

Exhibit No.:  
Issue: SPP Transmission Fees Forecast  
Witness: John R. Carlson  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Kansas City Power & Light Company  
Case No.: ER-2016-0285  
Date Testimony Prepared: July 1, 2016

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2016-0285**

**DIRECT TESTIMONY**

**OF**

**JOHN R. CARLSON**

**ON BEHALF OF**

**KANSAS CITY POWER & LIGHT COMPANY**

**Kansas City, Missouri  
July 2016**

**DIRECT TESTIMONY**

**OF**

**JOHN R. CARLSON**

**Case No. ER-2016-0285**

1 **Q: Please state your name and business address.**

2 A: My name is John R. Carlson. My business address is 1200 Main Street, Kansas City,  
3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L” or the “Company”)  
6 as Manager, Origination & Generation Services.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of KCP&L.

9 **Q: What are your responsibilities?**

10 A: My primary responsibilities are to structure and market long-term power purchases and  
11 sales to meet the operational and wholesale needs of the Company. I also develop and  
12 manage the Company’s budget for Regional Transmission Organization (“RTO”) fees  
13 and transmission charges related to KCP&L’s membership in the Southwest Power Pool  
14 (“SPP”).

15 **Q: Please describe your education, experience and employment history.**

16 A: I received a Bachelor of Science degree in Architectural Engineering from the University  
17 of Kansas in 1997. In 2004, I received a Master of Business Administration from the  
18 University of Chicago Booth School of Business. From 1997 to 2001, I worked for  
19 Custom Energy and Enron Energy Services, companies focused on performance

1 contracting and other energy efficiency project financing structures. Beginning in 2002, I  
2 worked in financial services focusing on asset management while at Commerce Bank and  
3 risk management and insurance brokerage while at Marsh & McLennan Companies. I  
4 joined KCP&L in 2006 as an Energy Consultant in the Delivery Division. My  
5 responsibilities included managing all facets of the customer relationship for KCP&L's  
6 large industrial customers and developing solutions that met the customer's needs, as  
7 well as demand response and energy efficiency opportunities. In 2007, I became  
8 Manager of Market Competitiveness where I was responsible for developing and  
9 implementing non-regulated products and services for residential, commercial and  
10 industrial customers. In 2010, I moved to the Supply Division at KCP&L and started  
11 work as an Originator of wholesale power transactions. In 2016 I was promoted to  
12 Manager, Origination & Generation Services where I am responsible for wholesale  
13 origination and transmission, to include the development and management of the  
14 Company's budget for RTO fees and transmission charges, NERC GADS (Generating  
15 Availability Data System) reporting, various market registration activities and the  
16 Company's transmission congestion portfolio.

17 **Q: Have you previously testified in a proceeding at the Missouri Public Service**  
18 **Commission (“MPSC” or “Commission”) or before any other utility regulatory**  
19 **agency?**

20 A: Yes. I have testified before the MPSC.

21 **Q: What is the purpose of your testimony?**

22 A: The purpose of my testimony is to describe how charges are assessed to KCP&L under  
23 tariffs approved by the Federal Energy Regulatory Commission (“FERC”) for RTO

1 services and federal regulatory administrative costs for transmission service. These  
2 charges consist of: (1) SPP Base Plan Zonal and Region-wide charges allocated to the  
3 Company under SPP Schedule 11; (2) RTO SPP scheduling and administrative fees for  
4 retail load and point-to-point transmission charged under SPP Schedules 1 and 1-A; and  
5 (3) FERC assessment fees charged under SPP Schedule 12. I will also explain why these  
6 costs are changing.

### 7 **TRANSMISSION SERVICE CHARGES IN RTOs**

8 **Q: Please describe what constitutes wholesale transmission.**

9 A: Wholesale transmission, also known as point-to-point (“PTP”) transmission, is used by  
10 market participants to move energy within, through and out of RTOs, and is typically  
11 used for off-system sales not associated with service to network or retail load. SPP is the  
12 RTO to which KCP&L belongs. The Commission originally approved KCP&L’s  
13 membership in 2006.<sup>1</sup> RTOs were established by FERC to promote efficiency and  
14 reliability in the operation and planning of the electric transmission grid, and to ensure  
15 non-discrimination in the provision of electric transmission services.<sup>2</sup> In some instances  
16 PTP transmission is used by load-serving entities (“LSE”) to serve network load because  
17 of where a generating asset is located or because a transmission reservation may already  
18 be in place.

19 **Q: If PTP transmission is used for off-system sales, what is used to serve network load?**

20 A: Network Integration Transmission Service (“NITS”) is reserved by LSEs to serve  
21 network load. While the process for procuring NITS is the same as that for PTP

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<sup>1</sup> Order Approving Stipulation and Agreement, In the Matter of the Application of Kansas City Power & Light Company for Authority to Transfer Functional Control of Certain Transmission Assets to Southwest Power Pool, Inc., No. EO-2006-0142 (Jun. 13, 2006).

<sup>2</sup> 18 Code of Federal Regulations § 35.34.

1 transmission, there are different requirements for classifying transmission as NITS or  
2 PTP.

3 Per Section 28.1 of the SPP Open Access Transmission Tariff (“OATT”)  
4 approved by FERC, NITS is “a transmission service that allows Network Customers to  
5 efficiently and economically utilize their Network Resources (as well as other non-  
6 designated generation sources) to serve their Network Load.” A network customer is  
7 simply an entity that utilizes NITS to serve its network load. Network resources include  
8 “all generation owned, purchased or leased by the Network Customer designated to serve  
9 Network Load....”<sup>3</sup> In addition, the network customer must designate the individual  
10 network loads on whose behalf SPP will provide NITS.<sup>4</sup> Before NITS is granted by SPP  
11 the network customer has to attest that it owns the resource associated with the  
12 transmission reservation or has contracted to purchase generation pursuant to an executed  
13 contract, and that the portion of the resource used for NITS is not also committed for sale  
14 to non-designated third-party load or otherwise. PTP transmission, by comparison, is  
15 simply transmission service used to transmit capacity and energy from a point of receipt  
16 to a point of delivery. There is no requirement that PTP transmission has to serve a  
17 particular type of load or that the resources associated with the service are dedicated to  
18 that service (and cannot be committed elsewhere).

## 19 **SPP BASE PLAN ZONAL AND REGION-WIDE CHARGES**

20 **Q: What are the SPP Base Plan Zonal and Region-wide Charges under Schedule 11?**

21 A: SPP charges its members like KCP&L for the transmission revenue requirements  
22 associated with upgrades to the transmission system within the SPP footprint that have

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<sup>3</sup> Southwest Power Pool, Inc., Open Access Transmission Tariff, Sixth Revised Vol. 1, Section 30.1 available at <http://app.spp.org/eTariff/etfdocs/MasterTariffs//5FullTariff.pdf>.

1           been identified through the SPP transmission planning processes and have been approved  
2           either directly by the SPP Board of Directors or under the provisions of the SPP OATT.  
3           These SPP-directed upgrades include Base Plan Upgrades and other SPP stakeholder-  
4           approved portfolios of projects that are subject to zonal and region-wide cost allocation  
5           under the SPP OATT. These transmission system upgrades are constructed as directed  
6           by various transmission owners in SPP. The costs of these transmission system upgrades  
7           are allocated to NITS and PTP transmission customers throughout SPP on a zonal or  
8           region-wide basis, according to the cost allocation provisions of the SPP OATT. Region-  
9           wide cost allocation applies to several large SPP Board-approved portfolios of projects,  
10          including the Balanced Portfolio and Priority Projects, as well as the costs of other  
11          network upgrades attributable to network transmission service. In general, under the  
12          current cost allocation provisions of the SPP OATT, (1) Base Plan Upgrades greater than  
13          300kV are 100% regionally allocated, (2) Base Plan Upgrades between 100kV and  
14          300kV are allocate 1/3 regionally and 2/3 zonally, and (3) Base Plan Upgrades below  
15          100kV are 100% zonally allocated. The Base Plan Zonal and Region-wide Charges are  
16          charged to SPP transmission customers under Schedule 11 of SPP’s FERC-approved  
17          OATT (Schedule JRC-1).

18   **Q:    What is the Balanced Portfolio?**

19    A:    In October 2008 FERC approved SPP’s tariff establishing a process for including a  
20          “Balanced Portfolio” of economic transmission infrastructure upgrades into the SPP  
21          Transmission Expansion Plan and allocating the upgrade costs regionally. In April of  
22          2009 the SPP Board of Directors approved the Balanced Portfolio projects and directed  
23          staff to issue Notification to Construct (“NTC”) letters, which were issued in June of

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<sup>4</sup> *Ibid*, Section 31.1.

1 2009 (Schedule JRC-2). The Balanced Portfolio was an initiative to develop a group of  
2 transmission upgrades that would benefit the entire SPP region, and to allocate those  
3 project costs regionally across the SPP footprint.

4 Among the characteristics of a potential Balanced Portfolio of economic  
5 upgrades, as stated in Attachment O of the SPP OATT, are the following:

- 6 1. Must include a 345kV or higher voltage facility;
- 7 2. May include lower voltage facilities if those facilities are needed to  
8 achieve the benefits associated with the 345kV facilities; and
- 9 3. If an economic upgrade includes lower voltage facilities whose  
10 costs exceed the costs of the 345kV or higher facilities, the  
11 upgrade may be included provided a sponsor agrees to bear the  
12 portion of the costs in excess of the 345kV or higher facilities  
13 costs.
- 14 4. The sum of the benefits of a Balanced Portfolio must equal or  
15 exceed the sum of the costs.
- 16 5. For each zone, the sum of the benefits must equal or exceed the  
17 sum of the costs.

18 The Balanced Portfolio projects will help decrease transmission congestion and  
19 lower production costs for generation. These projects are also expected to provide  
20 economic benefits related to: improved system reliability, lower required reserve  
21 margins, the ability to defer reliability upgrades, more efficient operation of assets, and  
22 greater utilization of renewable resources. All projects have been completed and placed  
23 in service.

24 **Q: What are the Priority Projects?**

25 A: After the Balanced Portfolio projects were approved, SPP proposed the Priority Projects,  
26 a group of high voltage transmission projects estimated to bring benefits to the SPP  
27 region over 40 years. In April 2010 the SPP Board of Directors and Members Committee  
28 approved the projects, and in June 2010 the Board of Directors directed staff to issue  
29 Notifications to Construct.

1           The Priority Projects are expected to create a flexible and robust transmission  
2 system that is large enough to meet the future needs of KCP&L and other utilities in SPP.  
3 These projects will help reduce congestion, better integrate SPP’s east and west regions,  
4 improve SPP members’ ability to deliver power to customers and further the addition of  
5 new generation to the electric grid. Like the Balanced Portfolio, SPP projected the  
6 Priority Projects’ benefits outweighed the projected costs. The Priority Projects are still  
7 under construction.

8 **Q: How are Base Plan Funding expenses allocated among SPP market participants?**

9 A: Base Plan Funding expenses are allocated to SPP’s Network and Transmission  
10 Customers on a Zonal and Regional Annual Transmission Revenue Requirement  
11 (“ATRR”) basis under SPP’s FERC-approved OATT. The total Zonal charges plus the  
12 total Regional charges equal the total Base Plan Funding charges for a market participant.

