

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 Network Integration Transmission Service Agreement

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act, 16 U.S.C. § 824d, and section 35.13 of the Federal Energy Regulatory Commission's ("Commission") regulations, 18 C.F.R. § 35.13, Southwest Power Pool, Inc. ("SPP") submits: (1) an unexecuted service Agreement for Network Integration Transmission Service ("Service Agreement") between SPP as Transmission Provider and East Texas Electric Cooperative, Inc. ("ETEC") as Network Customer ("ETEC Service Agreement"); and (2) an unexecuted Network Operating Agreement ("NOA") between SPP as Transmission Provider, ETEC as Network Customer, and American Electric Power Company ("AEP") as Host Transmission Owner ("ETEC NOA") (the ETEC Service Agreement and ETEC NOA are hereinafter the "Revised ETEC Agreements," and ETEC, AEP and SPP are collectively referred to as "the Parties").<sup>1</sup> The Revised ETEC Agreements submitted in this filing modify the currently effective Service Agreement and NOA between the Parties accepted for filing by the Commission on November 28, 2006 in Docket Nos. ER05-519-000, *et al.*<sup>2</sup> SPP is submitting this filing because the Revised ETEC Agreements include

<sup>1</sup> The Revised ETEC Agreements have been designated First Revised Service Agreement No. 1067. The Revised ETEC Agreements are being submitted to the Commission on an unexecuted basis because time constraints prevented the Parties from finalizing the terms and conditions of the Revised ETEC Agreements. Nonetheless, SPP is submitting the Revised ETEC Agreements to the Commission at ETEC's request in order to ensure a January 1, 2010 effective date. SPP will separately file a motion requesting that the Commission defer action in this proceeding in order to provide the Parties sufficient time to complete their negotiations. Once the Parties finalize the terms and conditions of the Revised ETEC Agreements, SPP will submit executed versions of the Revised ETEC Agreements in this proceeding.

<sup>2</sup> See *Sw. Power Pool, Inc.*, 117 FERC ¶ 61,239 (2006) ("November 28 Order").

modifications that do not conform to the standard forms of service agreements that are in the SPP Open Access Transmission Tariff ("SPP Tariff").<sup>3</sup>

### **Description and Justification of Revisions to the Revised ETEC Agreements**

The Revised ETEC Agreements, which are attached as Exhibit I to this filing, are identical in all material respects to the agreements accepted by the Commission in the November 28 Order except for the changes described below. The changes have been made with the Parties' consent and are necessary to help facilitate ETEC's request for transmission service.<sup>4</sup> As discussed below, the Revised ETEC Agreements are being filed with the Commission because they contain language that does not conform to the *pro forma* Agreements.

Specifically, the Parties have updated the term of the ETEC Service Agreement in Section 4.0. Section 2.0 of Attachment 1 to the ETEC Service Agreement and Section 3.3 of the ETEC NOA also have been revised to reflect that ETEC's network load will be served at the delivery points listed in Appendix 3.<sup>5</sup> Appendix 3 is a new non-conforming appendix added to specify the delivery points for the Revised ETEC Agreements.<sup>6</sup> The Commission previously has accepted other non-conforming agreements submitted by SPP that have similar revisions.<sup>7</sup> In addition, *pro forma* language indicating that ETEC's delivery points will be metered at its generation and transmission interconnection points has been removed from Section 2.0 of Attachment 1 of the ETEC Service Agreement.<sup>8</sup>

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<sup>3</sup> See SPP Tariff at Attachment F ("*pro forma* Service Agreement") and Attachment G ("*pro forma* NOA").

<sup>4</sup> Redlined pages illustrating the differences between the Revised ETEC Agreements submitted in this filing and the agreements accepted by the Commission in the November Order are included herein as Exhibit II.

<sup>5</sup> The Revised ETEC Agreements also contain minor revisions conforming the ETEC Service Agreement and the ETEC NOA to the current effective *pro forma* Service Agreement and NOA.

<sup>6</sup> With the insertion of a new Appendix 3, the remaining Appendices were renumbered and all references to those Appendices were also updated. See ETEC Service Agreement at Attachment 1.0, Sections 8.1, 8.3, 8.8 and 8.10.

<sup>7</sup> See, e.g., *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1665-000 (Oct. 22, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER09-1070-000, *et al.* (June 25, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER08-903-000 (May 30, 2008) (accepting similar non-conforming modifications to SPP's *pro forma* Agreements).

<sup>8</sup> See *pro forma* Service Agreement at Attachment 1, § 2.0.

