

February 1, 2010

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

RE: *Southwest Power Pool, Inc.*, Docket No. ER10-_____
Submission of Second Revised Agreement for Wholesale Distribution
Service Charges

Dear Secretary Bose:

Pursuant to Section 35.13 of the regulations of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. § 35.13, Southwest Power Pool, Inc. ("SPP") hereby submits an executed Second Revised Agreement for Wholesale Distribution Service Charges ("Second Revised Agreement") between Kansas Electric Power Cooperative, Inc. ("KEPCO") and The Empire District Electric Company ("Empire") (KEPCO and Empire are collectively referred to as the "Parties").¹ The Second Revised Agreement modifies the currently effective agreement between the Parties accepted for filing by the Commission on February 16, 2007 in Docket No. ER07-382-000 ("First Revised Agreement").² SPP respectfully requests that the Second Revised Agreement become effective January 1, 2010.

I. Background

SPP is a Commission-approved Regional Transmission Organization ("RTO"). It is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. SPP currently has 56 members serving more than 5 million customers and covering a geographic area of 370,000 square miles. SPP's current membership consists of 14 investor-owned utilities, 9 municipal systems, 11 generation and transmission

¹ A copy of the Second Revised Agreement, designated as Second Revised Service Agreement No. 1120, is included as Exhibit I.

² See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER07-382-000 (Feb. 16, 2007) ("February Letter Order").

cooperatives, 4 state authorities, 5 independent power producers, 10 power marketers, and 3 independent transmission companies.

Schedule 10 of SPP's Open Access Transmission Tariff ("SPP Tariff") governs Wholesale Distribution Service. Schedule 10 provides that Wholesale Distribution Service will be provided by the individual Transmission Owners as necessary to effectuate a transaction under the SPP Tariff.³ The transaction-specific information, including all customer-specific rates and charges, will be set forth in a Service Agreement between SPP and the Transmission Customer for the associated service being provided pursuant to the SPP Tariff.⁴ Schedule 10 also provides that, unless otherwise specified, the provision of Wholesale Distribution Service will commence on the same day as service for the associated transaction commences, and shall terminate on the same day as service for the associated transaction terminates.⁵

SPP filed the original Agreement for Wholesale Distribution Service Charges between KEPCO and Empire with the Commission on February 14, 2005 in Docket No. ER05-576-000 ("Original Agreement"). The Original Agreement, designated as Service Agreement No. 1120, established the Wholesale Distribution Charge for certain distribution facilities installed by Empire exclusively to serve KEPCO. The Original Agreement was accepted by the Commission on April 13, 2005.⁶

On December 28, 2006, SPP filed the First Revised Agreement between KEPCO and Empire, which was executed on October 23, 2006. The First Revised Agreement updated the monthly Wholesale Distribution Services Charge to reflect an added delivery point to serve KEPCO. The First Revised Agreement was accepted by the Commission in the February Letter Order.

II. Discussion

A. Description of the Second Revised Agreement

The Second Revised Agreement updates the amount invested by Empire in distribution facilities installed exclusively to serve KEPCO at the Twin Valley, Crestline, and Columbus-West delivery points in order to reflect the termination of the RICCI

³ See SPP Tariff at Schedule 10.

⁴ See *id.*

⁵ See *id.*

⁶ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER05-576-000 (Apr. 13, 2005).

delivery point.⁷ The Parties have also updated the monthly Wholesale Distribution Service Charge to be paid by KEPCO for the three remaining delivery points.

KEPCO and Empire also have included language in the Second Revised Agreement that affects non-rate terms and conditions. First, the Revised Agreement includes a provision addressing loss compensations. Loss compensation previously was addressed in a Meter Agent Services Agreement between the Parties that was accepted by the Commission on June 6, 2007 in Docket No. ER07-734-000.⁸ The Meter Agent Services Agreement, however, was terminated by mutual agreement of the Parties on November 3, 2009.⁹ Therefore, the Parties now include the loss compensation provisions in the Second Revised Agreement. Second, the Revised Agreement provides for an initial term of two years for the Second Revised Agreement, with an automatic renewal of successive one-year terms thereafter unless otherwise mutually agreed to by the Parties.

Finally, the Revised Agreement updates existing provisions that permit Empire to assess an early termination fee if KEPCO terminates the Second Revised Agreement prior to January 1, 2020. Such fee will be equal to the depreciated value plus removal costs of any facilities that were installed in 2009 as described in the exhibits to the agreement.