13 **Q: How is the Base Plan Zonal charge calculated?**

14 A: Table 1 from Attachment H of the SPP OATT describes the Zonal ATRR portion of the  
15 Base Plan Funding expense. The Zonal ATRR is calculated by adding together Column  
16 (4), the Base Plan Zonal ATRR and Column (5), the Base Plan Zonal ATRR after June  
17 19, 2010, to calculate the total Base Plan Zonal charge (Schedule JRC-3).

18 **Q: How is the Base Plan Regional charge calculated?**

19 A: Tables 2-A and 2-B from Attachment H of the SPP OATT describe the Region-wide  
20 ATRR portion of the Base Plan Funding expense. Table 2-A applies to projects prior to  
21 October 1, 2015, the date that the Western Area Power Administration, Basin Electric  
22 Power Cooperative, and Heartland Consumers Power District (collectively the  
23 “Integrated System”) became full members of the SPP. Table 2-B applies to projects in



1 the Integrated System that have an effective date post October 1, 2015. The Region-wide  
2 ATRR is calculated by adding together the Region-wide ATRR from Table 2-A, Line 8,  
3 and the Region-wide ATRR from Table 2-B, Line 6. The Base Plan Regional charge is  
4 then calculated by multiplying each market participant's regional load ratio share by the  
5 combined Region-wide ATRRs from Tables 2-A and 2-B (Schedule JRC-3).

6 **Q: How are Base Plan Funding expenses expected to change?**

7 A: Base Plan Funding expenses have been rising, and projections show that these expenses  
8 will continue to increase through 2018. Base Plan Funding expense allocated to KCP&L  
9 are projected to be \$49.8 million for the calendar year 2016. The Company's share of  
10 Base Plan Funding expense is projected to increase to \$52.3 million in 2017 and peak at  
11 over \$54.9 million in 2018 (Schedule JRC-4).

12 **SPP'S RTO ADMINISTRATIVE FEES**

13 **Q: What are the RTO administrative fees that SPP charges under its FERC-approved**  
14 **tariff for transmission related services?**

15 A: Being an active market participant in the SPP, with load and generating assets contained  
16 within the SPP footprint, KCP&L is subject to administrative fees, on a \$/MWh basis, for  
17 all its transmission capacity reserved on a point-to-point basis and for its retail load.  
18 These are charged by SPP under Schedule 1-A ("Tariff Administration Service") of its  
19 FERC-approved OATT (Schedule JRC-5).

20 Under Schedule 1-A of the SPP OATT there is a charge per MWh based on the  
21 MWs of reserved capacity for all PTP transmission and a charge per MWh based on the  
22 customer's coincident peak demand for all NITS load. The administrative charge is  
23 developed annually by taking into account all of SPP's costs, as well as revenue, and then

1 calculating a net revenue requirement such that 100% of its costs are recovered, not to  
2 exceed the administrative charge cap as stated in Schedule 1-A of the OATT.

3 SPP also assesses a fee to recover expenses associated with scheduling, system  
4 control, dispatching services, reliability planning, standards development, market  
5 facilitation, and monitoring and compliance services under Schedule 1 (“Scheduling,  
6 System Control and Dispatch Service”) of its OATT (Schedule JRC-6).

7 **Q: How have SPP’s administrative charges changed in recent history?**

8 A: There are two main components to the SPP Administrative Charge. First, Schedule 1-A  
9 contains the administrative charge. This is the maximum amount allowed to be collected  
10 by the SPP on a \$/MWh basis, as approved by FERC. This cap serves as a limit on the  
11 annual administration charge in order to provide SPP customers a level of certainty and  
12 predictability regarding SPP’s year-to-year administrative costs. Since 2014, SPP’s  
13 Administrative Charge cap has been set at \$0.39/MWh.

14 Second, Schedule 1-A contains the actual tariff administrative charge that is  
15 approved by the SPP Board of Directors based on SPP’s financials. For 2016 the  
16 administrative charge is \$0.37/MWh, as approved by the SPP Board of Directors at its  
17 November 10, 2015 meeting. There was a decrease in the Administrative Charge from  
18 2014 (\$0.381/MWh) and 2015 (\$0.39/MWh), primarily due to the Integrated System  
19 joining the SPP.

20 **FERC SCHEDULE 12 FEES**

21 **Q: What are the FERC Schedule 12 Fees?**

22 A: The Schedule 12 Fees under SPP’s FERC-approved OATT are assessed based on the  
23 actual megawatt-hours of energy transmitted in interstate commerce during a calendar

1 year, as reported on FERC Form 582 (Schedule JRC-7). Each public utility that is a  
2 member of SPP pays these fees as reimbursement to the transmission provider for  
3 charges assessed them by the FERC, pursuant to Part 382 of its regulations. Schedule 12  
4 of the SPP OATT provides for recovery of the estimated amount to be assessed by FERC  
5 in the next year for transmission service provided in the current year, with true-up to  
6 actual cost when such cost is known.

7 **Q: Why is it appropriate to include the FERC Schedule 12 fees in a Missouri retail rate**  
8 **case?**

9 A: After the SPP was approved by FERC as a RTO in 2004, FERC changed its assessment  
10 criteria for SPP member companies. Instead of basing its annual assessment on  
11 wholesale transactions only, FERC began basing its assessment on all load that is served  
12 by SPP, including retail load served by member companies. Under this procedure, FERC  
13 bills SPP for the assessment and SPP then passes this cost through to each point-to-point  
14 and network service customer it serves. As a result, FERC's assessment basis for this  
15 charge includes the retail, full requirements, and grandfathered transmission loads for  
16 which KCP&L is responsible. The overall magnitude of the assessment rose  
17 commensurately with this change in FERC's assessment basis. With the change in  
18 methodology, the responsibility of bearing the assessment cost becomes primarily a retail  
19 load responsibility since the bulk of load that serves as the basis for the SPP pass-through  
20 is retail load.

1 **Q: How are FERC Schedule 12 Fees expected to change?**

2 A: The Company does not expect to see much variability with the FERC Schedule 12 Fees  
3 in the years to come. Costs for FERC administration have remained relatively constant  
4 from year to year.

5 **Q: What level of SPP Base Plan Zonal and Region-wide charges, FERC assessments,  
6 and SPP administrative and scheduling fees, did KCP&L use to develop its Cost of  
7 Service?**

8 A: The SPP Schedule 11 Base Plan Zonal and Region-wide charges are included in  
9 Adjustment CS-45 as discussed in the direct testimony of Company witness Ronald A.  
10 Klote and included Schedule RAK-4 attached to his testimony. FERC assessments  
11 collected under SPP Schedule 12 are included in Adjustment CS-85, which is also  
12 discussed in witness Klote's direct testimony and included in Schedule RAK-4. The SPP  
13 scheduling and administrative fees (Schedule 1 and 1-A) are included in Adjustment CS-  
14 86, also in the Klote direct testimony and Schedule RAK-4. Company witness Tim Rush,  
15 in his direct testimony, discusses the Company's proposal(s) for how these charges  
16 should be recovered from Missouri retail customers in rates.

17 **Q: Does that conclude your testimony?**

18 A: Yes, it does.

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

In the Matter of Kansas City Power & Light            )  
Company's Request for Authority to Implement        )  
A General Rate Increase for Electric Service        )        Case No. ER-2016-0285

**AFFIDAVIT OF JOHN R. CARLSON**


**STATE OF MISSOURI**     )  
  ) ss  
**COUNTY OF JACKSON**    )

John R. Carlson, being first duly sworn on his oath, states:

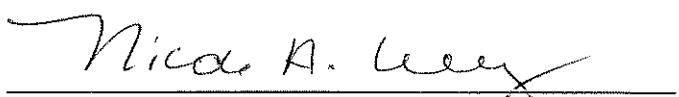
1.     My name is John R. Carlson. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Manager, Origination & Generation Services.

2.     Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Kansas City Power & Light Company consisting of eleven (11) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

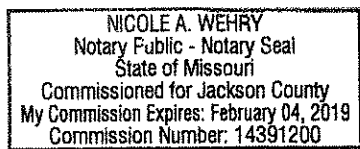
3.     I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
John R. Carlson

Subscribed and sworn before me this 1<sup>st</sup> day of July, 2016.

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

My commission expires: Feb. 4, 2019



## **SCHEDULE 11 BASE PLAN ZONAL CHARGE AND REGION-WIDE CHARGE**

### **I. Introduction**

Except as provided herein, pursuant to Part V of this Tariff, Base Plan Zonal Charges and Region-wide Charges shall be assessed to Network Customers and, where applicable, Transmission Owners based on Resident Load. Likewise, Base Plan Zonal Charges and the Region-wide Charge shall be assessed to each Transmission Customer taking Point-To-Point Transmission Service under the Tariff based on Reserved Capacity. These charges will be applied only to service taken in whole or in part within the Eastern Interconnection. Western-UGP shall be exempt from the Region-wide Charge under this Schedule 11 in accordance with Section 39.3(e) of this Tariff. For the purpose of determining the Region-wide Load Ratio Shares for application of Schedule 11, transmission of Federal Power-Western-UGP to the Statutory Load Obligations served by Western-UGP shall be excluded from the Transmission Provider's monthly Zone transmission load for Zone 19 used as a component of the divisor for all Zones and from the numerator used for Zone 19. The charges stated in Schedule 11 shall not be changed absent a filing with the Commission.

### **II. Base Plan Zonal Charges and Region-wide Charge to Resident Load**

#### **A. Calculation of Annual Transmission Revenue Requirement**

In calculating the Base Plan Zonal Annual Transmission Revenue Requirements and Region-wide Annual Transmission Revenue Requirement, the Transmission Provider shall sum the applicable, Commission-approved annual transmission revenue requirements for upgrades eligible for cost recovery under this Schedule 11, as allocated in accordance with Attachment J of this Tariff. Subject to the limitations in subsections 1 and 2 below, such annual transmission revenue requirements shall be reduced by the amount of point-to-point revenue received by each Transmission Owner during the previous calendar year resulting from charges under Section III of this Schedule 11. Any such adjustment for the previous calendar year point-to-point revenue shall be set forth in the RRR File.

- 1.** For each Transmission Owner utilizing a formula rate, the Transmission Provider shall not make an adjustment of the Transmission Owner's

annual transmission revenue requirements under this Section II.A if point-to-point revenue resulting from charges under Section III of this Schedule 11 is credited and updated on an annual basis in the Transmission Owner's formula rate.

2. For each Transmission Owner utilizing a stated rate or utilizing a formula rate without annual update of the Schedule 11 point-to-point revenue credits, the point-to-point revenue adjustment described in this Section II.A shall be offset by the amount of point-to-point revenue, if any, already credited in the calculation of the Transmission Owner's annual transmission revenue requirements included in the Base Plan Zonal Annual Transmission Revenue Requirements and Region-wide Annual Transmission Revenue Requirement. The amount of revenue resulting from charges under Section III of this Schedule 11 that is already credited in the calculation of the Transmission Owner's annual transmission revenue requirements included in the Base Plan Zonal Annual Transmission Revenue Requirements and Region-wide Annual Transmission Revenue Requirement is shown in Table 3, Section 1 of Attachment H.