The Parties removed this language because ETEC's network loads will be metered at ETEC's specified delivery points, not at its generation and transmission interconnection points. The Commission has accepted the removal of this language in other non-conforming service agreements submitted by SPP.<sup>9</sup>

The modifications specified in this filing are necessitated by the unique circumstances of ETEC's service request, and clarify how SPP will provide network service to ETEC.<sup>10</sup> Therefore, this filing is consistent with the public interest and warrants approval by the Commission.

SPP is serving a copy of this filing on the representatives for ETEC and AEP listed in the ETEC Agreements.

### **Effective Date and Waiver**

SPP requests an effective date of January 1, 2010 for the Revised ETEC Agreements. 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 Revised ETEC Agreements were originally filed within 30 days of the commencement of service.<sup>11</sup>

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<sup>9</sup> See *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER09-1665-000 (Oct. 22, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1558-000 (Sept. 30, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER09-1070-000, *et al.* (June 25, 2009).

<sup>10</sup> The ETEC Agreements also have been revised to correct punctuation and to capitalize certain words throughout. The Commission has accepted similar revisions in previous Service Agreements and NOAs submitted by SPP. See, e.g., *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER09-1070-000, *et al.* (June 25, 2009).

<sup>11</sup> 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.").

**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, clean copies of the Revised ETEC Agreements are included herein as Exhibit I, and redlined pages illustrating the differences between the Revised ETEC Agreements and the agreements accepted by the Commission in the November 28 Order are included as Exhibits II.

**(2) Effective Date:**

As discussed herein, SPP respectfully requests that the Commission grant a waiver and accept the Revised ETEC Agreements with an effective date of January 1, 2010.

**(3) Service:**

SPP is serving a copy of this filing on the representatives for ETEC and AEP listed in the Revised ETEC Agreements.

**(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 Revised ETEC Agreements. Any correspondence regarding this matter should be directed to:

Heather Starnes, J.D.  
Manager – Regulatory Policy  
Southwest Power Pool, Inc.  
415 North McKinley, #140 Plaza West  
Little Rock, AR 72205  
Telephone: (501) 614-3380  
Fax: (501) 664-9553  
[hstarnes@spp.org](mailto:hstarnes@spp.org)


Carrie L. Bumgarner  
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**Conclusion**

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Carrie L. Buringamer", written over a horizontal line.

Carrie L. Buringamer  
Matthew K. Segers

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

# EXHIBIT I

SERVICE AGREEMENT FOR NETWORK INTEGRATION TRANSMISSION  
SERVICE BETWEEN SOUTHWEST POWER POOL AND EAST TEXAS ELECTRIC  
COOPERATIVE

This Network Integration Service Agreement ("Service Agreement") is entered into this \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_, by and between East Texas Electric Cooperative, Inc. ("Network Customer"), and Southwest Power Pool, Inc. ("Transmission Provider"). The Network Customer and Transmission Provider shall be referred to individually as a "Party" and collectively as "Parties."

WHEREAS, the Transmission Provider has determined that the Network Customer has made a valid request for Network Integration Transmission Service in accordance with the Transmission Provider's Open Access Transmission Tariff ("Tariff") filed with the Federal Energy Regulatory Commission ("Commission"), as it may from time to time be amended;

WHEREAS, the Transmission Provider administers Network Integration Transmission Service for Transmission Owners within the Southwest Power Pool and acts as agent for the Transmission Owners in providing service under the Tariff; and

WHEREAS, the Network Customer has represented that it is an Eligible Customer under the Tariff;

Whereas, the Parties intend that capitalized terms used herein shall have the same meaning as in the Tariff.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the Parties agree as follows:

Issued by: Heather H. Starnes, Manager, Regulatory Policy

Issued: February 1, 2010

Effective: January 1, 2010

- 1.0 The Transmission Provider agrees during the term of this Service Agreement, as it may be amended from time to time, to provide Network Integration Transmission Service in accordance with the Tariff to enable delivery of power and energy from the Network Customer's Network Resources that the Network Customer has committed to meet its load.
- 2.0 The Network Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Parts I and III and V of the Tariff and this Service Agreement with attached Specifications.
- 3.0 The terms and conditions of such Network Integration Transmission Service shall be governed by the Tariff, as in effect at the time this Service Agreement is executed by the Network Customer, or as the Tariff is thereafter amended or by its successor tariff, if any. The Tariff as it currently exists, or as it is hereafter amended, is incorporated in this Service Agreement by reference. In the case of any conflict between this Agreement and the Tariff, the Tariff shall control. The Network Customer has been determined by the Transmission Provider to have a Completed Application for Network Integration Transmission Service under the Tariff. The completed specifications are based on the information provided in the Completed Application and are incorporated herein and made a part hereof as Attachment 1.
- 4.0 Service under this Service Agreement shall commence on such date as it is permitted to become effective by the Commission. This Service Agreement shall be effective through January 1, 2015. Thereafter, it will continue from year to year unless terminated by the Network Customer or the Transmission Provider by giving the other one-year advance written notice or by the mutual written consent of the Transmission Provider and Network Customer. Upon termination, the Network Customer remains responsible for any outstanding charges, including all costs incurred and apportioned or assigned to the Network Customer under this Service Agreement.



