c. any unfunded liabilities of any SPP employee pension funds, whether or not liquidated or demanded; and
  - d. the general and administrative overhead of SPP for a period of three (3) months.
- iv. Any costs, expenses or liabilities incurred by SPP directly due to the Termination, regardless of when incurred or payable, and including without limitation prepayment premiums or penalties arising under SPP Financial Obligations.
- v. Member's share (computed in accordance with the Bylaws) of all interest that will become due for payment with respect to all interest bearing Financial Obligations after the Termination Date and until the maturity of all Financial Oblations in accordance with their respective terms ("Future Interest"). In the effect at the Termination Date shall be used to calculate the applicable

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

Future Interest. In determining the Member's share of Future Interest, SPP shall take into account any reduction of Financial Obligations due to mitigation under this Section.

(c) In the even of a Partial Termination, Existing Obligations shall first be calculated as though a Termination occurred, and the Member shall pay a percentage thereof as Existing Obligations due to the Partial Termination. Such percentage shall be the percentage reduction of the Net Energy for Load Ratio applicable to the Member resulting from the Partial Termination.

(d) SPP shall invoice Member for Existing Obligations within one month after the Termination Date, except that delay by SPP in issuing the invoice shall not diminish Member's obligation to make timely payment. The invoice shall be due and payable no later than five (5) business days after issuance. Any amounts owed by SPP to the Member shall, solely at SPP's election and in its discretion, be offset against the Member's Existing Obligations or paid to the Member concurrently with issuance of the invoice.

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: August 10, 2005

Issued on: December 12, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1, ER04-48, and ER05-1352 issued October 7, 2005, 113 FERC ¶ 61,014 (2005).

(e) The Member acknowledges and agrees that Existing Obligations include amounts that SPP expects to accrue and that will become payable by SPP following the Member's Termination, and that no part of a payment of Existing Obligations shall be refundable to the Member under any circumstances, including (except as provided in this Sections with respect to mitigation) any reduction of the Financial Obligations. Any disagreement as to the calculation of Existing Obligations shall be resolved in accordance with the dispute resolution procedures in the Bylaws.

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

#### **4.3.3 Construction of Transmission Facilities**

Any obligations relating to the construction of new facilities pursuant to an approved plan of SPP shall be renegotiated between SPP and the Transmission Owner prior to the Termination Date of promptly thereafter. If such obligations cannot be resolved through negotiations, they shall be resolved in accordance with the dispute resolution procedures in the Bylaws.

#### **4.3.4 Regulatory and Other Approvals or Procedures**

Any Termination with respect to a Transmission Owner shall be subject to applicable federal and state law and regulatory approvals or procedures.

### **5.0 REGULATORY, TAX, AND OTHER AUTHORITIES**

#### **5.1 Regulatory and Other Authorities**

This Agreement and the participation of Member is subject to acceptance or approval by FERC, and may be subject to actions of respective state regulatory authorities to which Member may be subject, and to the actions of any other governmental body which may affect the ability of Member to participate in this Agreement. The following items describe Member's rights and obligations in the event regulatory and other approvals or acceptances are not obtained or changes are required:

- (a) In the event FERC disapproves or refuses to accept this Agreement or the changes to the OATT developed together with this Agreement, then this Agreement shall cease to be effective except that the signatories shall be obligated to attempt expeditiously and in good faith to negotiate a substitute agreement and OATT which address the reasons for such FERC action. If, despite such good faith negotiation, the signatories are unable to produce such a substitute agreement and OATT, then the signatories shall have no further obligations under this Agreement or any filing associated herewith.

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

- (b) In the event of any order or decision by FERC or by a court modifying this Agreement or the OATT submitted as part of the initial filing seeking FERC acceptance or approval, that in the judgment of Member adversely affects it, then Member, at its sole discretion, may withdraw from this Agreement by providing written notice to the President of SPP no later than thirty days after such order or decision without receiving any FERC authorization. In such event, Member will in good faith negotiate to determine whether changes should be made to the Agreement or OATT to address the reasons for Member's withdrawal.

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

## **5.2 Tax Authorities**

If the Internal Revenue Service or any other federal, state, or local taxing authority issues, or fails to issue, any ruling, or imposes any requirement or obligation, in connection with this Agreement on Member adverse to Member (in its sole judgment), or if adherence to this Agreement jeopardizes the tax-exempt status of Member or its bonds, then Member may, within 30 days of the date of such final order, or a good faith belief of such adverse consequences, withdraw from this Agreement subject to receiving any necessary regulatory approvals. In such event, the Member and SPP will, in good faith, negotiate to determine whether changes should be made to the Agreement to address the reasons for Member's withdrawal.

## **5.3 Effectiveness as to Certain Members**

The effectiveness of this Agreement as to Member where it is a governmental entity and has outstanding tax-exempt bonds issued to finance, in whole or in part, generation, transmission, or Distribution Facilities is dependent upon satisfaction or Member's written waiver of the following conditions precedent:

- (a) Receipt of an unqualified opinion of a nationally recognized bond counsel to the effect that the provisions of this Agreement do not adversely affect the exclusion from gross income of interest on any such outstanding bonds issued to finance generation, transmission, and Distribution Facilities under the Internal Revenue code of 1986, as amended;
- (b) Receipt of an unqualified opinion of a nationally recognized bond counsel or general counsel to Member to the effect that the provisions of this Agreement do not constitute a breach or impairment of, or a default under, any agreement to which it is a party, including, but not limited to, its master bond resolution, as amended, and any power sales contracts with its municipal transmission users (if any), as amended, or other agreements;
- (c) Receipt of a certificate of the trustee for any such outstanding bonds issued for generation, transmission and Distribution Facilities to the effect that Member's entry into this Agreement is permitted under the master bond resolution, as amended; and

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

- (d) Receipt of an opinion of nationally recognized bond counsel or general counsel to Member that it has full constitutional and statutory authority to enter into this Agreement.

In the event that any of the foregoing conditions are not satisfied or waived by Member, then it shall promptly give notice of its objections or conditions which have not been satisfied to SPP, and SPP shall expeditiously attempt in good faith to negotiate a substitute agreement.

## **6.0 REMOVAL OF MEMBERS**

The Board of Directors may terminate the membership of Member for cause, including but not limited to material violation of the Bylaws or nonpayment of obligations, subject to any applicable regulatory approvals. Such Board of Directors termination shall be after an affirmative vote consistent with the voting procedures in the Bylaws. Where membership is terminated by the Board, Member shall comply with the requirements of Section 4.3 of this Agreement.

## **7.0 EFFECTIVE DATE, DURATION, AND TRANSITION**

- (a) This Agreement shall be effective on the Effective Date and shall remain in force until any Termination Date. All obligations incurred pursuant to Section 4.3 of this Agreement shall survive a termination.
- (b) Where Member has, prior to the Effective Date of this Agreement, executed an agency agreement and/or a membership agreement with SPP, upon the Effective Date of this Agreement any prior agreements shall be considered terminated between Member and SPP.

Issued by: L. Patrick Bourne, Director  
Transmission and Regulatory Policy

Effective: July 26, 2005

Issued on: August 9, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1 and ER04-48, issued February 11, 2005, 110 FERC ¶ 61138 (2005).

## **8.0 MISCELLANEOUS PROVISIONS**

### **8.1 Governing Law**

This Agreement shall be interpreted, construed, and governed by the laws of the State of Arkansas, except to the extent preempted by the law and/or unless a court with jurisdiction rules otherwise, provided, however, that all matters relating to real property or any interest in realty shall be governed by the laws of the State wherein such real property or interest in realty is physically located.