**B. Base Plan Zonal Charge to Resident Load**

The Network Customer and the Transmission Owner shall pay a monthly Base Plan Zonal Charge, which shall be determined by multiplying its Base Plan Zonal Load Ratio Share by one twelfth (1/12) of the Base Plan Zonal Annual Transmission Revenue Requirement specified in Attachment H less any amount reallocated in accordance with Section IV.A of Attachment J for each Zone in which the Network Customer's or Transmission Owner's Resident Load is physically located. Where a Network Customer has designated Network Load not physically interconnected with the Transmission System under Section 31.3, Network Customer shall pay a monthly Zonal Base Plan Charge, which shall be determined by multiplying its Base Plan Zonal Load Ratio Share by one twelfth (1/12) of the Base Plan Zonal Annual Transmission Revenue Requirement specified in Attachment H less any amount reallocated in accordance with Section IV.A of Attachment J for the Zone that is the basis for charges under Schedule 11.

**1. Determination of Network Customer's and Transmission Owner's Monthly Zonal Resident Load**

The Network Customer's or Transmission Owner's monthly zonal Resident Load is its integrated hourly load coincident with the monthly peak of the Zone where the Resident Load is physically located. Where a Network Customer or Transmission Owner has Resident Load in more than one Zone, the monthly Resident Load will be determined separately for each Zone. Where a Network Customer has designated Network Load not physically interconnected with the Transmission System under Section 31.3, the Network Customer's monthly Resident Load will be its hourly load coincident with the monthly peak of the Zone that is the basis for charges under Schedule 11.

**2. Determination of Transmission Provider's Monthly Zone Transmission Load**

The Transmission Provider's monthly Transmission System load shall be determined in accordance with Section 34.5 of this Tariff.

**C. Region-wide Charge to Resident Load**

Network Customers and Transmission Owners shall pay a monthly Region-wide Charge, which shall be determined as (i) the product of its Region-wide Load Ratio Share applicable to Section I, Table 2-A of Attachment H and one twelfth (1/12) of the Region-wide Annual Transmission Revenue Requirement specified in Section I, Table 2-A of Attachment H, plus (ii) the product of its Region-wide Load Ratio Share applicable to Section I, Table 2-B of Attachment H and one twelfth (1/12) of the Region-wide Annual Transmission Revenue Requirement specified in Section I, Table 2-B of Attachment H.

**1. Determination of Network Customer's and Transmission Owner's Monthly Regional Resident Load in Zones 1 through 18**

For Zones 1 through 18, the Network Customer's or Transmission Owner's monthly regional Resident Load is the sum of its monthly zonal Resident Load for each Zone, where the monthly zonal Resident Load is determined separately for each Zone coincident with the monthly peak of the Zone in accordance with Section II.B.1.

**2. Determination of Network Customer's and Transmission Owner's Monthly Regional Load in Zone 19**



For application of the Region-wide Charge under this Schedule 11, the Network Customer's or Transmission Owner's load for Zone 19 shall be the integrated hourly load coincident with the monthly peak of Zone 19 calculated in accordance with Section II.B.1 less: (i) load in the Western Interconnection to the extent that such load is served only by resources in the Western Interconnection, and (ii) service provided under the Western-UGP Federal Service Exemption.

**3. Determination of Transmission Provider's Monthly Regional Transmission System Load**

The Transmission Provider's monthly regional Transmission System load is the sum of the monthly Zone transmission load for each Zone, where the monthly zone transmission load for each Zone is determined on a non-coincident basis in accordance with Section II.B.2, but with Zone 19 load modified in accordance with Section II.C.2.

**D. Special Provision for Non-Federal Service Exemption service to Western-UGP's Statutory Load Obligations**

Western-UGP's Statutory Load Obligations ordinarily served by Federal Power Western-UGP, may be served on occasion from resources where the Western-UGP Federal Service Exemption from Schedule 11 Region-wide Charges is not applicable. In any such instance, Region-wide Charges will be applied as calculated pursuant to Sections III.C.1.a and III.C.3 of this Schedule 11.

**III. Base Plan Zonal Charge and Region-wide Charge for Point-To-Point Transmission Service**

**A. Base Plan Zonal Charge for Point-To-Point Transmission Service**

The Base Plan Zonal Charge shall be assessed to Transmission Customers taking Firm or Non-Firm Point-To-Point Transmission Service under the SPP Tariff. The Transmission Customer shall pay the Base Plan Zonal Rate (per kW of Reserved Capacity) based upon the Zone where the load is located for Point-To-Point Transmission Service where the generation source is outside the SPP Region and the load is located within the SPP Region and for Point-To-Point Transmission Service where both the

generation source and the load are located within the SPP Region. For Point-To-Point Transmission Service where the generation source is located within the SPP Region and the load is located outside of the SPP Region, and for Point-To-Point Transmission Service where both the generation source and the load are located outside of the SPP Region, the Transmission Customer shall pay the Base Plan Average Zonal Rate (per kW of Reserved Capacity). The Base Plan Zonal Rates and the Base Plan Average Zonal Rate shall be calculated in accordance with Section III.D and set forth in the RRR File posted on the SPP website.

**B. Region-wide Charge for Point-To-Point Transmission Service**

The Region-wide Charge shall be assessed to Transmission Customers taking Firm or Non-Firm Point-To-Point Transmission Service under the SPP Tariff. The Transmission Customer shall pay the Region-wide Rate (per kW of Reserved Capacity) for Point-To-Point Transmission Service. The Region-wide Rate shall be calculated in accordance with Section III.C and set forth in the RRR File posted on the SPP website.

**C. Region-wide Rate for Point-To-Point Transmission Service**

**1. Determination of Annual Region-wide Rate**

a. The Region-wide Annual Transmission Revenue Requirement specified in Attachment H are the basis for the Region-wide Rate. Except for service where the load is located within Zone 19, the annual Region-wide Rate for Firm Point-To-Point Transmission Service shall be determined in accordance with the following formula:

$$RR = \text{RATRR2A/MRTL 1 to 18} + \text{RATRR2B/MRTL}$$

in which

RR = the annual Region-wide Rate

RATRR2A = the Region-wide Annual Transmission Revenue Requirement specified in Table 2-A of Section I, Attachment H

RATRR2B = the Region-wide Annual Transmission Revenue Requirement specified in Table 2-B of Section I, Attachment H

MRTL 1 to 18 = the average of the monthly regional Transmission System loads in Zones 1 to 18 only, for the twelve months of the calendar year prior to the billing year. The monthly regional Transmission System load shall be determined in

accordance with Section II.C.3 less the Zone 19 load modified in accordance with Section II.C.2.

MRTL = the average of the monthly regional Transmission System loads, for the twelve months of the calendar year prior to the billing year. The monthly regional Transmission System load is determined in accordance with Section II.C.3.

b. For service where the load is located within Zone 19, the annual Region-wide Rate for Firm Point-to-Point Transmission Service shall be determined in accordance with the following formula:

$$RR19 = RATTR2B / MRTL$$

in which

RR19= the annual Region-wide Rate applicable to load in Zone 19

RATTR2B= as defined above

MRTL= as defined above

## **2. Region-wide Rate for Firm Point-To-Point Transmission Service**

The Region-wide Rate for Firm Point-To-Point Transmission Service shall be:

Per month = annual Region-wide Rate divided by 12;

Per week = annual Region-wide Rate divided by 52;

Per day “on-peak” = the “per week” Region-wide Rate divided by 5; provided that the rate for 5 to 7 consecutive days may not exceed the “per week” Region-wide Rate; and

Per day “off-peak” = the “per week” Region-wide Rate divided by 7.

## **3. Region-wide Rate for Non-Firm Point-To-Point Transmission Service**

The Region-wide Rate for Non-Firm Point-To-Point Transmission Service shall be:

Per month = annual Region-wide Rate divided by 12;

Per week = annual Region-wide Rate divided by 52;

Per day “on-peak” = the “per month” Region-wide Rate multiplied by 12 then divided by 260;

Per day “off-peak” = the “per month” Region-wide Rate multiplied by 12 then divided by 365;

Per hour “on-peak” = the “per month” Region-wide Rate multiplied by 12 then divided by 4160; and

Per hour “off-peak” = the “per month” Region-wide Rate multiplied by 12 then divided by 8760.

**4. Total Region-wide Charge**

The total Region-wide Charge paid by a Transmission Customer pursuant to a reservation for hourly delivery shall not exceed the above on-peak daily rate multiplied by the highest amount of Reserved Capacity in any hour during such day. The total Region-wide Charge in any week, pursuant to a reservation for hourly or daily delivery, shall not exceed the above Region-wide Rate specified for weekly delivery multiplied by the highest amount of Reserved Capacity in any hour during such week.

**5. Rate Sheet for Region-wide Point-To-Point Transmission Service Firm Point-To-Point Transmission Service**

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth in the (“RRR File”) posted on the SPP website.

**Non-Firm Point-To-Point Transmission Service**

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth in the RRR File.

**D. Base Plan Zonal Rates for Point-To-Point Transmission Service**

**1. Determination of Annual Base Plan Zonal Rate**

The Base Plan Zonal Annual Transmission Revenue Requirement specified in Attachment H less any amount reallocated in accordance with Section IV.A of Attachment J is the basis for the Base Plan Zonal Rates. The annual Base Plan Zonal Rates for Firm Point-To-Point Transmission Service shall be determined in accordance with the following formula for each Zone.

$$BPZR = \frac{BPZATRR}{MZTL}$$

in which

BPZR = the annual Base Plan Zonal Rate for the Zone

BPZATRR = the Base Plan Zonal Annual Transmission Revenue Requirement for the Zone as specified in Attachment H less any amount reallocated in accordance with Section IV.A of Attachment J

MZTL = the average of the sum of the monthly Zone transmission load for the Zone for the twelve months of the calendar year prior to the billing year. The monthly Zone transmission load is determined in accordance with Section II.B.2.

## **2. Base Plan Zonal Rate for Firm Point-To-Point Transmission Service**

The Base Plan Zonal Rate for Firm Point-To-Point Transmission Service for each Zone shall be:

Per month = annual Base Plan Zonal Rate for the Zone divided by 12;

Per week = annual Base Plan Zonal Rate for the Zone divided by 52;

Per day “on-peak” = the “per week” Base Plan Zonal Rate for the Zone divided by 5; provided that the rate for 5 to 7 consecutive days may not exceed the “per week” Base Plan Zonal Rate;

Per day “off-peak” = the “per week” Base Plan Zonal Rate for the Zone divided by 7.

## **3. Base Plan Zonal Rate for Non-Firm Point-To-Point Transmission Service**

The Base Plan Zonal Rate for Non-Firm Point-To-Point Transmission Service for each Zone shall be:

Per month = annual Base Plan Zone Rate for the Zone divided by 12;

Per week = annual Base Plan Zonal Rate for the Zone divided by 52;

Per day “on-peak” = the “per month” Base Plan Zonal Rate for the Zone multiplied by 12 then divided by 260;

Per day “off-peak” = the “per month” Base Plan Zonal Rate for the Zone multiplied by 12 then divided by 365;

Per hour “on-peak” = the “per month” Base Plan Zonal Rate for the Zone multiplied by 12 then divided by 4160; and

Per hour “off-peak” = the “per month” Base Plan Zonal Rate for the Zone multiplied by 12 then divided by 8760.

