

A. Project Selection

In response to the Commission's concerns related to project selection, it is important to emphasize that any planning projects that are ultimately selected for construction are vetted through the SPP stakeholder process and approved by the SPP Board of Directors ("SPP Board") before any Notifications to Construct ("NTCs") would be issued by the SPP Board. Most recently, the SPP Board considered the Integrated Transmission Plan ("ITP") 20-Year Assessment ("ITP20"),² and although there will be no NTCs issued from the ITP20, recent events pertaining to the consideration and approval of the 2010 ITP20 demonstrate both the open and transparent stakeholder process, which is an important aspect of any SPP project selection, and as well as areas for improvement.

The intent of the ITP20 is to take a 20-year look into the future as a means to develop a flexible, cost effective, and robust EHV backbone network. SPP conducted the 2010 ITP20 analysis in accordance with the terms of the SPP Open Access Transmission Tariff ("Tariff") and pursuant to study criteria established by stakeholders, with significant support from the Economic Studies Working Group ("ESWG") and the Transmission Working Group ("TWG"). Also, SPP staff held the following technical conferences on the ITP20 to foster stakeholder participation and provide a forum for stakeholder input: (i) a Spring Planning Workshop on May 27, 2010 at which time the ITP20 process, planning assumptions and prototypes were presented to stakeholders; (ii) a Fall Planning Workshop on August 12, 2010, where a more developed process, along with calculation procedures and very preliminary results for one stage of the process, were presented to stakeholders; and (iii) a Workshop on December 15, 2010 to present the 2010 ITP20 study results.

² The ITP20 report is available at: <http://www.spp.org/section.asp?pageID=128>.

Upon the completion of the 2010 ITP20, SPP staff made a recommendation supporting the 2010 ITP20 Robust Plan 1 because it provided what, in SPP staff's opinion, was the best balance of economics and robustness. The development of a robust grid was identified as a priority by multiple stakeholder groups, including the Strategic Planning Committee ("SPC"), and the ESWG. In addition, the Synergistic Planning Project Team ("SPPT") placed great emphasis on robustness as an important factor in the ITP, as did SPP staff in recommending Robust Plan 1. Robustness was measured for each plan set forth in the 2010 ITP20 using the robust metrics developed by the ESWG Metrics Task Force. Robust Plan 1 was recommended by staff because it is particularly robust with a high benefit/cost ratio. This recommendation was presented to stakeholders and the Markets and Operations Policy Committee ("MOPC"). The MOPC had the option to accept SPP staff's recommendation or endorse and recommend another plan from the 2010 ITP20. The MOPC did not endorse SPP staff's recommendation of Robust Plan 1 and instead chose to endorse and recommend the 2010 ITP20 Cost-Effective Plan.³ The MOPC's recommendation of the Cost-Effective Plan was taken to the SPP Board, who ultimately approved the 2010 ITP20 Cost-Effective Plan. This sequence of events exemplifies the openness and transparency of the SPP stakeholder process. It is important to reiterate that although the SPP Board accepted the Cost-Effective Plan from the 2010 ITP20, this did not constitute the approval of any specific projects for construction.

There will be no NTCs issued from the recently completed 2010 ITP20, and at this time there will be no Authorizations to Plan ("ATPs") from the ITP20 issued by the SPP Board. As explained in SPP's earlier filings, the SPP Board may issue NTCs for projects it has approved

³ SPP would like to note that although the terms "Cost-Effective" and "Robust" were used in the titles of these plans, these names alone may not portray a complete description of each plan. Both plans were cost effective and robust in accordance with the SPPT's directive to develop a flexible, cost effective, and robust EHV backbone network.

and in which funds are to be expended within four (4) years in order to meet the projected in service date, also known as the financial commitment horizon. ATPs are defined as a status given to a project which has been approved by the SPP Board and for which an NTC has not yet been issued because it is outside of the NTC financial commitment window. As explained below, SPP is aware of questions and concerns related to the NTC and ATP processes and is actively working to improve and clarify those processes.