5.0 The Transmission Provider and Network Customer have executed a Network Operating Agreement as required by the Tariff.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below. Such representative and address for notices or requests may be changed from time to time by notice by one Party or the other.

Southwest Power Pool:

Carl A. Monroe  
Executive Vice President and Chief  
Operating Officer  
415 N. McKinley, 140 Plaza West  
Little Rock, AR 72205

Network Customer:

Edd Hargett  
General Manager  
2905 Westward Drive  
P.O. Box 631623  
Nacogdoches, TX 75963

7.0 This Service Agreement shall not be assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld. However, either Party may, without the need for consent from the other, transfer or assign this Service Agreement to any person succeeding to all or substantially all of the assets of such Party. However, the assignee shall be bound by the terms and conditions of this Service Agreement.

8.0 Nothing contained herein shall be construed as affecting in any way the Transmission Provider's or a Transmission Owner's right to unilaterally make application to the Federal Energy Regulatory Commission, or other regulatory agency having jurisdiction, for any change in the Tariff or this Service Agreement under Section 205 of the Federal Power Act, or other applicable statute, and any rules and regulations promulgated thereunder; or the Network

Customer's rights under the Federal Power Act and rules and regulations promulgated thereunder.

9.0 By signing below, the Network Customer verifies that all information submitted to the Transmission Provider to provide service under the Tariff is complete, valid and accurate, and the Transmission Provider may rely upon such information to fulfill its responsibilities under the Tariff.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

TRANSMISSION PROVIDER

NETWORK CUSTOMER

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

ATTACHMENT 1 TO THE NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT  
BETWEEN SOUTHWEST POWER POOL AND EAST TEXAS ELECTRIC COOPERATIVE  
SPECIFICATIONS FOR NETWORK INTEGRATION TRANSMISSION SERVICE

**1.0 Network Resources**

The Network Resources are listed in Appendix 1.

**2.0 Network Loads**

The Network Load consists of the bundled native load or its equivalent for Network Customer load in American Electric Power Company Control Area as listed in Appendix 3.

The Network Customer's Network Load shall be measured on an hourly integrated basis, by suitable metering equipment located at each connection and delivery point and at each generating facility. Measurements taken and all metering equipment shall be in accordance with the Transmission Provider's standards and practices for similarly determining the Transmission Provider's load. The actual hourly network Loads, by delivery point, internal generation site and point where power may flow to and from the Network Customer, with separate readings for each direction of flow, shall be provided.

**3.0 Affected Control Areas and Intervening Systems Providing Transmission Service**

The affected control area is American Electric Power Company. The intervening systems providing transmission service are Entergy Corporation.

#### 4.0 Electrical Location of Initial Sources

See Appendix 1.

#### 5.0 Electrical Location of the Ultimate Loads

The loads of Network Customer identified in Section 2.0 hereof as the Network Load are electrically located within the American Electric Power Control Area.

#### 6.0 Delivery Points

The delivery points are the interconnection points identified in Section 2.0 as the Network Load.

#### 7.0 Receipt Points

The Points of Receipt are listed in Appendix 2.

#### 8.0 Compensation

Service under this Service Agreement may be subject to some combination of the charges detailed below. The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.

##### 8.1 Transmission Charge

Monthly Demand Charge per Section 34.1 and Part V of the Tariff. An apportionment of the Northeast Texas Electric Cooperative (NTEC) monthly demand charges are assigned to ETEC pursuant to an Assignment Letter Agreement dated January 6, 1994 and restated effective September 1, 1997 between SWEPCO, NTEC, and ETEC filed as FERC ER94-891-000. The billing formula is attached as Appendix 4.

## **8.2 System Impact and/or Facility Study Charge**

Studies may be required in the future to assess the need for system reinforcements in light of the ten-year forecast data provided. Future charges, if required, shall be in accordance with Section 32 of the Tariff.