#### 4. Base Plan Average Zonal Rate

The total Base Plan Zonal Annual Transmission Revenue Requirement specified in Attachment H for all Zones less the total of all zonal amounts reallocated in accordance with Section IV.A of Attachment J is the basis for the Base Plan Average Zonal Rate. The annual Base Plan Average Zonal Rate for Firm Point-To-Point Transmission Service shall be determined in accordance with the following formula.

$$\text{BPAZR} = \text{TBPZATRR} / \text{MRTL}$$

in which

BPAZR = the annual Base Plan Average Zonal Rate

TBPZATRR = the total Base Plan Zonal Annual Transmission Revenue Requirement for all Zones as specified in Attachment H less the total of all zonal amounts reallocated in accordance with Section IV.A of Attachment J

MRTL = as defined in Section III.C.1

The Base Plan Average Zonal Rates for Firm Point-To-Point Transmission Service and Non-Firm Point-To-Point Transmission Service for each month, week, day on-peak, day off-peak, hour on-peak, and hour off-peak shall be based on the annual Base Plan Average Zonal Rate and calculated consistently with the formulas shown in Sections III.D.2 and III.D.3.

#### 5. Total Zonal Base Plan Charge

The total zonal charge paid by a Transmission Customer under this Schedule 11 pursuant to a reservation for hourly delivery shall not exceed the applicable on-peak daily rate multiplied by the highest amount of Reserved Capacity in any hour during such day. The total zonal charge under this Schedule 11 in any week, pursuant to a reservation for hourly or daily delivery, shall not

exceed the applicable rate specified for weekly delivery multiplied by the highest amount of Reserved Capacity in any hour during such week.

**6. Rate Sheets for Base Plan Zonal Point-To-Point Transmission Service  
Firm Point-To-Point Transmission Service**

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth in the RRR File posted on the SPP website.

**Non-Firm Point-To-Point Transmission Service**

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth in the RRR File posted on the SPP website.

**E. On-Peak and Off-Peak**

Off-Peak days shall be Saturdays and Sundays and all NERC holidays. All other days shall be On-Peak. All hours during Off-Peak days shall be Off-Peak. On-Peak hours during On-Peak days shall be all hours from HE 0700 through HE 2200 Central Prevailing Time. All other hours during On-Peak days shall be Off-Peak.

**SPP**  
**Notification to Construct**

June 19, 2009

SPP-NTC-20040

Mr. Anthony Due  
Grand River Dam Authority  
Kerr Dam Facility  
1-14N & 1-14W of Locust Grove  
Locust Grove, OK 74352

***RE: Notification to Construct Approved Balanced Portfolio Network Upgrade***

Dear Mr. Due:

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. (“SPP”) Membership Agreement and Attachment O, Section VIII, of the SPP Open Access Transmission Tariff (“OATT”), SPP provides this Notification to Construct (“NTC”) directing Grand River Dam Authority (“GRDA”), as the Designated Transmission Owner, to construct the following approved Network Upgrade.

During the April 28, 2009 meeting, SPP Board of Directors approved Balanced Portfolio 3E “adjusted” and directed the following Network Upgrade to be constructed contingent upon the approval of the Balanced Portfolio Report by the Markets and Operations Policy Committee (“MOPC”). On June 12, 2009 the MOPC approved the 2009 Balanced Portfolio Report.

**Project ID:** 698

**Project Name:** Sooner – Cleveland 345 kV line

**Estimated In-Service Date for Project:** 12/31/2012

**Estimated Cost for project:** \$17,000,000

**Network Upgrade ID:** 10927

**Network Upgrade Description:** 345 kV line from GRDA Cleveland substation to Oklahoma Gas and Electric Co. (“OKGE”) interception of 345 kV line from OKGE Sooner substation.

**Network Upgrade Owner:** Grand River Dam Authority

**MOPC Representative:** Anthony Due

**Categorization:** Balanced Portfolio Network Upgrade

**Network Upgrade Specifications:** Construct 18 miles of 345 kV, 3000 amp or greater capacity transmission line from the GRDA Cleveland substation to OKGE interception and acquire the necessary right-of-way to accommodate the 345kV line. Upgrade the Cleveland substation to include any necessary terminal equipment.

**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”

**Estimated In-Service Date for Network Upgrade:** 12/31/2012

**Estimated Cost for Network Upgrade (current day dollars):** \$17,000,000

**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT

**Source of Cost Estimate:** OKGE

**Date of Cost Estimate:** April 2009



GRDA is responsible for coordinating this jointly owned project with the other constructing Designated Transmission Owner. Coordination includes but is not limited to construction specifications, facility ratings, interception location, and construction timing.

Please provide to SPP a written commitment to construct the Network Upgrade within 90 days of the date of this Notification to Construct, pursuant to Attachment O, Section VIII.6 of the SPP OATT, in addition to providing a construction schedule for the Network Upgrade. Failure to provide a sufficient written commitment to construct as required by Attachment O could result in the Network Upgrade being assigned to another entity.

Please submit a notification of commercial operation for each listed Network Upgrade to SPP as soon as the Network Upgrade is complete and in-service. Please provide SPP with the actual costs of the Network Upgrade as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

On an ongoing basis, please keep SPP advised of any inability on GRDA's part to complete the approved Network Upgrade. For project tracking purposes, SPP requires GRDA to submit updates on the status of the Network Upgrade on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, GRDA shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this letter shall vary such terms and conditions.

Feel free to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,

A handwritten signature in black ink that reads "Bruce A. Rew".

Bruce Rew  
Vice President, Engineering  
Phone (501) 614-3214 • Fax: (501) 821-3198 • [brew@spp.org](mailto:brew@spp.org)

cc: Carl Monroe, Les Dillahunty, Pat Bourne, Jay Caspary, Keith Tynes, [SPPProjecttracking@spp.org](mailto:SPPProjecttracking@spp.org), Joe Fultz, Mike Herron, OKGE Phil Crissup, OKGE Travis Hyde, OKGE Jacob Langthorn IV, OKGE Mel Perkins

**SPP**  
**Notification to Construct**

June 19, 2009

SPP-NTC-20042

Mr. Todd Fridley  
Kansas City Power and Light Company  
1201 Walnut Street  
16<sup>th</sup> Floor  
Kansas City, MO 64106

***RE: Notification to Construct Approved Balanced Portfolio Network Upgrades***

Dear Mr. Fridley:

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. ("SPP") Membership Agreement and Attachment O, Section VIII, of the SPP Open Access Transmission Tariff ("OATT"), SPP provides this Notification to Construct ("NTC") directing Kansas City Power and Light Company ("KCPL"), as the Designated Transmission Owner, to construct the following approved Network Upgrades.

During the April 28, 2009 meeting, the SPP Board of Directors approved Balanced Portfolio 3E "adjusted" and directed the following Network Upgrades to be constructed contingent upon the approval of the Balanced Portfolio Report by the Markets and Operations Policy Committee ("MOPC"). On June 12, 2009 the MOPC approved the 2009 Balanced Portfolio Report.

**Project ID:** 702

**Project Name:** Swissvale – Stilwell Tap  
**Estimated In-Service Date for Project:** 06/01/2012  
**Estimated Cost for project:** \$2,000,000

**Network Upgrade ID:** 10934

**Network Upgrade Description:** Tap the Swissvale to Stilwell 345 kV line at West Gardner

**Network Upgrade Owner:** KCPL

**MOPC Representative:** Todd Fridley

**Categorization:** Balanced Portfolio Network Upgrade

**Network Upgrade Specifications:** Tap the Swissvale to Stilwell 345 kV line at the West Gardner substation.

**Network Upgrade Justification:** Balanced Portfolio 3E "adjusted"

**Estimated In-Service Date for Network Upgrade:** 6/1/2012

**Estimated Cost for Network Upgrade (current day dollars):** \$2,000,000

**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT

**Source of Cost Estimate:** KCPL

**Date of Cost Estimate:** April 2009

**Project ID:** 703

**Project Name:** Iatan – Nashua 345 kV line

**Estimated In-Service Date for Project:** 06/01/2015

**Estimated Cost for project:** \$54,444,000

**Network Upgrade ID:** 10935

**Network Upgrade Description:** 345 kV line from Iatan substation to Nashua substation

**Network Upgrade Owner:** KCPL

**MOPC Representative:** Todd Fridley

**Categorization:** Balanced Portfolio Network Upgrade

**Network Upgrade Specifications:** Construct 30 miles of 345kV, 3000 amp or greater capacity transmission line from the KCPL Iatan substation to the KCPL Nashua substation and acquire the necessary right-of-way to accommodate the 345 kV line. Upgrade the Iatan substation to include any necessary terminal equipment.

**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”

**Estimated In-Service Date for Network Upgrade:** 6/1/2015

**Estimated Cost for Network Upgrade (current day dollars):** \$49,824,000

**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT

**Source of Cost Estimate:** KCPL

**Date of Cost Estimate:** April 2009

**Network Upgrade ID:** 10945

**Network Upgrade Description:** Nashua 345/161 kV Transformer

**Network Upgrade Owner:** KCPL

**MOPC Representative:** Todd Fridley

**Categorization:** Balanced Portfolio Network Upgrade

**Network Upgrade Specifications:** Install a 345/161 kV transformer, 600 MVA at the Nashua substation. Upgrade the Nashua substation to include any other necessary terminal equipment.

**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”

**Estimated In-Service Date for Network Upgrade:** 6/1/2015

**Estimated Cost for Network Upgrade (current day dollars):** \$4,620,000

**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT

**Source of Cost Estimate:** KCPL

**Date of Cost Estimate:** April 2009

Please provide to SPP a written commitment to construct the Network Upgrades within 90 days of the date of this Notification to Construct, pursuant to Attachment O, Section VIII.6 of the SPP OATT, in addition to providing a construction schedule for the Network Upgrades. Failure to provide a sufficient written commitment to construct as required by Attachment O could result in the Network Upgrades being assigned to another entity.

Please submit a notification of commercial operation for each listed Network Upgrade to SPP as soon as the Network Upgrade is complete and in-service. Please provide SPP with the actual costs of these Network Upgrades as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

On an ongoing basis, please keep SPP advised of any inability on KCPL's part to complete the approved Network Upgrades. For project tracking purposes, SPP requires KCPL to submit updates on the status of the Network Upgrades on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, KCPL shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this letter shall vary such terms and conditions.

Feel free to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,

A handwritten signature in black ink that reads "Bruce A. Rew".

Bruce Rew  
Vice President, Engineering  
Phone (501) 614-3214 • Fax: (501) 821-3198 • [brew@spp.org](mailto:brew@spp.org)

cc: Carl Monroe, Les Dillahunty, Pat Bourne, Jay Caspary, Keith Tynes, [SPPProjecttracking@spp.org](mailto:SPPProjecttracking@spp.org),  
Richard Spring, Dennis Odell, Harold Wyble

**SPP**  
**Notification to Construct**

June 19, 2009

SPP-NTC-20046

Mr. Bill Dowling  
Midwest Energy, Inc.  
1330 Canterbury Drive  
Hays, KS 67601

***RE: Notification to Construct Approved Balanced Portfolio Network Upgrades***

Dear Mr. Dowling:

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. (“SPP”) Membership Agreement and Attachment O, Section VIII, of the SPP Open Access Transmission Tariff (“OATT”), SPP provides this Notification to Construct (“NTC”) directing Midwest Energy, Inc. (“MIDW”), as the Designated Transmission Owner, to construct the following approved Network Upgrades.