B. Justification for the Second Revised Agreement

Commission acceptance of the Second Revised Agreement is warranted. The Second Revised Agreement will allow Empire to be fully reimbursed for the expense of constructing specific distribution facilities exclusively for KEPCO's benefit. Moreover, the Parties have agreed to the rates, terms and conditions of the Second Revised Agreement, and the Commission has previously approved the First Revised Agreement, including its rate structure. The Second Revised Agreement simply updates the Wholesale Distribution Service Charge to reflect the removal of the RICCI delivery point, incorporates loss compensations provisions included in the Meter Agent Services

⁷ The Second Revised Agreement has also been modified to reflect the termination of the Ricci delivery point. Other than the changes specified in this filing, the Second Revised Agreement is identical in all material respects to the First Revised Agreement.

⁸ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER07-734-000 (June 6, 2007); see also *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER07-734-001 (Aug. 10, 2007) (accepting compliance filing to comply with Order No. 614 designation requirements).

⁹ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER10-370-000 (Jan. 25, 2010) (accepting termination of Meter Agent Services Agreement).

Agreement between the Parties previously accepted by the Commission, and updates the term and early termination penalty provisions.

III. Effective Date and Waiver

SPP requests an effective date of January 1, 2010 for the Second Revised Agreement. Pursuant to section 35.11 of the Commission's rules and regulations, 18 C.F.R. § 35.11, SPP requests a waiver of the Commission's 60-day notice requirement set forth at 18 C.F.R. § 35.3. Waiver is appropriate because the Second Revised Agreement is being filed within 30 days of the commencement of service.¹⁰

IV. Additional Information

A. Information Required by Section 35.13 of the Commission's Regulations, 18 C.F.R. § 35.13:

1. Documents submitted with this filing:

In addition to this transmittal letter, SPP is submitting the following:

- (a) Exhibit I: Clean copy of the Second Revised Agreement;
- (b) Exhibit II: Redlined copy of the Second Revised Agreement illustrating the differences between the Second Revised Agreement and the First Revised Agreement; and
- (c) Exhibit III: Schedule XC of Empire's Kansas retail tariff.

2. Effective Date:

As discussed in this filing, SPP respectfully requests that the Commission grant a waiver and accept the Second Revised Agreement with an effective date of January 1, 2010.

¹⁰ See *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, at 61,983-84, *order on reh'g*, 65 FERC ¶ 61,081 (1993) (the Commission will grant waiver of the 60-day prior notice requirement "if service agreements are filed within 30 days after service commences.").

3. Service:

SPP is serving a copy of this filing on the representatives for KEPCO and Empire specified in the Second Revised Agreement, as well as the Kansas Corporation Commission.

4. Basis of Rate:

All charges will be determined in accordance with SPP's Tariff.

B. Communications:

Copies of this filing have been served upon all parties to the Second Revised Agreement. Any correspondence regarding this matter should be directed to:

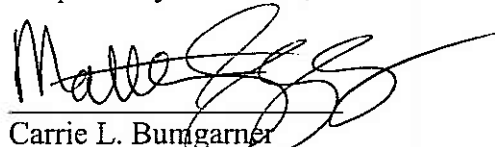
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V. Conclusion

For all the foregoing reasons, SPP respectfully requests that the Commission accept the Second Revised Agreement with an effective date of January 1, 2010.

Respectfully submitted,



Carrie L. Bumgarner
Matthew K. Segers

**Attorneys for Southwest Power
Pool, Inc.**

EXHIBIT I

THE EMPIRE DISTRICT ELECTRIC COMPANY

SECOND REVISED AGREEMENT FOR WHOLESALE DISTRIBUTION SERVICE CHARGES

1. This Second Revised Agreement (Agreement) is made this 21st day of January 2010, by and between, **KANSAS ELECTRIC POWER COOPERATIVE, INC.**, hereinafter called the Customer, and **THE EMPIRE DISTRICT ELECTRIC COMPANY**, a corporation organized under the laws of the State of Kansas, hereinafter called the Company, supersedes the previous Revised Agreement For Wholesale Distribution Service Charges ("WDSC") executed on October 23, 2006 and which ultimately became effective on February 27, 2007 pursuant to Federal Energy Regulatory Commission (FERC) Order in Docket No. ER07-382-000.