### **8.2 Successors and Assigns**

This Agreement shall inure to the benefit of, and be binding upon SPP and Member, their respective successors and assigns permitted hereunder, but shall not be assignable by Member, by operation of law or otherwise, without the approval of the Board of Directors which approval shall not be unreasonably withheld, except that no Board of Directors approval is required as to a successor in the operation of Transmission Owner's Tariff Facilities committed to administration by SPP by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all such transmission facilities are acquired by such successor, and such successor becomes a Transmission Owner under this Agreement.

### **8.3 No Implied Waivers**

The failure of Member or SPP to insist upon or enforce strict performance of any of the specific provisions of this Agreement at any time shall not be construed as a waiver or relinquishment to any extent of Member's or SPP's rights to assert or rely upon any such provisions, rights, or remedies in that or any other instance, or as a waiver to any extent of any specific provision of this Agreement; rather the same shall be and remain in full force and effect.

### **8.4 Severability**

Each provision of this Agreement shall be considered severable, and if for any reason any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, then the remaining provisions of this Agreement shall continue in full force and

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision shall be replaced with a suitable and equitable provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid, void, or unenforceable provision. This Section 8.4 does not modify or change in any way the right of Member to withdraw as provided elsewhere in this Agreement.

### **8.5 Renegotiation**

If any provision of this Agreement, or the application thereof to any person, entity or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, Member and SPP shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification, or condition. If after 60 days such negotiations are unsuccessful, Member or SPP may exercise any withdrawal or termination rights available under Sections 4, 5 or 6 of this Agreement.

### **8.6 Representations and Warranties**

Member and SPP each represent and warrant to the other that as of the later of the date it executes this Agreement or the Effective Date of this Agreement:

- (a) It is duly organized, validly existing, and in good standing under the laws of the jurisdiction where organized;
- (b) Subject to any necessary approvals by federal or state regulatory authorities of SPP, the execution and delivery by Member and SPP of this Agreement, and the performance of its respective obligations hereunder have been duly and validly authorized by all requisite action on the part of the signatories and does not conflict with any applicable law or with any other agreement binding upon the signatories, other than third party joint agreements covered in this Agreement. This Agreement has been duly executed and delivered by Member and SPP, and, subject to the conditions set forth in this Agreement, constitutes the legal, valid,

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

and binding obligation on the part of Member and SPP, enforceable against it in accordance with its terms except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws affecting the enforcement of creditor's rights generally, and by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity; and

- (c) There are no actions at law, suits in equity, proceedings, or claims pending or, to the knowledge of Member or SPP, threatened against Member or SPP before or by any federal, state, foreign or local court, tribunal, or governmental agency or authority that might materially delay, prevent, or hinder the performance by such entity of its obligations hereunder.

#### **8.7 Further Assurances**

Member and SPP agree that each shall hereafter execute and deliver such further instruments, provide all information, and take or forbear such further acts and things as may be reasonably required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the provisions of this Agreement.

#### **8.8 Delivery of Notices**

Except as otherwise expressly provided herein, notices required under this Agreement shall be in writing and shall be sent to Member or SPP by U.S. mail, overnight courier, hand delivery, facsimile, or other reliable electronic means. Any notice required under this Agreement shall be deemed to have been given either upon delivery, if by U.S. mail, overnight courier, or hand delivery, or upon confirmation, if given by facsimile or other reliable electronic means.

#### **8.9 Entire Agreement**

This Agreement constitutes the entire agreement between Member and SPP with respect to the subject matter of this Agreement, and no previous oral or written representations, agreements, or understandings made by any officer, agent, or employee of Member or SPP shall be binding upon either party unless contained in this Agreement.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: August 2, 2004

Effective: May 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

#### **8.10 Good Faith Efforts**

Member and SPP agree that each shall in good faith take all reasonable actions necessary to fulfill its respective obligations under this Agreement. Where the consent, agreement, or approval of Member or SPP must be obtained hereunder, such consent, agreement, or approval shall not be unreasonably withheld, conditioned, or delayed. Where Member or SPP is required or permitted to act, or omit to act, based on its opinion or judgment, such opinion or judgment shall not be unreasonably exercised. To the extent that the jurisdiction of any federal or state regulatory authority applies to any part of this Agreement and/or the transactions or actions covered by this Agreement, Member and SPP secure any necessary or desirable approval or acceptance of such regulatory authorities of such part of this Agreement and/or such transactions or actions.

#### **8.11 Third Party Joint Agreements**

This Agreement shall not be construed, interpreted, or applied in such a manner as to cause Member to be in material breach, anticipatory or otherwise, of any agreement (in effect on the later of the Effective Date of this Agreement or the date that it becomes a Member under this Agreement) between Member and one or more third parties who are not signatories (regardless of the inclusion of one or more other Members as parties to such agreement) for the joint transmission, operation, or maintenance of any electrical facilities covered by this Agreement or the OATT. Where Member has such a third party joint agreement, it shall discuss with the Board of Directors any material conflict between such third party joint agreement and this Agreement, but the resolution of such a conflict shall be and remains within the sole discretion of Member; provided, however, that Member shall, if otherwise unresolved, utilize the available remedies and dispute resolution procedures to resolve such conflict, including, but not limited to, submitting such conflict to FERC for resolution; provided, further, that in no event shall Member enter into a resolution of such conflict which would impair the reliability of the Electric Transmission System.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: August 2, 2004

Effective: May 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

### **8.12 Amendment**

This Agreement may be amended, repealed, or added to by the Board of Directors, only upon 30 days written notice to the Membership of the proposed modification(s), and subject to any necessary regulatory approvals. Approval of amendments to this Agreement by the Board of Directors must be by an affirmative vote of at least five directors. Member agrees to be bound by this Agreement as it may be amended, provided that Member possesses the right to challenge any amendments at FERC and to exercise any withdrawal rights that it possesses under this Agreement if it is dissatisfied with the amendment.

### **8.13 Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, binding upon Member and SPP.

**[SIGNATURE PAGE FOLLOWS]**

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

IN WITNESS WHEREOF, Member and SPP have caused their duly authorized representatives to execute this Agreement on their respective behalves.

**MEMBER:**

Aguila Networks - MPS  
Name of Member  
Transmission Owner  
Type of Entity (Transmission Owner or Non-Transmission Owner)  
Carl A. Huslig  
Name of Authorized Representative  
V.P. Transmission  
Title of Authorized Representative  
Carl A. Huslig  
Signature of Authorized Representative  
June 30<sup>th</sup>, 2005  
Date of Execution

**SOUTHWEST POWER POOL, INC.:**

CARL A. MONROE  
Name of Authorized Representative  
SR VP OPS & COO  
Title of Authorized Representative  
[Signature]  
Signature of Authorized Representative  
7/1/05  
Date of Execution

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

IN WITNESS WHEREOF, Member and SPP have caused their duly authorized representatives to execute this Agreement on their respective behalves.

**MEMBER:**

Aquila Networks - L.P.  
Name of Member  
Transmission Owner  
Type of Entity (Transmission Owner or Non-Transmission Owner)  
Carl A. Huslig  
Name of Authorized Representative  
V.P. Transmission  
Title of Authorized Representative  
Carl A. Huslig  
Signature of Authorized Representative  
June 30<sup>th</sup>, 2005  
Date of Execution

**SOUTHWEST POWER POOL, INC.:**

CARL A. MONROE  
Name of Authorized Representative  
SR VP OPS & COO  
Title of Authorized Representative  
[Signature]  
Signature of Authorized Representative  
7/1/05  
Date of Execution

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: August 2, 2004

Effective: May 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

IN WITNESS WHEREOF, Member and SPP have caused their duly authorized representatives to execute this Agreement on their respective behalves.