During the April 28, 2009 meeting, the SPP Board of Directors approved Balanced Portfolio 3E “adjusted” and directed the following Network Upgrades to be constructed contingent upon the approval of the Balanced Portfolio Report by the Markets and Operations Policy Committee (“MOPC”). On June 12, 2009 the MOPC approved the 2009 Balanced Portfolio Report.

**Project ID:** 707

**Project Name:** Spearville – Knoll – Axtell 345 kV line

**Estimated In-Service Date for Project:** 6/01/2013

**Estimated Cost for project:** \$111,000,000

**Network Upgrade ID:** 10940

**Network Upgrade Description:** 345 kV line from Sunflower Electric Power Corp. (“SUNC”) interception of 345 kV line from SUNC Spearville substation to MIDW Knoll substation.

**Network Upgrade Owner:** MIDW

**MOPC Representative:** Bill Dowling

**Categorization:** Balanced Portfolio Network Upgrade

**Network Upgrade Specifications:** Construct 45 miles of 345 kV, 3000 amp or greater capacity transmission line from the SUNC interception of 345 kV line to the MIDW Knoll substation and acquire right-of-way to accommodate the 345 kV line.

**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”

**Estimated In-Service Date for Network Upgrade:** 6/1/2013

**Estimated Cost for Network Upgrade (current day dollars):** \$42,000,000

**Source of funding for Network Upgrade:** Region-wide Charge as specified by Attachment J, SPP OATT

**Estimated Cost Source:** ITC Great Plains

**Date of Cost Estimate:** April 2009

**Network Upgrade ID:** 10941

**Network Upgrade Description:** Knoll 345/230 kV Transformer  
**Network Upgrade Owner:** MIDW  
**MOPC Representative:** Bill Dowling  
**Categorization:** Balanced Portfolio Network Upgrade  
**Network Upgrade Specifications:** Expand the Knoll substation to include a 200 MVA 345/230 kV auto transformer with a 345 kV ring bus configuration.  
**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”  
**Estimated In-Service Date for Network Upgrade:** 6/1/2012  
**Estimated Cost for Network Upgrade (current day dollars):** \$3,000,000  
**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT  
**Source of Cost Estimate:** ITC Great Plains  
**Date of Cost Estimate:** April 2009

**Network Upgrade ID:** 10943  
**Network Upgrade Description:** 345 kV line from MIDW Knoll substation to the Nebraska Public Power District (“NPPD”) interception at the Kansas/Nebraska state line from the NPPD Axtell substation.  
**Network Upgrade Owner:** MIDW  
**MOPC Representative:** Bill Dowling  
**Categorization:** Balanced Portfolio Network Upgrade  
**Network Upgrade Specifications:** Construct 80 miles of 345 kV, 3000 amp or greater capacity transmission line from MIDW Knoll substation to the NPPD interception at the Kansas/Nebraska state line from the NPPD Axtell substation, and acquire right-of-way to accommodate the 345 kV line.  
**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”  
**Estimated In-Service Date for Network Upgrade:** 6/1/2013  
**Estimated Cost for Network Upgrade (current day dollars):** \$66,000,000  
**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT  
**Source of Cost Estimate:** ITC Great Plains  
**Date of Cost Estimate:** April 2009

MIDW is responsible for coordinating this jointly owned project with other constructing Designated Transmission Owners. Coordination includes but is not limited to construction specifications, facility ratings, interception location, and construction timing.

Please provide to SPP a written commitment to construct the Network Upgrades within 90 days of the date of this Notification to Construct, pursuant to Attachment O, Section VIII.6 of the SPP OATT, in addition to providing a construction schedule for the Network Upgrades. Failure to provide a sufficient written commitment to construct as required by Attachment O could result in the Network Upgrades being assigned to another entity.

Please submit a notification of commercial operation for each listed Network Upgrade to SPP as soon as the Network Upgrade is complete and in-service. Please provide SPP with the actual costs of these Network Upgrades as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

On an ongoing basis, please keep SPP advised of any inability on MIDW's part to complete the approved Network Upgrades. For project tracking purposes, SPP requires MIDW to submit updates on the status of the Network Upgrades on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, MIDW shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this letter shall vary such terms and conditions.

Feel free to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,

A handwritten signature in black ink that reads "Bruce A. Rew".

Bruce Rew  
Vice President, Engineering  
Phone (501) 614-3214 • Fax: (501) 821-3198 • [brew@spp.org](mailto:brew@spp.org)

cc: Carl Monroe, Les Dillahunty, Pat Bourne, Jay Caspary, Keith Tynes, [SPPProjecttracking@spp.org](mailto:SPPProjecttracking@spp.org), Ray Harold, Ernie Lehman, SUNC Noman Williams, SUNC Steve Ferry, SUNC Mark Worf, SUNC Clarence Stuppes, NPPD Paul Malone, NPPD Randy Lindstrom

**SPP**  
**Notification to Construct**

June 19, 2009

SPP-NTC-20041

Mr. Jacob Langthorn, IV  
Oklahoma Gas and Electric Co.  
301 North Harvey  
Oklahoma City, OK 73102

***RE: Notification to Construct Approved Balanced Portfolio Network Upgrades***

Dear Mr. Langthorn:

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. (“SPP”) Membership Agreement and Attachment O, Section VIII, of the SPP Open Access Transmission Tariff (“OATT”), SPP provides this Notification to Construct (“NTC”) directing Oklahoma Gas and Electric Company (“OKGE”), as the Designated Transmission Owner, to construct the following approved Network Upgrades.

During the April 28, 2009 meeting, the SPP Board of Directors approved Balanced Portfolio 3E “adjusted” and directed the following Network Upgrades to be constructed contingent upon the approval of the Balanced Portfolio Report by the Markets and Operations Policy Committee (“MOPC”). On June 12, 2009 the MOPC approved the 2009 Balanced Portfolio Report.

**Project ID:** 699

**Project Name:** Sooner – Cleveland 345 kV line

**Estimated In-Service Date for Project:** 12/31/2012

**Estimated Cost for project:** \$17,000,000

**Network Upgrade ID:** 10929

**Network Upgrade Description:** 345 kV line from OKGE Sooner substation to GRDA interception of 345 kV line from Grand River Dam Authority (“GRDA”) Cleveland substation.

**Network Upgrade Owner:** OKGE

**MOPC Representative:** Jacob Langthorn, IV

**Categorization:** Balanced Portfolio Network Upgrade

**Network Upgrade Specifications:** Construct 18 miles of 345 kV, 3000 amp or greater capacity transmission line from OKGE Sooner substation to GRDA interception and acquire the necessary right-of-way to accommodate the 345 kV line. Upgrade the Sooner substation with the necessary breakers, relays and ring-bus.

**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”

**Estimated In-Service Date for Network Upgrade:** 12/31/2012

**Estimated Cost for Network Upgrade (current day dollars):** \$17,000,000

**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT

**Source of Cost Estimate:** OKGE

**Date of Cost Estimate:** April 2009



**Project ID:** 700  
**Project Name:** Seminole – Muskogee 345 kV line  
**Estimated In-Service Date for Project:** 12/31/2013  
**Estimated Cost for project:** \$131,000,000

**Network Upgrade ID:** 10930  
**Network Upgrade Description:** 345 kV line from the OKGE Seminole substation to OKGE Muskogee substation.  
**Network Upgrade Owner:** OKGE  
**MOPC Representative:** Jacob Langthorn, IV  
**Categorization:** Balanced Portfolio Network Upgrade  
**Network Upgrade Specifications:** Construct 100 miles of 345 kV, 3000 amp or greater capacity transmission line from OKGE Seminole substation to OKGE Muskogee substation and acquire right-of-way able to accommodate the 345 kV line. Upgrade the Muskogee substation to include any necessary terminal equipment.  
**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”  
**Estimated In-Service Date for Network Upgrade:** 12/31/2013  
**Estimated Cost for Network Upgrade (current day dollars):** \$127,000,000  
**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT  
**Source of Cost Estimate:** OKGE  
**Date of Cost Estimate:** April 2009

**Network Upgrade ID:** 10931  
**Network Upgrade Description:** Seminole 345/138 kV Transformer  
**Network Upgrade Owner:** OKGE  
**MOPC Representative:** Jacob Langthorn, IV  
**Categorization:** Balanced Portfolio Network Upgrade  
**Network Upgrade Specifications:** Upgrade the OKGE Seminole substation with a 345/138 kV 400 MVA transformer and any other necessary terminal equipment.  
**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”  
**Estimated In-Service Date for Network Upgrade:** 12/31/2013  
**Estimated Cost for Network Upgrade (current day dollars):** \$4,000,000  
**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT  
**Source of Cost Estimate:** OKGE  
**Date of Cost Estimate:** April 2009

**Project ID:** 701  
**Project Name:** Tuco – Woodward District EHV 345 kV line  
**Estimated In-Service Date for Project:** 5/19/2014  
**Estimated Cost for project:** \$79,000,000

**Network Upgrade ID:** 10932  
**Network Upgrade Description:** 345 kV line from OKGE Woodward District EHV substation to Southwestern Public Service (“SPS”) interception of 345 kV line at the Oklahoma/Texas state line.  
**Network Upgrade Owner:** OKGE

**MOPC Representative:** Jacob Langthorn, IV  
**Categorization:** Balanced Portfolio Network Upgrade  
**Network Upgrade Specifications:** Construct 72 miles of 345 kV, 3000 amp or greater capacity transmission line from OKGE Woodward District EHV to the SPS interception from SPS Tuco substation and acquire right-of-way able to accommodate the 345 kV line.  
**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”  
**Estimated In-Service Date for Network Upgrade:** 5/19/2014  
**Estimated Cost for Network Upgrade (current day dollars):** \$64,000,000  
**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT  
**Source of Cost Estimate:** OKGE  
**Date of Cost Estimate:** April 2009

**Network Upgrade ID:** 10933  
**Network Upgrade Description:** Woodward District EHV 345/138 kV Transformer and 50 MVAR reactor bank  
**Network Upgrade Owner:** OKGE  
**MOPC Representative:** Jacob Langthorn, IV  
**Categorization:** Balanced Portfolio Network Upgrade  
**Network Upgrade Specifications:** Upgrade the OKGE Woodward District EHV substation with a 345/138 kV 400 MVA auto transformer with a 345 kV ring bus configuration.  
**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”  
**Estimated In-Service Date for Network Upgrade:** 5/19/2014  
**Estimated Cost for Network Upgrade (current day dollars):** \$15,000,000  
**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT  
**Source of Cost Estimate:** OKGE  
**Date of Cost Estimate:** April 2009

**Project ID:** 709  
**Project Name:** Anadarko Substation  
**Estimated In-Service Date for Project:** 12/31/2011  
**Estimated Cost for project:** \$8,000,000

**Network Upgrade ID:** 10946  
**Network Upgrade Description:** Anadarko Substation  
**Network Upgrade Owner:** OKGE  
**MOPC Representative:** Jacob Langthorn, IV  
**Categorization:** Balanced Portfolio Network Upgrade  
**Network Upgrade Specifications:** Tap the existing Cimarron – Lawton Eastside 345 kV line at the existing Western Farmers Electric Coop. Anadarko 138 kV substation and install new 345/138 kV 450 MVA transformer at a new substation.  
**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”  
**Estimated In-Service Date for Network Upgrade:** 12/31/2011  
**Estimated Cost for Network Upgrade (current day dollars):** \$8,000,000  
**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT  
**Source of Cost Estimate:** OGKE

**Date of Cost Estimate:** April 2009

OKGE is responsible for coordinating these jointly owned projects with other constructing Designated Transmission Owners. Coordination includes but is not limited to construction specifications, facility ratings, interception location, and construction timing.