The next phase of the ITP process, the ITP 10-Year Assessment (“ITP10”) has recently begun. Many aspects of the overall process will be similar to that used for the 2010 ITP20. As explained in SPP’s Reply Comments, the focus of the 2011 ITP10 is the analysis of the Transmission System and the identification of a transmission plan that begins with lower voltage problem identifications that results in 100kV and above solutions as a result of a 10-year system forecast. The 2010 ITP20, on the other hand, looked at 300 kV and higher solutions for problems identified as a result of a 20-year system forecast. The choices of 300 kV and higher upgrades in the 2011 ITP10 are not limited by the 2010 ITP20 plan solution set.

Each project identified in the 2011 ITP10 will be vetted by stakeholders, and specifically will be reviewed by the TWG and ESWG on its individual merits, prior to any consideration by the MOPC and any consideration or approval by the SPP Board. It is probable that NTCs and ATPs will be issued by the SPP Board for projects identified in the 2011 ITP10. However, as explained above, any project that may be selected for construction will be studied by SPP staff pursuant to the Tariff and direction from stakeholders, and will be scrutinized by stakeholders including the TWG and ESWG, as well as presented at technical conferences before ultimately being recommended by the MOPC and approved by the SPP Board.

Throughout the ITP20 process and the presentation and evaluation of the 2010 ITP20 results, SPP staff received a great deal of feedback and contributions from stakeholders relating to the ITP process, as well as the assumptions and the futures that were used. The 2010 ITP20 was the first iteration of the ITP process, and SPP welcomes such stakeholder input and involvement and will work to continually improve the ITP process. SPP staff will utilize the knowledge gained from the 2010 ITP20 study process and the stakeholder feedback in conducting the 2011 ITP10.

B. Cost Estimation

As the Commission is aware, and as was discussed in more detail in SPP's Initial Comments, the Regional State Committee ("RSC") made recommendations at its October 2010 meeting to the SPP Board related to recent project cost estimate increases and possible refinements to the current cost estimation and planning procedures.⁴ In responding to these RSC recommendations, SPP is addressing many of the same issues that the Commission raised in this file. SPP staff and stakeholders are actively working to address these issues, provide the needed clarification, and further develop its processes relating to these issues.

In SPP's Initial Comments, it referenced a set of whitepapers which were drafted to address the RSC recommendations, including the processes relating to NTCs, ATPs, and cost estimation and cost estimation increases. The whitepapers were initially presented at the SPC meeting on December 3, 2010.⁵ Since that meeting, SPP staff has continued to refine and develop these whitepapers and work with stakeholders to address the RSC recommendations. Revised versions of the whitepapers were presented at the January 13, 2011 SPC meeting, the

⁴ The motions were adopted by the RSC on October 25, 2010. The minutes for the October 25, 2010 RSC meeting are available at: <http://www.spp.org/publications/RSC102510.pdf>.

⁵ The minutes for the December 3, 2010 SPC meeting are available at: <http://www.spp.org/publications/SPC120310.pdf>.

January 24, 2011 RSC meeting, and the January 25, 2011 SPP Board meeting.⁶ In addition, at its January 13, 2011 meeting, the SPC established a Project Cost Task Force which will assist in the development of whitepapers in response to the RSC recommendations. Further revisions to the whitepapers will be forthcoming as the result of stakeholder groups and staff edits or additions. In an effort to bring further clarification to the ATP process, MOPC directed staff to develop a business practice to address the issuance of ATPs and related issues and to present such process at the next MOPC meeting in April 2011.⁷

CONCLUSION

SPP appreciates the valuable contribution the Commission has made to its transmission planning process, and specifically over the course of the last month and a half. SPP is expeditiously responding to the motions of the RSC on project selection and cost estimation. SPP hopes that its responses to the Commission's inquiry have been helpful in this regard.

⁶ The minutes for the January 13, 2011 SPC meeting are available at: <http://www.spp.org/publications/SPC011311.pdf>. The same versions of the whitepapers were presented to the RSC and the SPP Board at their respective January 2011 meetings and are available at: <http://www.spp.org/section.asp?group=380&pageID=27> and <http://www.spp.org/section.asp?group=113&pageID=27>.

⁷ The minutes for the January 11-12, 2011 MOPC meeting are available at: <http://www.spp.org/publications/MOPC%20Minutes%20&%20Attachments%20January%2011-12,%202011.pdf>.

Respectfully Submitted,

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