**MEMBER:**

Aguila Networks - WPK.  
Name of Member  
Transmission Owner  
Type of Entity (Transmission Owner or Non-Transmission Owner)  
Carl A. Huslig  
Name of Authorized Representative  
V. P. Transmission  
Title of Authorized Representative  
Carl A Huslig  
Signature of Authorized Representative  
June 30<sup>th</sup>, 2005  
Date of Execution

**SOUTHWEST POWER POOL, INC.:**

CARL A. MONROE  
Name of Authorized Representative  
SR VP OPS & COO  
Title of Authorized Representative  
[Signature]  
Signature of Authorized Representative  
7/1/05  
Date of Execution

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

## **APPENDIX A TO SPP'S MEMBERSHIP AGREEMENT**

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: October 27, 2004

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).



## **SPP's Operational Authority Reference Document**

PREPARED BY  
Southwest Power Pool

PUBLISHED: July 30, 2004

*Copyright © 2004 by Southwest Power Pool, Inc. All rights reserved*

---

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: October 27, 2004

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

## Table of Contents

	<u>Sheet No.</u>
<b>Background .....</b>	<b>35</b>
<b>Operational Authority Needed by an RTO .....</b>	<b>35</b>
<b>Overview of the NERC Functional Model .....</b>	<b>36</b>
<b>SPP and Operational Authority .....</b>	<b>38</b>
Bases for SPP Authority .....	38
Membership Agreement .....	38
NERC Policies .....	39
SPP Criteria .....	39
SPP Regional Transmission Tariff.....	40
NERC Functional Model/SPP Authority Matrix .....	40
SPP as Reliability Authority .....	40
SPP as Transmission Provider.....	41
SPP and the Interchange Function .....	42
<b>Conclusion.....</b>	<b>43</b>
<b>Appendix A: NERC Functional Responsibility Matrix .....</b>	<b>44</b>
Function – Operating Reliability .....	45
Function – Planning Reliability (SPP Staff) .....	48
Function – Balancing.....	52
Function – Market Operations.....	55
Function – Resource Planning .....	57
Function – Transmission Operations .....	59
Function – Interchange.....	60
Function – Transmission Planning .....	62
Function – Transmission Service .....	64
Function – Transmission Ownership.....	65
<b>Appendix B Specific Identification of NERC Functional Responsibilities .....</b>	<b>66</b>

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: October 27, 2004

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

## Background

In its order issued on February 10, 2004, the Federal Energy Regulatory Commission (FERC) granted Southwest Power Pool (SPP) RTO status subject to the fulfillment of certain requirements. Among those requirements is that the RTO demonstrate clear operational authority as required in Order 2000. As part of its February 10 order (the Order), FERC directed SPP to report on how it intends to exercise day to day operational authority using the functions and terminology outlined in the recent NERC classification of service functions.<sup>1</sup>

This document is intended to serve as a strawman offered to the responsible SPP staff and working groups to ensure that the required information conveys the information required by FERC completely, accurately and effectively.

## Operational Authority Needed by an RTO

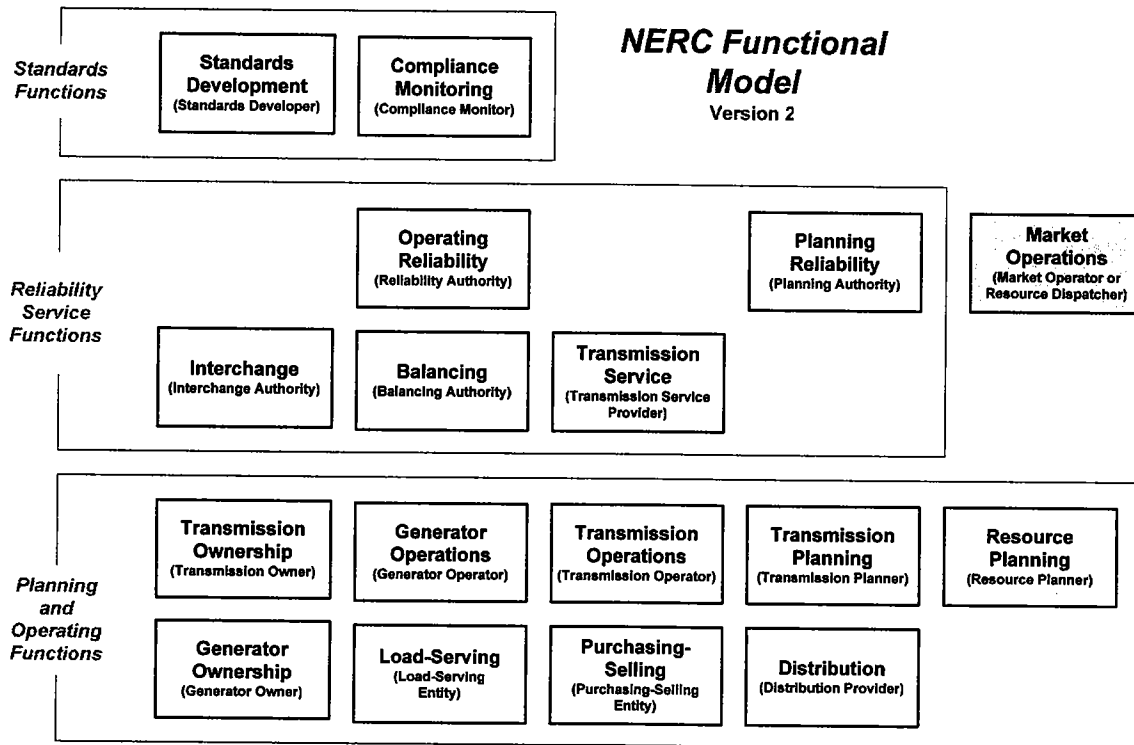
Order 2000 States that the RTO must have *Operational Authority* for the facilities under its control. Furthermore, the RTO must be the reliability coordinator for its region. Although SPP does not directly operate the elements of the transmission system (i.e., SPP does not operate switches or other devices), as outlined in the remainder of the document based on the NERC Functional Model, SPP does have operational *authority* over facilities under the RTO. Thus, SPP (in a manner similar to PJM, MISO and others) meets the hierarchical control structure outlined in Order 2000.<sup>2</sup>

---

<sup>1</sup> NERC Reliability Functional Model: Function Definitions and Responsible Entities, Version 2 (Approved by Standing Committees on November 11-13, 2003).

<sup>2</sup> FERC Order 2000, pp. 280-281.

## Overview of the NERC Functional Model



The goal of the NERC functional model is to (1) define the functions necessary to ensure the reliable operation of the bulk electric system and (2) explain the relationships between those entities performing such functions.<sup>3</sup>

<sup>3</sup> NERC Functional Model document, p. 6.

In the second revision of the functional model, NERC makes a distinction between entities and functions. In the Order, FERC asked SPP to adopt the following terminology in describing its roles: Reliability Authority, Balancing Authority, Interchange Authority, Transmission Service Provider, Transmission Owner, Transmission Operator, Market Operator and Planning Authority. These relate to functions in the NERC functional model as follows<sup>4</sup>:

<b><i>Function Name</i></b>	<b><i>Responsible Entity</i></b>
Operating Reliability Function	Reliability Authority
Planning Reliability Function	Planning Authority
Balancing Function	Balancing Authority
Interchange Function	Interchange Authority
Transmission Service Function	Transmission Service Provider ("TSP")
Transmission Ownership Function	Transmission Owner ("TO")
Transmission Operations Function	Transmission Operator ("TOP")
Transmission Planning Function	Transmission Planner ("TP")
Resource Planning Function	Resource Planner
Market Operations Function	Market Operator (or Resource Dispatcher)

Note that in the functional model, the roles "Transmission Planner" and "Resource Planner" exist in addition to the Planning Authority.

---

<sup>4</sup> Id., p. 7 has a complete list of functions and responsible entities.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: October 27, 2004

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

## **SPP AND OPERATIONAL AUTHORITY**

### **Bases for SPP Authority**

The bases for SPP's operational authority are principally derived from the following documents: the SPP Membership Agreement, SPP Criteria, NERC Operating Policies , NERC Planning Standards and the SPP Open Access Transmission Tariff ("the Tariff," or "OATT").

