

March 3, 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 Agreements

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 an executed Service Agreement for Network Integration Transmission Service ("Service Agreement") between SPP as Transmission Provider and Kaw Valley Electric Cooperative ("Kaw Valley") as Network Customer ("Kaw Valley Service Agreement"), and an executed Network Operating Agreement ("NOA") between SPP as Transmission Provider, Kaw Valley as Network Customer, and Westar Energy ("Westar") as Host Transmission Owner ("Kaw Valley NOA").¹ SPP is submitting this filing because the Kaw Valley Agreements include terms and conditions that do not conform to the standard forms of service agreements that are in SPP's Open Access Transmission Tariff ("SPP Tariff").²

Description and Justification for the Kaw Valley Agreements

The Kaw Valley Agreements, which are attached to this filing as Exhibit I, conform to the *pro forma* Agreements except for the non-conforming changes described

¹ The Kaw Valley Service Agreement and Kaw Valley NOA are referred to collectively as the "Kaw Valley Agreements," and SPP, Kaw Valley, and Westar are referred to collectively as "the Parties." The Kaw Valley Agreements have been designated as Original Service Agreement No. 1976.

² See SPP Tariff at Attachment F ("*pro forma* Service Agreement") and Attachment G ("*pro forma* NOA"), collectively "the *pro forma* Agreements."

below.³ The non-conforming changes have been made with Kaw Valley's consent and are necessary to help facilitate its requests for transmission service.

Specifically, the Parties revised Section 2.0 of Attachment 1 to the Kaw Valley Service Agreement and Section 3.3 of the Kaw Valley NOA to accommodate a new Appendix 3. Appendix 3 is an additional new non-conforming appendix which specifies the delivery points for the relevant network load. Language also has been removed from Section 2.0 that indicates the Network Customer's delivery points being "as metered at its generation and transmission interconnection points." The Parties removed this language because Kaw Valley's network loads will be metered at Kaw Valley's specified delivery points, not the network facility generation or transmission interconnection points. The Commission has accepted other non-conforming service agreements submitted by SPP with revisions similar to the revisions in Section 2.0 of Attachment 1 to the Kaw Valley Service Agreement and Section 3.3 of the Kaw Valley NOA, as well as the addition of an Appendix 3 detailing delivery points.⁴

In addition, Section 8.4.1 of Attachment 1 to the Kaw Valley Service Agreement contains language allowing the customer to "contract with third parties for self-supplied Ancillary Services as appropriate."⁵ This language is consistent with the ancillary service schedules of the SPP Tariff, which permit customers to self-supply certain ancillary services.⁶ The Commission has previously accepted SPP service agreements with similar language.⁷

Further, Section 8.8 of Attachment 1 of the Kaw Valley Service Agreement contains language specifying that the cost support and monthly charges for Wholesale Distribution Service Charges are detailed in a new, non-conforming Appendix 4 to the Kaw Valley Service Agreement. The inclusion of the cost support and monthly charges

³ Redlined pages illustrating the differences between the Kaw Valley Agreements submitted in this filing and the *pro forma* Agreements are included herein as Exhibit II.

⁴ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. 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).

⁵ See Kaw Valley Service Agreement at Attachment 1, § 8.4.1.

⁶ See SPP Tariff at Schedules 3, 5-6.

⁷ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1665-000 (Oct. 22, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER08-903-000 (May 30, 2008).

for Wholesale Distribution Service Charges is consistent with Schedule 10 of the SPP Tariff which requires all rates and charges for Wholesale Distribution Charges to be filed with the Commission.⁸ The Commission previously has accepted other non-conforming service agreements submitted by SPP that contained similar language pertaining to Wholesale Distribution Service Charges, including the addition of a new Appendix specifying Wholesale Distribution Service Charges.⁹

Finally, the Preamble of the Kaw Valley NOA contains language indicating that SPP, Kaw Valley, and Westar will be referred to throughout the Kaw Valley NOA individually as “Party” and collectively as “Parties.” This revision ensures consistency with the preamble of the Kaw Valley Service Agreement, and the Commission previously has accepted other SPP service agreements with similar revisions.¹⁰

These modifications clarify certain terms and conditions regarding the provision of network service to Kaw Valley, and are necessitated by the unique circumstances of Kaw Valley’s service requests. As such, this filing is consistent with the public interest and warrants acceptance by the Commission.

⁸ See SPP Tariff at Schedule 10 (“All rates and charges for Wholesale Distribution Service shall be on file with the appropriate agency as required by law or regulation. To the extent that a Service Agreement containing provisions for Wholesale Distribution Service is required to be filed with the Commission, the Transmission Provider, in consultation with the appropriate Transmission Owner, shall provide along with the filing, adequate cost support to justify the customer-specific rates and charges being assessed thereunder.”).