## **8.3 Direct Assignment Facilities Charge**

Direct Assignment Transmission Facilities Charges are initially calculated to be \$454.14 per month. O&M charges for Customer CIAC is initially calculated to be \$1287.52 per month. The direct assignment bridge agreement, executed contemporaneously with this agreement, is included as Appendix 7 which includes a detail of these charges. Cost support for the transmission service rate calculation is included as Appendix 5

## **8.4 Ancillary Service Charges**

8.4.1 The following Ancillary Services are required under this Service Agreement.

- a) Scheduling and Tariff Administration Service per Schedule 1A of the Tariff.
- b) Scheduling. System Control and Dispatch Service per Schedule 1 of the Tariff.
- c) Reactive Supply and Voltage Control from Generation Sources Service per Schedule 2 of the Tariff.
- d) Regulation and Frequency Response Service per Schedule 3 of the Tariff.
- e) Energy Imbalance Service per Schedule 4 of the Tariff.
- f) Operating Reserve - Spinning Reserve Service per Schedule 5 of the Tariff.
- g) Operating Reserve - Supplemental Reserve Service per Schedule 6 of the Tariff.

The Ancillary Services will be self-supplied by the Network Customer in accordance with Sections 8.4.2 through 8.4.4, with the exception of the Ancillary Services for Schedules 1 and 2. The Transmission Provider will recognize credits for Ancillary Service Schedule 2 pursuant to the Self Supply of Ancillary Services Letter Agreement between American Electric Power and the Network Customer executed contemporaneously with this agreement. The Transmission Provider will net bill for Ancillary Service Schedule 2 reflecting credits for the customers reactive supply resources recognized under the Self Supply of Ancillary Services Letter Agreement.

8.4.2 With its annual forecasts, the Network Customer shall indicate its source for Ancillary Services in accordance with the Tariff to be in effect for the upcoming calendar year. If the Network Customer fails to include this information with its annual forecasts, Ancillary Services will be provided for and charged in accordance with the Tariff.

8.4.3 When the Network Customer elects to self provide Ancillary Services and is unable to provide its own Ancillary Services, the Network Customer will pay the Transmission Provider for such services and associated penalties in accordance with the Tariff as a result of the failure of the Network Customer's alternate sources for required Ancillary Services.

8.4.4 All costs for the Network Customer to supply its own Ancillary Services shall be the responsibility of the Network Customer.

**8.5 Real Power Losses**

The Network Customer shall replace losses in accordance with Attachment M of the Tariff.

**8.6 Power Factor Correction Charge**

N/A

**8.7 Redispatch Charge**

Redispatch charges shall be in accordance with Section 33.3 of the Tariff.

**8.8 Wholesale Distribution Service Charge**

Wholesale Distribution Service Charges are initially calculated to be \$1,440.71 per month. A detail of the charges is included as Appendix 7. Cost support for the Distribution Service rate calculation is included as Appendix 6. Distribution meter readings will be adjusted for distribution losses as set forth in Southwestern Electric Power Company's most recent distribution loss study.

**8.9 Network Upgrade Charges**

**8.10 Other Charges**

Charges for Data Processing Services are initially calculated to be \$169.62 per month. A detail of the charges is included as Appendix 7.

**9.0 Credit for Network Customer-Owned Transmission Facilities**

None

**10.0 Designation of Parties Subject to Reciprocal Service Obligation**

None

**11.0 Other Terms and Conditions**

None

APPENDIX 1

Network Resources of  
East Texas Electric Cooperative, Inc



APPENDIX 1

NETWORK RESOURCES  
FOR EAST TEXAS ELECTRIC COOPERATIVE

NETWORK RESOURCE	Maximum Net Dependable Capacity (MW)		LOCATION
	Summer	Winter	
Restated and Amended Power Sales Agreement between Southwestern Electric Power Company (SWEPCO) and East Texas Electric Cooperative, Inc. effective June 15, 2000.	92	116	SWEPCO agrees to sell to ETEC and ETEC agrees to purchase from SWEPCO, the power and energy required by ETEC to meet ETEC load requirements at the Points of Delivery (as listed in Appendix 2) in excess of the power and energy supplied by ETEC power supply. SWEPCO agrees to sell ETEC sufficient Capacity to meet the peak demand and planning reserve capacity. SWEPCO shall supply ETEC with Ancillary Services 3, 4, 5, and 6.

Appendix 2

Receipt Points of  
EAST TEXAS ELECTRIC COOPERATIVE

APPENDIX 2 EAST TEXAS ELECTRIC COOPERATIVE RECEIPT POINTS

Tieline / Plant Name	Ownership	Voltage (kV)

Appendix 3

Delivery Points of  
EAST TEXAS ELECTRIC COOPERATIVE



Appendix 4