### **Membership Agreement**

SPP's operational authority over transmission facilities is granted to it in principle by the Membership Agreement between it and transmission owners. Much of the authority is conveyed in Section 2 of the Membership Agreement, specifically<sup>5</sup>:

- Operational and Planning authority;
  - SPP to be scheduling authority over tariff facilities;
  - SPP to be the determinant of ATC under its OATT;
  - SPP shall coordinate with other regions;
  - SPP to direct transmission construction under coordinated planning criteria or under its OATT;
- Reliability authority.
  - SPP to act as reliability coordinator;
  - SPP to direct control areas to maintain adequate reserves up to and including directing them to shed firm load;
  - SPP shall coordinate reliability with other regions;
  - SPP is authorized to direct the emergency response of any of its members, including the shedding of firm load;

---

<sup>5</sup> The information following is paraphrased from Section 2 of the SPP Membership Agreement.

- SPP shall monitor voltage and coordinate voltage schedules;
  - SPP shall direct redispatch of generation in accordance with its OATT.
- Transmission Maintenance.
  - SPP to review and coordinate transmission maintenance schedules;
  - SPP may redirect maintenance outage schedules for reliability reasons and may provide compensation.
- Generation Maintenance.
  - SPP to review and coordinate generation maintenance schedules;
  - SPP may offer compensation in order to redirect generation outage schedules.

The Membership Agreement also requires members to abide by SPP criteria, which outline planning, reliability and operational principles.

## **NERC Policies**

By virtue of the Membership Agreement and its associated Criteria, SPP and its members are contractually obligated to comply with NERC Operating Policies. NERC Policies give SPP operational authority in certain areas, especially in its role as reliability coordinator. There is intentionally much overlap between the Membership Agreement, Criteria and NERC Policies. This overlap helps emphasize, clarify and fully define the authorities and responsibilities within SPP.

## **SPP Criteria**

SPP Criteria provides specific details of how SPP and its members implement NERC Policies and Standards. These Criteria are the policies, standards or principles of conduct by which the coordinated planning and operation of the interconnected electric system is achieved. Certain Criteria deal with aspects of operational authority, most notably Criteria 5. Under Criteria 5, SPP shall perform the following tasks:

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: October 27, 2004

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

- Monitor real-time operating information and daily forecasts from control area;
- Utilize its model to assess reliability of the system, including contingency analysis;
- Work to resolve conditions where reliability is threatened;
- Monitor and approve bulk transmission equipment maintenance;
- Monitor and coordinate the implementation of operating reserve, transmission loading relief, load shedding and restoration and black start procedures;
- Approve interchange schedules as reliability authority; and
- Implement transmission loading relief procedures.

## **SPP Regional Transmission Tariff**

The Tariff outlines SPP's authority and responsibility as a transmission provider. It also contains terms and provisions that apply to both members and non-members who wish to connect to SPP's transmission system. For example, the large generator interconnection agreement obligates generators to abide by SPP's operational policies.

## **NERC Functional Model/SPP Authority Matrix**

Appendix A details each of the tasks associated with the NERC functional model and details how the responsibility for each task is handled within SPP.

## **SPP as Reliability Authority**

SPP, in performing the Operating Reliability Function, performs several activities that are essential for its role.

- SPP operates a single reliability area (see Appendix B) monitored from Little Rock, Arkansas.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: October 27, 2004

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

- SPP reliability coordinators have the authority (see Appendix A) and responsibility to direct activities associated with maintaining (and restoring) the electric reliability within the Reliability Authority Area.
- SPP reliability coordinators are provided with fully redundant voice and data communications facilities.
- SPP is collecting real-time data needed for essential monitoring, including frequency, reserves and ACE of each Balancing Authority area , and the loading and limits of critical facilities impacting its Reliability Authority area.
- Transmission outage plans are prepared by owners or operators and submitted to the SPP. SPP has the final approval authority for transmission outages on critical facilities within the Reliability Area.
- SPP has access to the NERC IDC, interacts with it as necessary, and uses NERC provided tools to coordinate transmission loading relief with other regions.
- SPP has a back up operations center with all the equipment and communications necessary to perform reliability coordination in the event that the coordination center is uninhabitable. SPP plans to have fully redundant critical systems in place by year-end.

## **SPP as Transmission Provider**

In its role as transmission provider, SPP performs the following activities associated with operational authority:

- Calculates ATC's and AFC's for the Tariff.
- Administers an OASIS node, evaluates and has approval authority for all new requests for transmission service in the SPP Tariff footprint.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: October 27, 2004

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

## **SPP and the Interchange Function**

SPP coordinates approvals and implementation on all schedules sourcing or sinking in the scheduling footprint. In its role as scheduling agent for its members, SPP also does the following:

- Has approval rights as a scheduling entity as well as a transmission provider;
- Maintains and monitors RTO\_SS, SPP's regional scheduling software;
- Evaluates schedules against reservations made on SPP and member OASIS systems;
- Checks schedules for correctness and consistency;

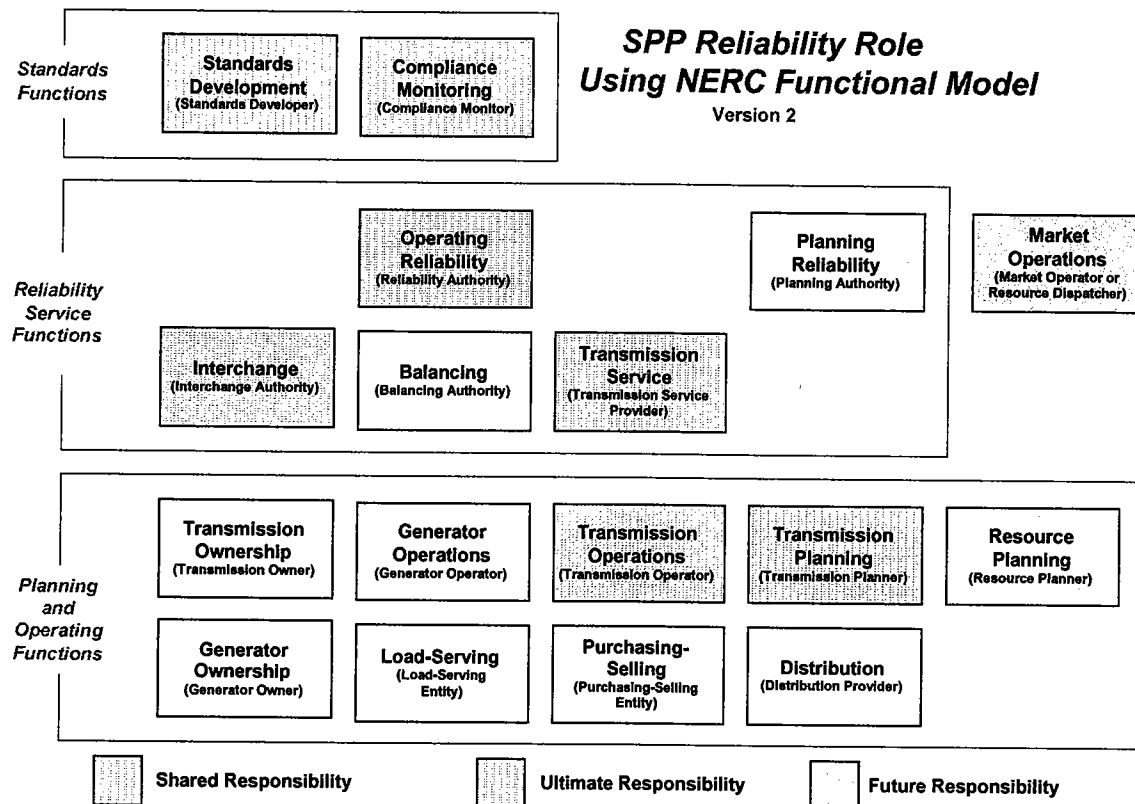
Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: October 27, 2004