2. In consideration of the revised investment of \$118,504.04 which has been made by the Company in distribution facilities installed exclusively to serve the Customer at the Twin Valley (Exhibit A, A.1), Crestline (Exhibit B, B.1), and Columbus-West (new Exhibit D, D.1) delivery points¹, the Customer agrees to pay to the Company a revised monthly Wholesale Distribution Service Charge of \$1,777.56 (which is the sum of \$1,699.32 (revised WDSC for existing and new investment of \$113,288.04 for Twin Valley and Crestline - Exhibits A&B, respectively) and \$78.24 (new WDSC for the existing and new investment of \$5,216 for Columbus-West)). This monthly charge is based on a carrying charge of 1.50%, which is similar to the monthly Excess Facilities Charge established by the Kansas Corporation Commission for retail customers and documented on attached Schedule XC of the Company's Kansas retail tariff issued September 8, 1994. This pricing is by way of settlement and does not establish any precedent as to any ratemaking principles or constitute a settled practice for establishing rates, except for the period of time that the agreed upon charge (i.e., the stated dollar amount) remains in effect as to the affected delivery points. Nothing contained herein shall prevent either party from making a unilateral application to the appropriate regulatory authority for a change in the rates/charges, terms, and/or conditions under this agreement.

3. In an effort to protect the Company's other Kansas customers from sudden and severe voltage fluctuations that may be caused by the operation of loads on the Customer's system, the Customer agrees to an instantaneous in-rush KVA limit of 337 KVA at the Twin Valley delivery point, a 547 KVA in-rush limit at the Crestline delivery point, and a 5,523 KVA in-rush limit at the Columbus-West delivery point. Customer agrees to take measures to insure that these limits are not exceeded and understands that a consequence of exceeding this limit may be the disconnection of Customer at non-compliant locations from the Company's system until such situation is resolved.

4. Unless otherwise specified in this Agreement and/or Exhibits, it is the understanding of the parties that Customer will be responsible for Remote Terminal Unit (RTU) or related telecommunications arrangements and costs for meter consumption monitoring and exchange with the Company and/or its transmission provider, as deemed appropriate by Company.

5. It is also understood and agreed by the parties hereto that the above monthly Wholesale Distribution Service Charge is to be in addition to the regular monthly charges for transmission service under the terms of the Southwest Power Pool (SPP) Open Access Transmission Tariff (OATT) and Network Transmission Agreement between SPP and the Customer and will be billed in accordance with the SPP OATT Wholesale Distribution Schedule 10.

¹ Note: Adjusted for the termination of the Ricci delivery point (Exhibit C) which was mutually agreed to by the parties on November 25, 2009 with WDSC billing for Ricci discontinued January 1, 2010. Exhibit C is canceled. *BD*

6. The Parties intend the provisions of this paragraph to replace the loss compensation terms of the Meter Agent Services Agreement entered into on February 26, 2007, accepted by FERC on August 7, 2007 in ER07-734-001 and subsequently terminated by mutually agreement on November 3, 2009. The parties acknowledge that loss compensations, as set forth in the attached Exhibits A.1, B.1 and D.1 for Company's associated distribution facilities are acceptable to each party until modified by mutual agreement or such modifications are accepted by the FERC by a requesting party. Loss compensations to Company will be determined pursuant to the SPP Open Access Transmission Tariff and SPP Protocols (Appendix D). Engineering values applicable to the SPP Protocols will be reviewed by the parties at the request of either party. In the event permanent equipment changes occur or the need to update the engineering values occurs, the parties will notify each other, in a timely manner, before such change in the engineering values will permanently occur. Any revisions, and implementation date of such revisions, will be mutually agreed to by the parties, with such agreement to not be unreasonably withheld by either party. If such mutual agreement cannot be obtained in a timely manner, then the requesting party will have the right to seek such change at the FERC.

7. The initial term of this agreement will be two (2) years, beginning on January 1, 2010. Thereafter, this agreement will be deemed to be renewed for successive one (1) year terms, unless otherwise mutually agreed to by the parties. Written notice shall be given by either party to the other party for discontinuance or termination of same at least 180 days before the expiration of the then current term of this agreement. In the event that the Customer desires to terminate this agreement prior to January 1, 2020, the Company may assess a one-time termination fee equal to the depreciated value plus removal costs of any metering equipment facilities that were installed in 2009 as described in the Exhibits. Such fee will be based on the Company's approved depreciation schedules in effect in its Kansas jurisdiction at the time of termination. Said termination fee will be due and payable by the Customer to the Company within 30 (thirty) days following submittal of an invoice to the Customer by the Company..

KANSAS ELECTRIC POWER COOPERATIVE, INC.