Please provide to SPP a written commitment to construct the Network Upgrades within 90 days of the date of this Notification to Construct, pursuant to Attachment O, Section VIII.6 of the SPP OATT, in addition to providing a construction schedule for the Network Upgrades. Failure to provide a sufficient written commitment to construct as required by Attachment O could result in the Network Upgrades being assigned to another entity.

Please submit a notification of commercial operation for each listed Network Upgrade to SPP as soon as the Network Upgrade is complete and in-service. Please provide SPP with the actual costs of these Network Upgrades as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

On an ongoing basis, please keep SPP advised of any inability on OKGE's part to complete the approved Network Upgrades. For project tracking purposes, SPP requires OKGE to submit updates on the status of the Network Upgrades on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, OKGE shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this letter shall vary such terms and conditions.

Feel free to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,

A handwritten signature in cursive script that reads "Bruce A. Rew".

Bruce Rew  
Vice President, Engineering  
Phone (501) 614-3214 • Fax: (501) 821-3198 • [brew@spp.org](mailto:brew@spp.org)

cc: Carl Monroe, Les Dillahunt, Pat Bourne, Jay Caspary, Keith Tynes, [SPPProjecttracking@spp.org](mailto:SPPProjecttracking@spp.org), Phil Crissup, Travis Hyde, GRDA Joe Fultz, GRDA Anthony Due, GRDA Mike Herron, SPS John Fulton, SPS William Grant, WFEC Alan Derichsweiler, WFEC Ron Cunningham, WFEC Mitchell Williams

**SPP**  
**Notification to Construct**

June 19, 2009

SPP-NTC-20043

Mr. William Grant  
Southwestern Public Service Company  
6086 48<sup>th</sup> Street  
Amarillo, TX 79109

***RE: Notification to Construct Approved Balanced Portfolio Network Upgrades***

Dear Mr. Grant:

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. (“SPP”) Membership Agreement and Attachment O, Section VIII, of the SPP Open Access Transmission Tariff (“OATT”), SPP provides this Notification to Construct (“NTC”) directing Southwestern Public Service Company (“SPS”), as the Designated Transmission Owner, to construct the following approved Network Upgrades.

During the April 28, 2009 meeting, the SPP Board of Directors approved Balanced Portfolio 3E “adjusted” and directed the following Network Upgrades to be constructed contingent upon the approval of the Balanced Portfolio Report by the Markets and Operations Policy Committee (“MOPC”). On June 12, 2009 the MOPC approved the 2009 Balanced Portfolio Report.

**Project ID:** 704

**Project Name:** Tuco – Woodward District EHV 345 kV line

**Estimated In-Service Date for Project:** 05/19/2014

**Estimated Cost for project:** \$148,727,500

**Network Upgrade ID:** 10936

**Network Upgrade Description:** 345 kV line from Tuco to Oklahoma Gas and Electric Co. (“OKGE”) interception of 345 kV line from Woodward District EHV

**Network Upgrade Owner:** SPS

**MOPC Representative:** William Grant

**Categorization:** Balanced Portfolio Network Upgrade

**Network Upgrade Specifications:** Construct 178 miles of 345 kV, 3000 amp or greater capacity transmission line from SPS Tuco substation to the OKGE interception around the Texas/Oklahoma state line and acquire right-of-way able to accommodate the 345 kV line.

**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”

**Estimated In-Service Date for Network Upgrade:** 5/19/2014

**Estimated Cost for Network Upgrade (current day dollars):** \$122,597,500

**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT

**Source of Cost Estimate:** SPS

**Date of Cost Estimate:** April 2009

**Network Upgrade ID:** 10937

**Network Upgrade Description:** Tuco 345/230 kV, 560 MVA auto transformer and mid-point reactor station

**Network Upgrade Owner:** SPS

**MOPC Representative:** William Grant

**Categorization:** Balanced Portfolio Network Upgrade

**Network Upgrade Specifications:** Expand the SPS Tuco substation to include a 345/230 kV, 560 MVA auto transformer with a 345 kV ring bus configuration. Build a mid-point reactor station along the Tuco – Woodward District EHV 345 kV line.

**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”

**Estimated In-Service Date for Network Upgrade:** 5/19/2014

**Estimated Cost for Network Upgrade (current day dollars):** \$26,130,000

**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT

**Source of Cost Estimate:** SPS

**Date of Cost Estimate:** April 2009

SPS is responsible for coordinating this jointly owned project with the other constructing Designated Transmission Owner. Coordination includes but is not limited to construction specifications, facility ratings, interception location, and construction timing.

Please provide to SPP a written commitment to construct the Network Upgrades within 90 days of the date of this Notification to Construct, pursuant to Attachment O, Section VIII.6 of the SPP OATT, in addition to providing a construction schedule for the Network Upgrades. Failure to provide a sufficient written commitment to construct as required by Attachment O could result in the Network Upgrades being assigned to another entity.

Please submit a notification of commercial operation for each listed Network Upgrade to SPP as soon as the Network Upgrade is complete and in-service. Please provide SPP with the actual costs of these Network Upgrades as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

On an ongoing basis, please keep SPP advised of any inability on SPS’s part to complete the approved Network Upgrades. For project tracking purposes, SPP requires SPS to submit updates on the status of the Network Upgrades on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, SPS shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this letter shall vary such terms and conditions.

Feel free to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,

*Bruce A. Rew*

Bruce Rew  
Vice President, Engineering  
Phone (501) 614-3214 • Fax: (501) 821-3198 • [brew@spp.org](mailto:brew@spp.org)

cc: Carl Monroe, Les Dillahunty, Pat Bourne, Jay Caspary, Keith Tynes, [SPPProjecttracking@spp.org](mailto:SPPProjecttracking@spp.org),  
John Fulton, OKGE Mel Perkins, OKGE Phil Crissup, OKGE Travis Hyde, OKGE Jacob Langthorn IV

**SPP**  
**Notification to Construct**

June 19, 2009

SPP-NTC-20044

Mr. Alan Derichsweiler  
Western Farmers Electric Cooperative  
701 NE 7<sup>th</sup> Street  
Anadarko, OK 73005

***RE: Notification to Construct Approved Balanced Portfolio Network Upgrades***

Dear Mr. Derichsweiler:

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. (“SPP”) Membership Agreement and Attachment O, Section VIII, of the SPP Open Access Transmission Tariff (“OATT”), SPP provides this Notification to Construct (“NTC”) directing Western Farmers Electric Coop. (“WFEC”), as the Designated Transmission Owner, to construct the following approved Network Upgrade.

During the April 28, 2009 meeting, the SPP Board of Directors approved Balanced Portfolio 3E “adjusted” and directed the following Network Upgrade to be constructed contingent upon the approval of the Balanced Portfolio Report by the Markets and Operations Policy Committee (“MOPC”). On June 12, 2009 the MOPC approved the 2009 Balanced Portfolio Report.

**Project ID:** 705

**Project Name:** WFEC Anadarko – OKGE Anadarko 138 kV

**Estimated In-Service Date for Project:** 12/31/2011

**Estimated Cost for project:** \$2,000,000

**Network Upgrade ID:** 10938

**Network Upgrade Description:** 138 kV line from a new Oklahoma Gas and Electric Co. (“OKGE”) Anadarko substation to WFEC Anadarko substation

**Network Upgrade Owner:** WFEC

**MOPC Representative:** Alan Derichsweiler

**Categorization:** Balanced Portfolio Network Upgrade

**Network Upgrade Specifications:** Construct 3 miles of 138 kV transmission line from a new OKGE 345/138 kV Anadarko substation to the existing WFEC 138 kV Anadarko substation.

**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”

**Estimated In-Service Date for Network Upgrade:** 12/31/2011

**Estimated Cost for Network Upgrade (current day dollars):** \$2,000,000

**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT

**Source of Cost Estimate:** SPP

**Date of Cost Estimate:** June 2009

WFEC is responsible for coordinating this jointly owned project with the other constructing Designated Transmission Owner. Coordination includes but is not limited to construction specifications, facility ratings, interception location, and construction timing.

Please provide to SPP a written commitment to construct the Network Upgrade within 90 days of the date of this Notification to Construct, pursuant to Attachment O, Section VIII.6 of the SPP OATT, in addition to providing a construction schedule for the Network Upgrade. Failure to provide a sufficient written commitment to construct as required by Attachment O could result in the Network Upgrade being assigned to another entity.

Please submit a notification of commercial operation for the listed Network Upgrade to SPP as soon as the Network Upgrade is complete and in-service. Please provide SPP with the actual costs of the Network Upgrade as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

On an ongoing basis, please keep SPP advised of any inability on WFEC's part to complete the approved Network Upgrade. For project tracking purposes, SPP requires WFEC to submit updates on the status of the Network Upgrade on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, WFEC shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this letter shall vary such terms and conditions.

Feel free to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,

A handwritten signature in black ink that reads 'Bruce A. Rew'.

Bruce Rew  
Vice President, Engineering  
Phone (501) 614-3214 • Fax: (501) 821-3198 • [brew@spp.org](mailto:brew@spp.org)

cc: Carl Monroe, Les Dillahunty, Pat Bourne, Jay Caspary, Keith Tynes, [SPPProjecttracking@spp.org](mailto:SPPProjecttracking@spp.org), Ron Cunningham, Mitchell Williams, OKGE Jacob Langthorn, IV, OKGE Phil Crissup, OKGE Travis Hyde



Southwest Power Pool, Inc.