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

## CONCLUSION



SPP has the operational authority necessary to perform as an RTO under Order 2000. This authority is given to it principally by the SPP Membership Agreement (and associated Criteria), NERC Policies and the Tariff. An analysis of authority in terms of the NERC functional model emphasizes that SPP performs much of its task using a hierarchal structure, and SPP has the authority to direct, or redirect, actions affecting the reliability of the system as well as SPP's ability to provide transmission service under the Tariff.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: October 27, 2004

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

## **Appendix A: NERC Functional Responsibility Matrix**

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: October 27, 2004

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

	<b>Current Responsibility</b>	<b>RTO Day-1 Responsibility</b>	<b>RTO Post- Market Responsibility</b>	<b>Authority Given By</b>
<b>Function – Operating Reliability</b>				
<i>Ensures the real-time operating reliability of the interconnected bulk electric transmission systems within a Reliability Authority Area<sup>6</sup>.</i>				
<b>Tasks</b>				
1. Enforce operational reliability requirements	SPP	SPP	SPP	NERC Operating Policies SPP Criteria 5.2.4.3, 5.2.1 (with modifications), 14.4.1.1 SPP Membership Agreement 2.1.2
2. Monitor all reliability-related parameters within the Reliability Authority Area, including generation dispatch and transmission maintenance plans	SPP	SPP	SPP	NERC Operating Policies 4 and 9 SPP Criteria 5.1, 5.2.1, 5.2.4.1, 5.2.4.2 (with modifications), 14.4.1.1, and Appendix 7 Membership Agreement 2.1.2a, 2.1.2f, 3.5, 3.8

<sup>6</sup> For these purposes the Reliability Authority Area is the SPP Reliability Coordination area. To the extent that TO's have responsibility for similar functions on a smaller scale, that is included as part of the Transmission Owner role.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

3. Direct revisions to transmission maintenance plans as required and as permitted by agreements	SPP	SPP	SPP	NERC Operating Policies (only stated specifically in functional model) SPP Criteria 5.2.1 (with modifications), 5.2.4.2 (with modifications) Membership Agreement 2.1.1k, 2.1.3, 3.2, 3.8
4. Request revisions to generation maintenance plans as required and as permitted by agreements	SPP	SPP	SPP	NERC Operating Policies (only in functional model) SPP OATT (LGIA) Membership Agreement 2.1.4
5. Develop Interconnection Reliability Operating Limits (to protect from instability and cascading outages).	SPP	SPP	SPP	NERC Operating Policies 9 SPP Membership Agreement 3.8
6. Perform reliability analysis (actual and contingency) for the Reliability Authority Area	SPP	SPP	SPP	SPP Criteria (authority needs to be added 14.4.1.3) NERC Operating Policies 9, Appendix 9D SPP Criteria 14.3

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

7. Approve or deny bilateral schedules from the reliability perspective <sup>7</sup>	SPP	SPP	SPP	NERC Operating Policies 9, Appendix 9D SPP Criteria 5.2.5, 14.4.3 SPP OATT Membership Agreement 2.2.5, 3.8
8. Assist in determining Interconnected Operations Services requirements for balancing generation and load, and transmission reliability (e.g., reactive requirements, location of operating reserves).	SPP	SPP	SPP	NERC Operating Policies Appendix 9D SPP Criteria 5.2.4.4 SPP OATT (with modifications) Membership Agreement 2.1.2a, 2.1.2f, 3.8
9. Identify, communicate, and direct actions to relieve reliability threats and limit violations in the Reliability Authority Area	SPP	SPP	SPP	NERC Operating Policies 9, Appendix 9D SPP Criteria 5.2.4.1, 5.2.4.4, 5.2.5, 14.4.3 Membership Agreement 2.1.1k, 2.1.2d
10. Direct implementation of emergency procedures	SPP	SPP	SPP	NERC Operating Policies Appendix 9D SPP Criteria 5.2.4.4, 5.2.5 Membership Agreement 2.1.2d
11. Direct and coordinate System Restoration	SPP TOP's	SPP	SPP	NERC Operating Policies Appendix 9D SPP Criteria 9.1.2 (with modifications) Membership Agreement 2.1.2d (add language to for restoration in addition to emergency) Membership Agreement 3.8

<sup>7</sup> Current tagging specifications do not currently allow for this kind of approval. These transactions can be curtailed as part of the TLR process.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

**Function – Planning Reliability (SPP Staff)**

*Ensures a long-term (generally one year and beyond) plan is available for adequate resources and transmission within a Planning Authority Area<sup>8</sup>. It integrates and assesses the plans from the Transmission Planners and Resource Planners within the Planning Authority Area to ensure those plans meet the reliability standards, and develops and recommends solutions to plans that do not meet those standards.*

Tasks	TO's	SPP	SPP	SPP	SPP Criteria (3.4.1 –MDWG) MDWG procedure manual, MDWG charter SPP OATT (with revisions) NERC Planning Standards I A M1-M4 & II A M1-M6
1. Develop and maintain transmission and resource (demand and capacity) system models to evaluate transmission system performance and resource adequacy.	TO's SPP	SPP	SPP	SPP	SPP Criteria (3.4.1 –MDWG) MDWG procedure manual, MDWG charter SPP OATT (with revisions) NERC Planning Standards I A M1-M4 & II A M1-M6
2. Maintain and apply methodologies and tools for the analysis and simulation of the transmission systems in the assessment and development of transmission expansion plans and the analysis and development of resource adequacy plans.	TO's SPP	SPP	SPP	SPP	SPP Criteria (Section 3.1, 3.3 and 3.4 and 12.0) SPP OATT (with revisions) (Attachment O) NERC Planning Standards II A M1-M6 Membership Agreement (2.1.J. and 2.1.5) TWG and GWG charter
3. Define and collect or develop information required for planning purposes, including:					

<sup>8</sup> For Day 1 operations, the Planning Authority Area refers to area encompassing facilities under the SPP OATT.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

a. Transmission facility characteristics and ratings,	TO's SPP	TO's SPP	TO's SPP	TO's SPP	SPP Membership Agreement with revisions NERC Planning Standards II.C SPP Criteria 12.2
b. Demand and energy end-use customer forecasts, capacity resources, and demand response programs,	LSE's (ultimate responsibility) SPP	LSE's (ultimate responsibility) SPP	LSE's (ultimate responsibility) SPP	LSE's (ultimate responsibility) SPP	SPP Membership Agreement SPP OATT (with modifications) SPP Criteria 2 and 12
c. Generator unit performance characteristics and capabilities, and	Generation Owners	Generation Owners	Generation Owners	Generation Owners	SPP OATT Generation 12.1, 2.3 (reporting)
d. Long-term capacity purchases and sales.	LSE's	LSE's	LSE's	LSE's Generation Owners, etc.	SPP OATT
4. Evaluate plans for customer requests for transmission service.					
a. Evaluate responses to long-term (generally one year and beyond) transmission service requests.	SPP	SPP	SPP	SPP	SPP OATT Section 17 & 29 SPP Criteria 4.5 Membership Agreement Section 2.1
b. Review transmission facility plans required to integrate new (end-use customer, generation, and transmission) facilities into the interconnected bulk electric systems.	SPP (ultimate responsibility) TO's	SPP (ultimate responsibility) TO's	SPP (ultimate responsibility) TO's	SPP (ultimate responsibility) TO's	SPP OATT Section 19 & 32 SPP OATT Attachment V SPP Criteria 3 Membership Agreement Section 2.1
5. Review and determine TTC values (generally one year and beyond) as appropriate.	SPP	SPP	SPP	SPP	SPP OATT SPP Criteria 4.4