(Customer)

By Stephen E. Parr
Stephen E. Parr

Title: Executive Vice President and CEO

Witness

Robert D. Boush

Date:

1/26/10

THE EMPIRE DISTRICT ELECTRIC COMPANY

By

Michael E. Palmer
Michael E. Palmer *MP*

Title: Vice President of Commercial Operations

Witness

Jane Sutton

Date:

1-21-2010

WHOLESALE DISTRIBUTION
SERVICE CHARGE

KEPCO (TWIN VALLEY)-SUB 388
SPP OATT ACCOUNT

EXHIBIT A
12/18/2009

CONTRACT DATE	APPROX ACQ DATE	MAP ID	UNIT OF PROPERTY	QTY	INVESTMENT \$	%	MONTHLY FACILITY CHARGE \$
Jun-04	1978		Land		1,462.70	1.50%	21.94
	1978		Arrester	3	682.98	1.50%	10.39
	1979		Arrester	2	593.56	1.50%	8.90
	1979		Arrester	3	1,876.70	1.50%	28.16
	1993		Arrester	1	1,107.55	1.50%	16.61
	1979		Bus Work		7,554.17	1.50%	113.31
	1979		Current Transformer	3	1,261.07	1.50%	18.92
	1979		Fence	1	2,401.90	1.50%	36.03
	1978		Foundation & Footing		6,337.25	1.50%	95.06
	1984		Fuse Device	9	1,754.36	1.50%	26.32
	1979		Lighting		117.00	1.50%	1.76
	1976		Meter (Retained for Redundancy)	1	710.09	1.50%	10.65
	1979		Platform	3	583.06	1.50%	8.75
	1979		Potential Transformer	2	582.60	1.50%	8.74
	1979		Regulator	3	6,477.35	1.50%	97.16
	1979		Switch	4	1,263.89	1.50%	18.96
	1941		Substation Transformer-300kva	3	4,838.14	1.50%	72.57
	1977		Distribution Station Transformer	1	193.00	1.50%	2.90
	1978		Wood Structure		4,757.25	1.50%	71.36
Dec-09	2009		Additional Metering to Meet SPP Rqmts	1	4,328.00	1.50%	64.92
TOTAL					48,692.60		730.40

BW

CONTRACT DATE	APPROX ACQ DATE	MAP ID	UNIT OF PROPERTY	QTY	INVESTMENT \$	%	MONTHLY FACILITY CHARGE \$
Jun-04	1953		Land		101.65	1.50%	1.52
	1995		Bus Work		5,122.36	1.50%	76.84
	1995		Control	1	10,362.68	1.50%	155.44
	1970		Fence	1	1,105.94	1.50%	16.59
	1953		Mass Equipment (Job # K5980C)		1,662.12	1.50%	24.93
	1967		Meter (Redundant)	1	167.36	1.50%	2.51
	1993		Regulator	3	16,769.79	1.50%	251.55
	1995		Switch	2	21,647.65	1.50%	324.71
	1953		Potential Transformer	3	586.39	1.50%	8.80
	1978		Current Transformer	3	1,007.66	1.50%	15.11
	1995		Wood Structure		2,508.84	1.50%	37.65
Dec-09	2009		Additional Metering to Meet SPP Rqmts	1	3,552.00	1.50%	53.28
TOTAL					64,595.44		988.93

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WHOLESALE DISTRIBUTION
SERVICE CHARGE

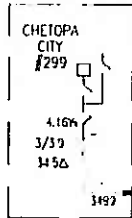
KEPCO
COLUMBUS-WEST DELIVERY POINT
SPP OATT ACCOUNT

EXHIBIT D
12/18/2009

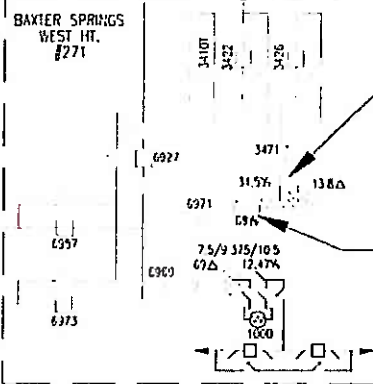
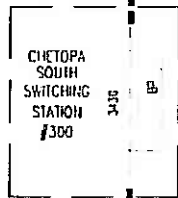
CONTRACT DATE	APPROX ACQ DATE	MAP ID	UNIT OF PROPERTY	QTY	INVESTMENT \$	%	MONTHLY FACILITY CHARGE \$
Dec-09	Pre-2004		Original Meter for Redundancy				
			(Inc) CT's/PT's/Cabinet	1	1,900.00	1.50%	28.50
Dec-09	2009		Additional Metering to Meet SPP Rqmts	1	3,316.00	1.50%	49.74
TOTAL					5,216.00		78.24

BU

34 500 GRDY/19 900
Line Impedance from Baxter
Springs Sub to Twin Valley Sub
8.507 + j11.917 ohms