ATTACHMENT H  
Annual Transmission Revenue Requirement For Network

Integration Transmission Service  
REVISED FOR BALANCED PORTFOLIO TRANSFERS  
Table 1 (revised)

| (1) Zone | (2)   | (3) Zonal ATRR (FROM Transmission Owner) | (4) Base Plan Zonal ATRR | (5) Base Plan Zonal ATRR after June 19, 2010 | (6) ATRR Reallocated to Balanced Portfolio Region-wide ATRR | (7) Base Plan Zonal ATRR to pay Upgrade Sponsors | Column 3 Effective date |                       |
|----------|---|--|--------------------------|--|---|--|-------------------------|-----------------------|
| 1        | American Electric Power –West (Total)   | \$199,060,562                            | \$41,711,521             | \$2,013,888                                  | \$15,982,062  |  | Effective 7/1/2015      | annual formula update |
| 1a       | American Electric Power (Public Service Company of Oklahoma and Southwestern Electric Power Company) See Section II.3   | \$156,176,810                            | \$39,618,991             | \$13,202,465                                 |   |  | Effective 7/1/2015      | annual formula update |
| 1b       | East Texas Electric Cooperative, Inc.   | \$4,415,112                              |                          |  |   |  | Effective 5/1/2016      |                       |
| 1c       | Tex-La Electric Cooperative of Texas, Inc.  | \$1,775,260                              |                          |  |   |  | Effective 5/1/2016      |                       |
| 1d       | Deep East Texas Electric Cooperative, Inc.  | \$951,283                                |                          |  |   |  | Effective 5/1/2016      |                       |
| 1e       | Oklahoma Municipal Power Authority  | \$737,875                                |                          |  |   |  | Effective 4/1/2015      |                       |
| 1f       | AEP West Transmission Companies (AEP Oklahoma Transmission Company, Inc and AEP Southwestern Transmission Company, Inc) | \$34,633,051                             | \$2,092,530              | \$4,793,485                                  |   |  | Effective 7/1/2015      | annual formula update |
| 1g       | Coffeyville Municipal Light and Power (CMPL)  | \$371,171                                | \$0                      | \$0  |   |  | Effective 7/1/2013      |                       |
| 2        | Reserved for Future Use   |  |                          |  |   |  |                         |                       |
| 3        | City Utilities of Springfield, Missouri   | \$10,983,135                             | \$0                      | \$0  | \$2,920,292   |  | Effective 4/1/2016      | annual formula update |
| 4        | Empire District Electric Company  | \$27,107,964                             | \$0                      | \$0  | \$5,047,397   |  | Effective 7/1/2015      | annual formula update |
| 5        | Grand River Dam Authority   | \$26,233,383                             | \$3,813,270              | \$0  | \$2,858,714   |  | Effective 8/1/2015      | annual formula update |
| 6        | Kansas City Power & Light Company (TOTAL)   | \$32,129,157                             | \$0                      | \$0  | \$7,284,587   |  | Effective 1/1/2016      |                       |
| 6a       | Kansas City Power & Light Company   | \$29,410,418                             | \$0                      | \$0  |   |  | Effective 1/1/2016      | annual formula update |
| 6b       | City of Independence, Missouri  | \$2,718,739                              | \$0                      | \$0  |   |  | Effective 6/1/2015      |                       |
| 7        | Oklahoma Gas and Electric (Total)   | \$93,307,022                             | \$11,552,122             | \$3,162,703                                  | \$4,381,764   |  | Effective 1/1/2016      |                       |
| 7a       | Oklahoma Gas and Electric   | \$92,972,190                             | \$11,552,122             | \$7,544,467                                  |   |  | Effective 1/1/2016      | annual formula update |
| 7b       | Oklahoma Municipal Power Authority  | \$334,832                                | \$0                      | \$0  |   |  | Effective 6/1/2010      |                       |
| 8        | Midwest Energy, Inc.  | \$13,514,687                             | \$184,368                | \$0  |   |  | Effective 9/1/2015      | annual formula update |
| 9        | KCP&L Greater Missouri Operations Company (Total)   | \$23,102,132                             | \$0                      | \$0  | \$8,621,313   |  | Effective 1/1/2016      |                       |
| 9a       | KCP&L Greater Missouri Operations Company   | \$23,102,132                             | \$0                      | \$0  |   |  | Effective 1/1/2016      | annual formula update |
| 9b       | Transource Missouri, LLC  | \$0                                      | \$0                      | \$0  |   |  | Effective 1/1/2016      | annual formula update |
| 10       | Southwestern Power Administration   | \$14,106,556                             | \$0                      | \$0  |   |  | Effective 1/1/2012      |                       |
| 11       | Southwestern Public Service Company (Total)   | \$130,551,633                            | \$31,441,755             | \$25,551,561                                 |   |  | Effective 9/1/2015      |                       |
| 11a      | Southwestern Public Service Company   | \$130,175,493                            | \$31,441,755             | \$25,551,561                                 |   |  | Effective 1/1/2016      | annual formula update |
| 11b      | Reserved for Future Use   | \$0                                      | \$0                      | \$0  |   |  | Effective 02/22/2013    |                       |
| 11c      | Lea County Electric Cooperative, Inc  | \$376,140                                | \$0                      | \$0  |   |  | Effective 04/01/14      |                       |
| 12       | Sunflower Electric Power Corporation  | \$18,686,770                             | \$4,219,952              | \$1,309,675                                  |   |  | Effective 1/1/2016      | annual formula update |
| 13       | Western Farmers Electric Cooperative  | \$19,773,880                             | \$4,031,533              | \$0  |   |  |                         |                       |
| 14       | Westar Energy, Inc. (Kansas Gas & Electric and Westar Energy) (Total)   | \$198,751,175                            | \$27,824,829             | \$2,627,590                                  | \$9,151,875   |  | Effective 1/1/2016      | annual formula update |
| 14a      | Westar Energy, Inc. (Kansas Gas & Electric and Westar Energy)   | \$198,421,616                            | \$27,824,829             | \$11,779,465                                 |   |  | Effective 1/1/2016      | annual formula update |
| 14b      | Prairie Wind Transmission, LLC.   | \$0                                      | \$0                      | \$0  |   |  | Effective 1/1/2015      | annual formula update |
| 14c      | Kansas Power Pool   | \$329,559                                | \$0                      | \$0  |   |  | Effective 12/20/2011    |                       |
| 15       | Mid-Kansas Electric Company (Total)   | \$6,591,519                              | \$4,012,329              | \$3,819,180                                  |   |  | Effective 1/1/2016      |                       |
| 15a      | Mid-Kansas Electric Company   | \$5,937,095                              | \$4,012,329              | \$3,039,622                                  | \$0   |  | Effective 1/1/2016      | annual formula update |
| 15b      | ITC Great Plains  | \$654,424                                | \$0                      | \$779,558                                    |   |  | Effective 1/1/2016      | annual formula update |
| 15c      | Prairie Wind Transmission, LLC.   | \$0                                      | \$0                      | \$0  |   |  | Effective 1/1/2016      | annual formula update |
| 16       | Lincoln Electric System   | \$24,445,830                             | \$0                      | \$0  | \$6,267,849   |  | Effective 1/1/2016      | annual formula update |

**Southwest Power Pool, Inc.**

**ATTACHMENT H  
Annual Transmission Revenue Requirement For Network**

**Integration Transmission Service  
REVISED FOR BALANCED PORTFOLIO TRANSFERS  
Table 1 (revised)**

|          |   |                 |               |              |              |  |  |
|----------|---|-----------------|---------------|--------------|--------------|--|--|
| 17       | Nebraska Public Power District                        | \$53,321,530    | \$3,412,478   | \$0          | \$10,080,303 |  | annual formula update                        |
| 17a      | Nebraska Public Power District                        | \$44,763,710    | \$11,370,423  | \$2,122,358  |              |  | Effective 1/1/2016                           |
| 17b      | Central Nebraska Public Power and Irrigation District | \$429,824       | \$0           | \$0          |              |  | Effective 1/1/2015                           |
| 17c      | Tri-State G&I Association                             | \$8,127,996     |               |              |              |  | annual formula update                        |
| 18       | Omaha Public Power District                           | \$36,907,227    | \$0           | \$0          | \$9,503,637  |  | Effective 8/1/2015<br>annual formula update  |
| 19       | Upper Missouri Zone – Total                           | \$271,361,090   | \$0           | \$1,985,337  |              |  | Effective 1/1/2016<br>annual formula update  |
| 19a      | Western-UGP   | \$138,325,368   | \$0           | \$0          |              |  | Effective 1/1/2016<br>annual formula update  |
| 19b      | Basin Electric Power Cooperative                      | \$70,188,397    | \$0           | \$1,985,337  |              |  | Effective 1/1/2016<br>annual formula update  |
| 19c      | Heartland Consumers Power District                    | \$3,050,822     | \$0           | \$0          |              |  | Effective 1/1/2016<br>annual formula update  |
| 19d      | Missouri River Energy Services - Total                | \$8,781,558     | \$0           | \$0          |              |  | Effective 10/1/2015<br>annual formula update |
| 19d (i)  | Missouri River Energy Services                        | \$3,222,138     | \$0           | \$0          |              |  | Effective 10/1/2015<br>annual formula update |
| 19d(ii)  | Moorhead Public Service                               | \$3,363,422     | \$0           | \$0          |              |  | Effective 10/1/2015<br>annual formula update |
| 19d(iii) | Orange City Municipal Utilities                       | \$239,744       | \$0           | \$0          |              |  | Effective 10/1/2015<br>annual formula update |
| 19d(iv)  | City of Pierre, South Dakota                          | \$944,389       | \$0           | \$0          |              |  | Effective 10/1/2015<br>annual formula update |
| 19d(v)   | City of Sioux Center, Iowa                            | \$193,581       | \$0           | \$0          |              |  | Effective 10/1/2015<br>annual formula update |
| 19d(vi)  | Watertown Municipal Utility Department                | \$818,284       | \$0           | \$0          |              |  | Effective 10/1/2015<br>annual formula update |
| 19e      | East River Electric Power Cooperative, Inc.           | \$16,611,425    | \$0           | \$0          |              |  | Effective 1/1/2016<br>annual formula update  |
| 19f      | Corn Belt Power Cooperative                           | \$11,262,024    | \$0           | \$0          |              |  | Effective 10/1/2015<br>annual formula update |
| 19g      | NorthWestern Corporation (South Dakota)               | \$8,361,591     | \$0           | \$0          |              |  | Effective 4/1/2016<br>annual formula update  |
| 19h      | Northwest Iowa Power Cooperative                      | \$8,035,159     | \$0           | \$0          |              |  | Effective 10/1/2015<br>annual formula update |
| 19i      | Harlan Municipal Utilities                            | \$292,633       | \$0           | \$0          |              |  | Effective 10/1/2015<br>annual formula update |
| 19j      | Central Power Electric Cooperative                    | \$6,452,112     |               |              |              |  | Effective 1/1/2016<br>annual formula update  |
| 19       | Total   | \$1,199,935,252 | \$132,204,157 | \$40,469,934 | \$82,099,792 |  |  |

**Table 2-A**

**From Base Plan Rev. Req. Alloc Tab**

|   |   |               |                     |
|---|---|---------------|---------------------|
| 1 | Base Plan Region-wide ATRR (NTC prior to June 19, 2010)                                   | \$80,885,247  | Effective 4/1/2016  |
| 2 | Base Plan Region-wide ATRR (NTC on or after June 19, 2010)                                | \$173,520,752 | Effective 1/1/2016  |
| 3 | Total ATRR reallocated to Balanced Portfolio Region-wide ATRR from Column (6), Section I, | \$82,099,792  | Effective 10/1/2015 |
| 4 | Balanced Portfolio Region Wide ATRR   | \$99,625,644  | Effective 1/1/2016  |
| 5 | Base Plan Region-wide ATRR to pay Upgrade Sponsors  | \$0           |                     |
| 6 | SPP Interregional Planning Region ATRR  | \$0           |                     |
| 7 | Other Interregional Planning Region ATRR  | \$0           |                     |
| 8 | Region-wide ATRR (Sum Lines 1 through 7)  | \$436,131,435 | Effective 4/1/2016  |