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

6. Assess, develop, and document resource and transmission expansion plans.					
a. Integrate and verify that the respective plans for the Planning Authority Area meet reliability standards.	SPP	SPP	SPP	SPP	NERC Planning Standards Membership Agreement 2.1.1b, 2.1.1J SPP OATT Attachment O SPP Criteria 3.0, 3.1
b. Identify and report on potential transmission system and resource adequacy deficiencies, and provide alternate plans that mitigate these deficiencies.	SPP TO's/TOP's	SPP (ultimate responsibility) TO's/TOP's	SPP (ultimate responsibility) TO's/TOP's	SPP (ultimate responsibility) TO's/TOP's	NERC Planning Standards I.A Membership Agreement 2.1.1b SPP Criteria 3.4.2, 3.4.3, and 3.4.4
7. Provide analyses and reports as required on the long-term resource and transmission plans for the Planning Authority Area.	SPP TO's	SPP (ultimate responsibility) TO's	SPP (ultimate responsibility) TO's	SPP (ultimate responsibility) TO's	NERC Planning Standards I.A Membership Agreement 2.1.1b SPP Criteria, 3.4.3, and 3.4.4
8. Monitor transmission expansion plan and resource plan implementation.	SPP TO's	SPP (ultimate responsibility) TO's	SPP (ultimate responsibility) TO's	SPP (ultimate responsibility) TO's	NERC Planning Standards Membership Agreement 3.3
9. Coordinate projects requiring transmission outages that can impact reliability and firm transactions.	SPP	SPP	SPP	SPP	NERC Operating Policies 2A1, 2A3, 4C, 6A, 6B3 and 9.1 NERC Planning Standards 1.AS.2 Membership Agreement 2.1.3 and 2.1.4 SPP Criteria 3.3, 5.2.1 SPP OATT Attachment G 3.5 and 4.4

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

10. Evaluate the impact of revised transmission and generator in-service dates on resource and transmission adequacy.	SPP	SPP	SPP	NERC Operating Policies 2A1, 2A3 4C, 6A, B3 and 9.1 NERC Planning Standards 1.AS.2, SPP Membership Agreement 2.1.3, 2.1.4, and 3.3 SPP OATT (LGIA)
---	-----	-----	-----	---

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

**Function – Balancing<sup>9,10</sup>**

<i>Integrates resource plans ahead of time, and maintains load-interchange-generation balance within a Balancing Authority Area and supports Interconnection frequency in real time.</i>					
Tasks					
1. Must have control of any of the following combinations within a Balancing Authority Area:					
a. Load and Generation (an isolated system)	N/A	N/A	N/A		
b. Load and Scheduled Interchange	CA's SPP	CA's SPP	CA's SPP	CA's SPP	NERC Operating Policies SPP Membership Agreement 2.1.1d
c. Generation and Scheduled Interchange	CA's SPP	CA's SPP	CA's SPP	CA's SPP	NERC Operating Policies SPP Membership Agreement 2.1.1d
d. Generation, Load, and Scheduled Interchange	CA's SPP	CA's SPP	CA's SPP	CA's SPP	NERC Operating Policies SPP Membership Agreement 2.1.1d
2. Calculate Area Control Error within the Balancing Authority Area.	CA's	CA's	CA's	CA's	NERC Operating Policies
3. Review generation commitments, dispatch, and load forecasts.	CA's SPP	CA's SPP	CA's SPP	CA's SPP	NERC Operating Policies SPP OATT SPP Membership Agreement SPP Criteria 5.2.4.1, Appendix 7

<sup>9</sup> Currently, the existing SPP control areas are performing the Balancing Area.

<sup>10</sup> As part of its feasibility analysis of becoming a single control area, SPP will be evaluating shifting many BA authorities to SPP.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

4. Formulate an operational plan (generation commitment, outages, etc) for reliability assessment	CA's	CA's	CA's SPP	NERC Operating Policies SPP OATT SPP Membership Agreement 2.1.2 SPP Criteria 5.2.4.1, and Appendix 7
5. Approve Interchange Transactions from ramping ability perspective	CA's	CA's	CA's	NERC Operating Policies
6. Implement interchange schedules by entering those schedules into an energy management system	CA's SPP	CA's SPP	SPP CA's	NERC Operating Policies SPP OATT (Market Protocols) SPP Criteria Appendix 7 (with revisions)
7. Provide frequency response	CA's	CA's	CA's	NERC Operating Policies
8. Monitor and report control performance and disturbance recovery	CA's (CPS) SPP (DCS)	CA's (CPS) SPP (DCS)	CA's (CPS) SPP (DCS)	NERC Operating Policies SPP Criteria 5.2.4.3
9. Provide balancing and energy accounting (including hourly checkout of Interchange Schedules and Actual Interchange), and administer Inadvertent energy paybacks	CA's SPP	CA's SPP	CA's SPP <sup>11</sup>	NERC Operating Policies SPP OATT (Market Protocols, TBD) SPP Membership Agreement 2.1.1d (scheduling)
10. Determine needs for Interconnected Operations Services	CA's SPP	CA's SPP <sup>12</sup>	SPP	NERC Operating Policies SPP OATT (Market Protocols)

<sup>11</sup> In recognition of the requirement of Order 2000, this may be shifted to SPP under the market.

<sup>12</sup> SPP's involvement is currently with Operating Reserve and Black Start services

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

11. Deploy Interconnected Operations Services.	CA's SPP	CA'S SPP <sup>12</sup>	CA's SPP	NERC Operating Policies SPP OATT (Market Protocols)
12. Implement emergency procedures	CA's SPP	CA's SPP	CA's SPP	NERC Operating Policies SPP Membership Agreement 2.1.2d

Issued by: L. Patrick Bourne, Manager  
 Transmission and Regulatory Policy  
 Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

**Function – Market Operations**

*Integrates energy, capacity, balancing, and transmission resources to achieve an economic, reliability-constrained dispatch of resources. The dispatch may be either cost-based or bid-based.*

Tasks	None	None	SPP (expanding as markets developed for ancillary services) <sup>13</sup>	SPP OATT (Market Protocols)
1. Administer a market that provides capacity, energy, balancing resources, and other Ancillary Services subject to system requirements and constraints.	None	None	SPP (expanding as markets developed for ancillary services) <sup>13</sup>	SPP OATT (Market Protocols)
2. Arrange resources for congestion management.	CA's SPP (not market based)	CA's SPP (not market based)	SPP (expanding as markets developed for ancillary services)	SPP OATT (Market Protocols) SPP OATT Attachment R SPP Criteria 14
3. Provide dispatch plans.	CA's	CA's	SPP (expanding as markets developed for ancillary services)	SPP OATT (Market Protocols) SPP Criteria 5 and Appendix 7

<sup>13</sup> Ancillary service markets (other than EIS) to be implemented subject to cost/benefit analyses.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

<i>Special Considerations</i> <i>The Market Operations function, its tasks, and the interrelationships with other entities is included in the Functional Model only as an interface point with other types of industry models.</i>				
---	--	--	--	--

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

<b>Function – Resource Planning</b>					
<i>Develops a long-term (generally one year and beyond) plan for the resource adequacy of specific loads (customer demand and energy requirements) within a Planning Authority Area<sup>14</sup>.</i>					
Tasks	LSE's	LSE's	LSE's	LSE's	
1. Maintain resource models and apply appropriate tools for the development of adequate resource plans.	LSE's	LSE's	LSE's	LSE's	NERC Planning Standards I.A.S1 SPP Criteria 3.4.1
2. Define and collect or develop demand and resource information required for planning purposes.	LSE's	LSE's	LSE's	LSE's	NERC Planning Standards II.D.S1 SPP Criteria 1.0
3. Provide capacity resource information to planning and operating functions and service functions.	LSE's	LSE's	LSE's	LSE's	NERC Planning Standards II.D.S1 SPP Criteria 2.2
4. Assist in the evaluation of the deliverability of resources to customers.	TP	TP	TP	TP	NERC Planning Standards I.A.S1 (Table 1 Category A) SPP Criteria 3.3.2
5. Include consideration of generation capacity from resources both within and outside of the Planning Authority Area.	LSE's	LSE's	LSE's	LSE's	NERC Planning Standards I.A.S1 (Table 1 Category A) SPP Criteria