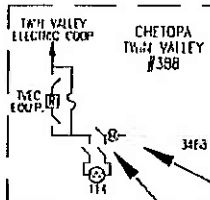
Total Usage for 2008 = 14,262,400 kWh



Transformer Specifications

Rating: 3.0/3.75 MVA
NLL: 10,880 Watts
FLL: 18,420 Watts
%Z: 6.9
% Ext. Current: 0.78 @ 100% rated Voltage
69 kV Delta - 34.5 GRDY/19.92kV

Load Withdrawal Node



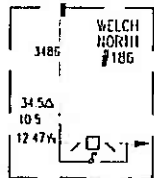
Total Usage for 2008 = 1,846,320 kWh

KANSAS
OKLAHOMA

Metering Point
2 - Meters
Three CT = $50\frac{1}{5}$, $r_f=1$
Three VT = $60\frac{1}{1}$

Transformer Specifications

Rating: 3 - .3 MVA
NLL: 1,925 Watts per each
FLL: 6,030 Watts per each
%Z: 5.4 per each
% Ext. Current: 0.75 @ 100% rated Voltage per each
34.5 kV Delta - 12.47 GRDY/7.2kV



Total Usage for 2008 = 14,262,400 kWh

Node Loss Compensation	
NLWL %	0.60
FLWL %	2.32
NLVL %	0.46
FLVL %	6.59

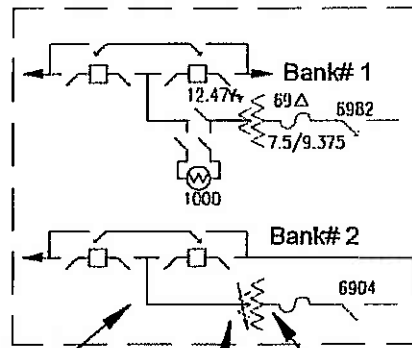
EDE ownership includes everything
to and including the metering point.

THE EMPIRE DISTRICT ELECTRIC CO. JOPLIN, MISSOURI	
Twin Valley COOP	
DRAWN: SDS	DATE: 12/21/09
SCALE: NTS	Exhibit A.1
REVISIONS	

BW

Metering Point
 2 - Meters
 Three CT = $\frac{50}{5}$, $r_f=1$
 Three VT = $\frac{60}{1}$

Columbus
 Tennessee Street
 Substation
 EDE Sub # 282



12 470 GRDY/7 200
 Line Impedance
 $5.258 + j6.129$ ohms

Crestline Substation
 Aprox. 150 feet west of the
 intersection of Hwy 160 & Hwy 400
 Total Usage for 2008 = 7,256,905 kWh

Total Usage for 2008 = 38,193,426 kWh

Load Withdrawal Node

Transformer Specifications

Rating: 7.5/9.375/10.5 MVA
 NLL: 6,141 Watts
 FLL: 23,345 Watts
 %Z: 7.79
 % Ext. Current: 0.32 @ 100% rated Voltage
 69 kV Delta - 12.47 GRDY/7.2kV

Node Loss Compensation

NLWL %	0.11
FLWL %	1.26
NLVL %	0.42
FLVL %	2.54

EDE ownership includes everything
 to and including the metering point.

THE EMPIRE DISTRICT ELECTRIC CO. JOPLIN, MISSOURI	
Heartland COOP - Crestline	
DRAWN: SDS	DATE: 12/21/09
SCALE: NTS	Exhibit B.1
REVISIONS	

TERMINATED - 12/01/2009

NW Star Valley Rd. & NW 100th Street Total Projected for 2006 Usage = 250,000 kWh

(M) Metering Point

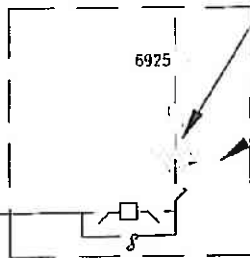
CT = $\frac{30}{5}$, rf=1

PT = $\frac{60}{1}$

12 470 GRDY/7 200
Line Impedance
5.105 + j3.389 ohms

Load Withdrawal Node

Sherman City Substation
EDE Sub #: 425



Transformer Specifications

Rating: 3/3.75 MVA

NLL: 4,909 Watts

FLL: 19,594 Watts

%Z: 7.30

% Ext. Current: 0.70 @

100% rated Voltage

69 kV Delta - 12.47 GRDY/7.2kV

Total Usage for 2006 = 3,544,027 + 250,000 kWh = 3,867,878 kWh

Node Loss Compensation

NLWL %	0.05
FLWL %	0.85
NLVL %	0.21
FLVL %	2.04

THE EMPIRE DISTRICT ELECTRIC CO. JOPLIN, MISSOURI	
Heartland COOP - RICCI	
DRAWN: SDS	DATE: 12/21/09
SCALE: NTS	Exhibit C.1