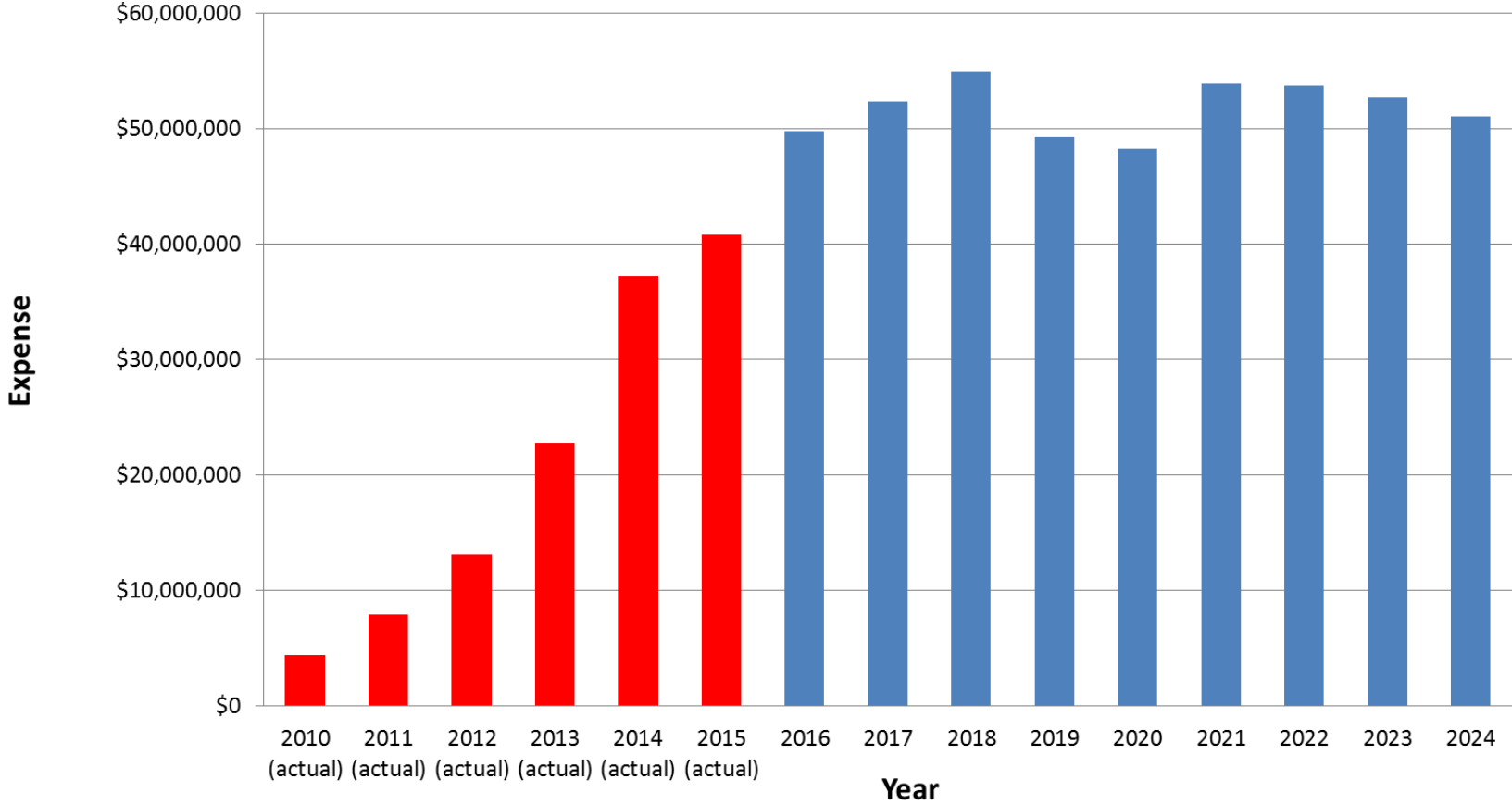
**Table 2-B**

**From Base Plan Rev. Req. Alloc Tab**

|   |   |              |                     |
|---|---|--------------|---------------------|
| 1 | Base Plan Region-wide ATRR (NTC prior to June 19, 2010)                                   | \$34,162     | Effective 10/1/2015 |
| 2 | Base Plan Region-wide ATRR (NTC on or after June 19, 2010)                                | \$27,544,878 | Effective 1/1/2016  |
| 3 | Total ATRR reallocated to Balanced Portfolio Region-wide ATRR from Column (6), Section I, | \$0          |                     |
| 4 | Balanced Portfolio Region-wide ATRR   | \$0          |                     |
| 5 | Base Plan Region-wide ATRR to pay Upgrade Sponsors  | \$0          |                     |
| 6 | SPP Interregional Planning Region ATRR  | \$0          |                     |
| 7 | Other Interregional Planning Region ATRR  | \$0          |                     |
| 8 | Region-wide ATRR (Sum Lines 1 through 7)  | \$27,579,040 | Effective 1/1/2016  |

Tables 1, 2-A, and 2-B above reflect the impact of the Balanced Portfolio transfers on the zonal (Base Plan and the TO's) ATRR. These revised revenues are used to calculate the charges and rates.

## SPP Base Plan Funding Costs KCP&L



1

<sup>1</sup> Projections for 2016-2024 Network portion, and rates for the Point-to-point portion, are taken from: July 2015 Cost Allocation Forecast incl IS-for posting.xlsx, Maintained by SPP, Posted August 20, 2015, <https://www.spp.org/Documents/29338/2015%20July%2010%20Year%20Cost%20Allocation%2020150731.zip>

## **SCHEDULE 1-A TARIFF ADMINISTRATION SERVICE**

The Transmission Provider shall provide Tariff Administration Service to carry out its responsibilities under this Tariff. The Transmission Customer must purchase this service from the Transmission Provider. The charges for this Service are to be developed as shown below.

1. Administration Charge:

An administration charge shall be applied to all transmission service under this Tariff to cover the Transmission Provider's expenses related to administration of this Tariff. For Point-To-Point Transmission Service this charge shall be up to \$0.39 per MW per hour for all capacity reserved. For Network Integration Transmission Service this charge shall be up to \$0.39 per MW per hour for the 12 month average of the Transmission Customer's coincident Zonal Demands used to determine the Demand Charges under Schedule 9 multiplied by the number of all hours of the applicable month. The charge per MW per hour shall be the same for Point-To-Point Transmission Service as for Network Integration Transmission Service.

For each calendar year, the Transmission Provider shall establish a rate for this administration charge by dividing projected expenses based on its budget for the calendar year divided by the projected annual Schedule 1-A billing units for the calendar year. The Transmission Provider shall reconcile actuals to budgeted figures and shall adjust charges for the following calendar year to reflect either over or under recoveries of its costs for the prior year to allow the Transmission Provider to recover its actual costs. In projecting and recovering its expenses, the Transmission Provider shall recover 100% of its total expenses through this charge up to the cap of \$0.39 per MW per hour for all transmission service under the Tariff.

2. Transmission Service Request Charges:

The Transmission Customer shall pay the Transmission Provider a charge for each new Transmission Service Request as follows:

- (i) For Firm Point-To-Point Transmission Service:
  - Reservations less than one month: \$100
  - Reservations one month or longer: \$200
- (ii) For Non-Firm Point-To-Point Transmission Service:
  - Each Reservation: \$0.

However, the Transmission Customer shall have this fee rebated to it once the Transmission Customer becomes legally obligated to pay the applicable Firm Point-To-Point Transmission Service charges under this Tariff or if the requested Firm Point-To-Point Transmission Service is denied by the Transmission Provider.

3. Bad Debt Expense:

The Transmission Provider shall include in its charges under this Schedule a component to cover estimated bad debts. The Transmission Provider shall reconcile actuals to estimates and shall adjust future monthly charges to reflect either over or under recoveries.

## **SCHEDULE 1 SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE**

Scheduling, System Control and Dispatch Service is required to schedule the movement of power through, out of, within or into the SPP Balancing Authority Area. Charges for such service shall be as follows:

- 1) For Customers taking Firm or Non-Firm Point-To-Point Transmission Service, for through and out transactions, the Schedule 1 charge shall be the product of the capacity reserved, expressed in MW and the appropriate rate set forth in the Revenue Requirements and Rates File ("RRR File"), Schedule 1 tab, posted on the SPP website. The yearly rate for such transactions is computed as the ratio of the sum of the accepted or approved revenue requirements most recently determined for each Control Area operator having a scheduling charge and the prior calendar year's average of the 12 monthly peaks of the total Resident Load (expressed in MW) in the SPP Region.

### On-Peak:

Monthly Rate/MW: the yearly rate divided by 12

Weekly Rate/MW: the yearly rate divided by 52

Daily Rate/MW: the yearly rate divided by 260

Hourly Rate/MW: the yearly rate divided by 4160

### Off-Peak:

Daily Rate/MW: the yearly rate divided by 365

Hourly Rate/MW: the yearly rate divided by 8760

### On-Peak and Off-Peak Periods

Off-Peak days shall be Saturdays and Sundays and all NERC holidays. All other days shall be On-Peak. All hours during Off-Peak days shall be Off-Peak. On-Peak hours during On-Peak days shall be all hours from HE 0700 through HE 2200 Central Prevailing Time. All other hours during On-Peak days shall be Off-Peak.

- 2) For Customers taking Firm or Non-Firm Point-To-Point Transmission Service, for transactions into and within the Transmission System, the Schedule 1 charge shall be the charge computed pursuant to the approved rate schedule of the Zone that is the Point of Delivery.

- 3) For Customers taking Network Integration Transmission Service, the Schedule 1 charge shall be the charge computed pursuant to the approved rate schedule of the Zone in which the load is located.

Revenue associated with the provision of Schedule 1 service for Customers taking Firm or Non-Firm Point-To-Point Transmission Service for through and out transactions shall be allocated to Control Area operators in proportion to the respective scheduling revenue requirement of each such Control Area operator associated with the provision of this service. Such scheduling revenue requirements are set forth in the RRR File, Schedule 1 tab, posted on the SPP website.

## **SCHEDULE 12 FERC ASSESSMENT CHARGE**

### **1. INTRODUCTION**

As a public utility, the Transmission Provider is subject to annual charges assessed by the Commission, pursuant to Part 382 of its regulations (the “FERC Assessment”). For each public utility, such assessment is based on the actual megawatt-hours of energy transmitted in interstate commerce during a calendar year, as reported on FERC Form 582. This Schedule 12 provides for recovery of the estimated amount to be assessed by the Commission in the next year for transmission service provided in the current year, with subsequent true-up to actual cost, when such cost is known.

### **2. APPLICABILITY**

This charge shall apply to all energy delivered under Point-To-Point Transmission Service and Network Integration Transmission Service and to all energy delivered to Bundled Retail and Grandfathered Loads to which Section 39.1 of this Tariff applies.

### **3. RATE CHARGED**

The charge factor developed by the Commission in the prior calendar year and applied to energy transmitted in the second prior calendar year shall be applied monthly to all energy delivered under Point-To-Point Transmission Service, Network Integration Transmission Service, and to all energy delivered to Bundled Retail and Grandfathered Loads to which Section 39.1 applies in that month.

SPP shall also include in its bills a True-Up Rate. The True-Up Rate shall be the amount of the Commission assessment billed to the Transmission Provider less the total revenue collected by the Transmission Provider under this Schedule 12 for the second prior year, divided by estimated energy to be transmitted during the current year for all energy delivered under Point-To-Point Transmission Service, Network Integration Transmission Service, and to all energy delivered to Bundled Retail and Grandfathered Loads to which Section 39.1 applies. For the first two years that this FERC Assessment Charge is effective, the True-Up rate shall be zero.



4. BILLING

SPP shall bill Transmission Customers and Transmission Owners covered by Section 39.1 the charges specified under this Schedule in accordance with the procedures in Section 7 of this Tariff.