<sup>14</sup> This function has oversight by the Planning Authority function.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

6. Develop and report, as appropriate, on its resource plans to others for assessment and compliance with reliability standards.	LSE's	LSE's	LSE's	LSE's	NERC Planning Standards I.B. S1, S2, M2, M3 SPP Criteria 2.3, 3.4.4
7. Monitor and report, as appropriate, on its resource plan implementation.	LSE's	LSE's	LSE's	LSE's	NERC Planning Standards I.B. S1, S2, M2, M3 SPP Criteria 2.4. 3.4.4

Issued by: L. Patrick Bourne, Manager  
 Transmission and Regulatory Policy  
 Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

**Function – Transmission Operations**

*Operates or directs the operations of the transmission facilities<sup>15</sup>.*

Tasks	SPP (ultimate authority) TOP's	SPP (ultimate authority) TOP's	SPP (ultimate authority) TOP's	SPP (ultimate authority) TOP's	NERC Operating Policies All of Policies 2,4,5,9 SPP Criteria 5.2.4, 6.4.2, 14.4.3 NERC Operating Policies Requirements section of 2A1, 2A2, 2A3, 4C1 SPP Criteria 5.2.1, 5.2.4.2 NERC Operating Policies 3B4.1.3, Appendix 3A2A and B SPP Criteria 5.2.4.5 (doesn't specify DC ties but talks about Interregional coordination)
1. Maintain reliability of the transmission area in accordance with Reliability Standards.	TOP's	TOP's	TOP's	TOP's	NERC Operating Policies All of Policies 2,4,5,9 SPP Criteria 5.2.4, 6.4.2, 14.4.3
2. Provide detailed maintenance schedules (dates and times)	TOP's	TOP's	TOP's	TOP's	NERC Operating Policies Requirements section of 2A1, 2A2, 2A3, 4C1 SPP Criteria 5.2.1, 5.2.4.2
3. Adjust dc ties within the transmission area for those Interchange Transactions that include the dc tie in the transmission path	TOP's	TOP's	TOP's	TOP's	NERC Operating Policies 3B4.1.3, Appendix 3A2A and B SPP Criteria 5.2.4.5 (doesn't specify DC ties but talks about Interregional coordination)
4. Maintain defined voltage profiles.	TOP's Generators	TOP's Generators	TOP's Generators	TOP's Generators	NERC Operating Policies All of Section 2B, but specifically 2B1 SPP Criteria 7.8.2
5. Define operating limits, develop contingency plans, and monitor operations of the transmission facilities.	SPP TOP's	SPP TOP's	SPP TOP's	SPP TOP's	NERC Operating Policies 1A2, 2, 4A, 5C, 9, Appendix 9B & 9C1. SPP Criteria Section 4.2.4, 5.2.4, 14.4
6. Provide telemetry of transmission system information	TOP's (as directed by SPP)	TOP's (as directed by SPP)	TOP's (as directed by SPP)	TOP's (as directed by SPP)	NERC Operating Policies 1H, 2B4, 2B6, 4A, 4B, Appendix 4B SPP Criteria 5.1, 5.2.4.1A, Appendix 7

<sup>15</sup> Actions are subject to SPP oversight in its roles as Transmission Service Provider and Reliability Authority.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

<b>Function – Interchange</b>					
<i>Authorizes implementation of valid and balanced Interchange Schedules between Balancing Authority Areas, and ensures Interchange Transactions are properly identified for reliability assessment purposes.</i>					
Tasks					
1. Determine valid, balanced, Interchange Schedules (validation of sources and sinks, transmission arrangements, interconnected operations services, etc.).	SPP <sup>16</sup>	SPP	SPP	SPP	Membership Agreement (with modifications) Section 2.2.5, Section 3.8b-c NERC Operating Policies (Policy 3A4, Appendix 3A4, Policy 9C 3.3)
2. Verify ramping capability of the source and sink Balancing Authority Areas for requested Interchange Schedules	CA	SPP	SPP	SPP	Membership Agreement Section 3.8b-c NERC Operating Policies (Policy 3A4, Policy 9C 3.3)
3. Collect and disseminate Interchange Transaction approvals, changes, and denials	SPP	SPP	SPP	SPP	Membership Agreement Section 3.8b-c NERC Operating Policies (Policy 3A5, 3A6, 9C 3.3) SPP Criteria Appendix 7
4. Authorize implementation of Interchange Transactions	SPP	SPP	SPP	SPP	Membership Agreement Section 3.8b-c NERC Operating Policies (3A6, 9C 3.3)
5. Enter Interchange Transaction information into Reliability Assessment Systems (e.g., the Interchange Distribution Calculator in the Eastern Interconnection)	SPP	SPP	SPP	SPP	Membership Agreement Section 3.8b-c NERC Operating Policies (9C 1.1, 9C 1.1.1, 9C 3.2.1.2) SPP Criteria Appendix 7

<sup>16</sup> Currently, SPP validates these attributes only for attributes inside its geographical area.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

6. Maintain record of individual Interchange Transactions	SPP	SPP	SPP	Membership Agreement Section 2.4.1, Section 3.8b-c NERC Operating Policies (1F4)
--	-----	-----	-----	--

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

**Function – Transmission Planning**

*Develops a long-term (generally one year and beyond) plan for the reliability (adequacy) of the interconnected bulk electric transmission systems within its portion of the Planning Authority Area<sup>17</sup>*

Tasks	TP's	SPP TP's	SPP TP's	SPP TP's	SPP TP's	SPP Criteria 3.4.1 SPP OATT (Attachment O) NERC Planning Standards I A M1-M4 & II A M1-M6
1. Maintain transmission system models (steady-state, dynamics, and short circuit) and apply appropriate tools for the development of transmission plans.	SPP TP's	SPP TP's	SPP TP's	SPP TP's	SPP TP's	SPP Criteria 3.4.1 SPP OATT (Attachment O) NERC Planning Standards I A M1-M4 & II A M1-M6
2. Define and collect transmission information and transmission facility characteristics and ratings.	SPP TP's	SPP TP's	SPP TP's	SPP TP's	SPP TP's	SPP Criteria 3.4.1 SPP OATT (Attachment O) NERC Planning Standards I A M1-M4 & II A M1-M6
3. Develop plans within defined voltage and stability limits and within appropriate facility thermal ratings.	SPP TP's	SPP TP's	SPP TP's	SPP TP's	SPP TP's	SPP Criteria 3.4.1 SPP OATT (Attachment O) NERC Planning Standards I A M1-M4 & II A M1-M6
4. Define system protection and control needs and requirements, including special protection systems (remedial action schemes), to meet reliability standards.	TP's	TP's	TP's	TP's	TP's	NERC planning standards
5. Determine TTC values as appropriate.	TP's/SPP	SPP	SPP	SPP	SPP	SPP Criteria 4.4 SPP OATT

<sup>17</sup> The tasks of this function are subject to oversight by the planning authority.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