⁹ See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-208-000 (Dec. 17, 2008).

¹⁰ See *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER09-355-000 and -001 (Feb. 11, 2009). The Kaw Valley 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 No. ER09-1665-000 (Oct. 22, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER09-1070-000, *et al.* (June 25, 2009).

Effective Date and Waiver

SPP requests an effective date of February 1, 2010 for the Kaw Valley 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 Kaw Valley Agreements are being filed within 30 days of the commencement of service.¹¹

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 Kaw Valley Agreements are included herein as Exhibit I, with redlined pages illustrating the differences between the Kaw Valley Agreements and the *pro forma* Agreements as Exhibit II.

(2) Effective Date:

As discussed herein, SPP respectfully requests that the Commission accept the Kaw Valley Agreements with an effective date of February 1, 2010.

(3) Service:

SPP is serving a copy of this filing on the representatives for Kaw Valley and Westar listed in the Kaw Valley Agreements.

(4) Basis of Rate:

All charges will be determined in accordance with the SPP Tariff and the Kaw Valley Agreements.

¹¹ 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.").

B. Communications:

Copies of this filing have been served upon all parties to the Kaw Valley 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

Carrie L. Bumgarner
Tyler R. Brown
WRIGHT & TALISMAN, P.C.
1200 G Street, N.W., Suite 600
Washington, DC 20005-3802
Telephone: (202) 393-1200
Fax: (202) 393-1240
bumgarner@wrightlaw.com
brown@wrightlaw.com

Conclusion

For all the foregoing reasons, SPP respectfully requests that the Commission accept the Kaw Valley Agreements with an effective date of February 1, 2010.

Respectfully submitted,



Carrie L. Bumgarner
Tyler R. Brown

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

EXHIBIT I

ATTACHMENT F

Service Agreement For Network Integration Transmission Service

This Network Integration Service Agreement ("Service Agreement") is entered into this 1st day of February, 2010, by and between Kaw Valley Electric Cooperative ("Network Customer"), and Southwest Power Pool, Inc. ("Transmission Provider"). The Network Customer and Transmission Provider shall be referred to individually as "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 on: March 3, 2010

Effective: February 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, 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 Service 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 February 1, 2030. 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 Monroe
Executive Vice President and Chief Operating Officer
415 N. McKinley, 140 Plaza West
Little Rock, AR 72205

Network Customer:

Daniel O'Brien
General Manager
81100 SW Auburn Rd.
P.O. Box 750640
Topeka, KS 66675-0640

- 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 John P. O'Connell

Name Samuel J. O'Brien

Title CEO

Title General Manager

Date MARCH 3, 2010

Date 3/2/10

APPROVED
TLC
BY

**ATTACHMENT 1 TO THE NETWORK INTEGRATION TRANSMISSION SERVICE
AGREEMENT
BETWEEN SOUTHWEST POWER POOL AND KAW VALLEY 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 of Kaw Valley Electric Cooperative in the Westar Energy's 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 each generating facility. For a Network Customer providing retail electric service pursuant to a state retail access program, profiled demand data, based upon revenue quality non-IDR meters may be substituted for hourly integrated demand data. 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 Westar Energy's control area. The intervening systems providing transmission service are none.

4.0 Electrical Location of Initial Sources

See Appendix 1.

5.0 Electrical Location of the Ultimate Loads

The loads of Kaw Valley Electric Cooperative identified in Section 2.0 hereof as the Network Load are electrically located within the Westar Energy's Control Area.

6.0 Delivery Points

The delivery points are the interconnection points of Kaw Valley Electric Cooperative 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 and Part V of the Tariff.

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

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. Network Customer may contract with third parties for self-supplied Ancillary Services as appropriate.

- 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

8.7 Redispatch Charge

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

8.8 Wholesale Distribution Service Charge

The Wholesale Distribution Service Charge cost support and monthly charge is detailed in Appendix 4

8.9 Network Upgrade Charges

8.10 Other Charges

9.0 Credit for Network Customer-Owned Transmission Facilities

10.0 Designation of Parties Subject to Reciprocal Service Obligation

11.0 Other Terms and Conditions

APPENDIX 1

**Network Resources of
KAW VALLEY ELECTRIC COOPERATIVE**

Appendix 2

**Receipt Points of
KAW VALLEY ELECTRIC COOPERATIVE**

Appendix 3

**Delivery Points of
KAW VALLEY ELECTRIC COOPERATIVE**