6. Notify others of any planned transmission changes that may impact their facilities.	TP's	TP's	TP's	SPP OATT (Attachment O) SPP Membership Agreement 2.1.3 , 2.1.4, and 3.3 NERC Planning Criteria
7. Evaluate and plan for transmission service and interconnection requests beyond one year.	SPP	SPP	SPP	SPP OATT Section 19 & 32 SPP OATT Attachment V SPP Criteria 3 Membership Agreement Section 2.1
8. Develop and report, as appropriate, on its transmission expansion plan for assessment and compliance with reliability standards.	TP's SPP	SPP TP's	SPP TP's	SPP Criteria (Section 3.1 ,3.3 and 3.4 and 12.0) SPP OATT (with revisions) (Attachment O) NERC Planning Standards II A M1-M6 Membership Agreement (2.1.J. and 2.1.5)
9. Monitor and report, as appropriate, on its transmission expansion plan implementation.	TP's	SPP TP's	SPP TP's	NERC Planning Standards Membership Agreement 3.3

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

<b>Function – Transmission Service</b>					
<i>Administers the transmission tariff. Provides transmission services to qualified market participants under applicable transmission service agreements (for example, the pro forma tariff).</i>					
Tasks	SPP/TO's	SPP	SPP	SPP	SPP OATT, Section 17.1, Section 18.1, Section 29.2
1. Receive transmission service requests and process each request for service according to the requirements of the tariff.	SPP/TO's	SPP	SPP	SPP	SPP OATT Section 4
a. Maintain commercial interface for receiving and confirming requests for transmission service according to the requirements of the tariff (e.g., OASIS).	SPP/TO's	SPP	SPP	SPP	SPP OATT Section 15
2. Approve or deny transmission service requests	SPP/TO's	SPP	SPP	SPP	SPP OATT Section 13.8, 14.6, Attachment G (Section 6.0) Membership Agreement Section 2.2.5
3. Approve Interchange Transactions from transmission service arrangement perspective	SPP/TO's	SPP	SPP	SPP	SPP OATT Attachment C (Short-term) Membership Agreement 2.1.1.d SPP Criteria 4
4. Determine and post available transfer capability (ATC <sup>18</sup> ) values.	SPP	SPP	SPP	SPP	SPP OATT Attachment M
5. Allocate transmission losses (MWs or funds) among Balancing Authority Areas.	SPP	SPP	SPP	SPP	

<sup>18</sup> ATC and AFC are used herein synonymously

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

**Function – Transmission Ownership**

*Owns and maintains transmission facilities.*

Tasks	TO's	TO'S	TO's	TO's
1. Install and maintain transmission facilities according to prudent utility practice	TO's	TO'S	TO's	SPP Criteria (Introduction) SPP Membership Agreement Section 2.1.1j, Section 3.2, Section 3.3a
2. Establish ratings of transmission facilities.	TO's	TO'S	TO's	SPP Criteria Section 12.2, Section 12.2.2.5
3. Develops interconnection agreements.	SPP	SPP	SPP	SPP OATT Appendix V (Section 1.10, Section 1.10.4)

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy  
Issued on: November 1, 2004

Effective: October 27, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

## **Appendix B: Specific Identification of NERC Functional Responsibilities**

This appendix contains a list of several vertically integrated utilities and how they participate with SPP's tariff, reserve sharing and reliability coordination functions.

Issued by: L. Patrick Bourne, Manager  
Transmission and Regulatory Policy

Effective: October 27, 2004

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

Executed Membership Agreement	CLEC	CSWS	DENL	EDE	EES	GRDA	INDN	KACY	KCPL	LAFa	LAGN	LEPA	MCLN	MIDW	MPS	OKGE	SECI
	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<b>Existing Authority</b>																	
Reliability Authority		SPP		SPP		SPP	SPP	SPP	SPP	SPP	SPP	SPP	SPP	SPP	SPP	SPP	SPP
Balancing Authority	X	X	X	X	X	X	X	X	X	X	X	X	X	WR	X	X	X
Interchange Authority																	
Transmission Provider (Trans Provider on SPP's OASIS Node)		X		X		X			X					X	X	X	X
Tariff		X		X		X			X					X		X	
Transmission Operator		X		X		X			X					X		X	
Market Operator	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X
Planning Authority		Shared		Shared		Shared	Shared	Shared	Shared	Shared	Shared	Shared	Shared	Shared		Shared	Shared
Tariff				X		X											
Using Regional Scheduling System		X		X		X	X	X	X	X		X		X		X	
SPP Implement Schedules		X			N/A				X		N/A		N/A		N/A	X	N/A
Reserve Sharing Group	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X
<b>RTO DAY 1 Authority</b>																	
Reliability Authority		SPP		SPP		SPP	SPP	SPP	SPP	SPP	SPP	SPP	SPP	SPP	SPP	SPP	SPP
Balancing Authority	X	X	X	X	X	X	X	X	X	X	X	X	X	WR	X	X	X
Interchange Authority																	
Transmission Provider (Trans Provider on SPP's OASIS Node)																	
Tariff		X		X		X			X					X		X	
Transmission Operator		X		X		X			X					X		X	
Market Operator	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X
Planning Authority		SPP		SPP		SPP			SPP					SPP		SPP	
Tariff		X		X		X			X					X		X	
Using Regional Scheduling System		X		X		X	X	X	X	X		X		X		X	
SPP Implement Schedules		X			N/A				X		N/A		N/A		N/A	X	N/A
Reserve Sharing Group	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X

Issued by: L. Patrick Bourne, Manager

Transmission and Regulatory Policy

Issued on: November 1, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued October 1, 2004, 109 FERC ¶ 61,009 (2004).

Effective: October 27, 2004

## APPENDIX C

### Southwest Power Pool, Inc.'s Current Membership<sup>13</sup>

#### Investor-Owned Utilities

American Electric Power

- Public Service Company of Oklahoma
- Southwestern Electric Power Company

Cleco Power, LLC

Empire District Electric Company

Entergy Services, Inc.

Exelon Power Team

Kansas City Power & Light Company

KCP&L Greater Missouri Operations

Company, formerly Aquila, Inc.

- Missouri Public Service
- St. Joseph Light & Power

OG&E Electric Services

Westar Energy, Inc.

- Kansas Gas and Electric Company

Xcel Energy

- Southwestern Public Service Company

#### Cooperatives

Arkansas Electric Cooperative Co.

East Texas Electric Coop., Inc.

Golden Spread Electric Cooperative

Kansas Electric Power Coop.

Mid-Kansas Electric Company

Midwest Energy, Inc.

Northeast TX Electric Cooperative

Rayburn Country Electric Coop.

Sunflower Electric Power Corp.

Tex - La Cooperative of Texas, Inc.

Western Farmers Electric Coop.

#### Municipal Utilities

Board of Public Utilities (Kansas City, KS)

City of Clarksdale, Mississippi

City of Lafayette, LA

City Power and Light (Independence, MO)

City Utilities of Springfield, MO

Kansas Municipal Energy Agency

Oklahoma Municipal Power Authority

Public Service Comm. of Yazoo City, MS

#### State Agencies

Grand River Dam Authority

Louisiana Energy & Power Authority

#### SPP Contract Participants

Southwestern Power Administration

#### Independent Power Producers

Calpine Energy Services, LP

Dogwood Energy, LLC

Entergy Power Ventures, LP

Tenaska Power Services Co.

#### Independent Transmission Companies

ITC Great Plains

Trans-Elect Development Company, LLC

#### Marketers

Cargill Power Markets LLC

Constellation Energy Commodities Group, Inc.

Coral Power LLC

Duke Energy Americas, LLC

Dynegy Power Marketing, Inc.

Edison Mission Marketing & Trading, Inc.

El Paso Merchant Energy, LP

KCP&L Greater Missouri Operations

Company, formerly Aquila Power - Aquila Inc.

Luminant Energy Company, LLC

NRG Power Marketing, Inc.

Williams Power Company, Inc.

<sup>13</sup> As set forth at <http://www.spp.org/section.asp?pageID=4>.