

Order 1000 Informational Posting

*Updated: Dec 15, 2011
with an additional change
case*

December 15, 2011



PLEASE NOTE:

**THIS STUDY USES THE CURRENTLY APPROVED HIGHWAY BYWAY
COST ALLOCATED PROJECTS DATA BASE**

THESE PROJECTS WERE ISSUED NTCS AFTER JUNE 19, 2010

**THESE PROJECTS ALREADY HAVE APPROVED COST ALLOCATION
METHODS**

THIS DATA WAS SELECTED FOR ILLUSTRATIVE PURPOSES ONLY

IN THIS STUDY WE EXPLORE THE DIFFERENCE BETWEEN ONE BASE CASE AND TWO CHANGE CASES:

BASE CASE:

THE CURRENT HWBW COST ALLOCATION METHOD

CHANGE CASE 1:

**MODIFY THE HWBW TO: ABOVE 200KV 100% REGIONAL;
BELOW=100% ZONAL**

CHANGE CASE 2:

**MODIFY THE HWBW BY RAISING THE “LOCAL” (ZONAL) VOLTAGE
TO 200KV; WHERE:**

**BELOW 200KV=100% ZONAL; BETWEEN 200KV AND 300KV=33%
REGIONAL+67% ZONAL; ABOVE 300KV=100% REGIONAL**

WHAT IS THE DIFFERENCE BETWEEN?:

THE BASE CASE: CURRENT HWBW COST ALLOCATION METHOD

AND

**CHANGE CASE 1: ABOVE 200KV 100% REGIONAL;
BELOW=100% ZONAL ?**

Overview

HWBW Cost Allocation Difference Overview		
Voltage (kV)	Current Method Cost Allocation	Change Case 1
0-99	100% Zonal	100% Zonal
100-199	67% Zonal+33% Regional	100% Zonal
200-299	67% Zonal+33% Regional	100% Regional
300 and above	100% Regional	100% Regional

Results



Difference Between Current HWBW Cost Allocation vs. Above 200kV = 100% Regional, Below 100% Zonal Cost Allocation Methods

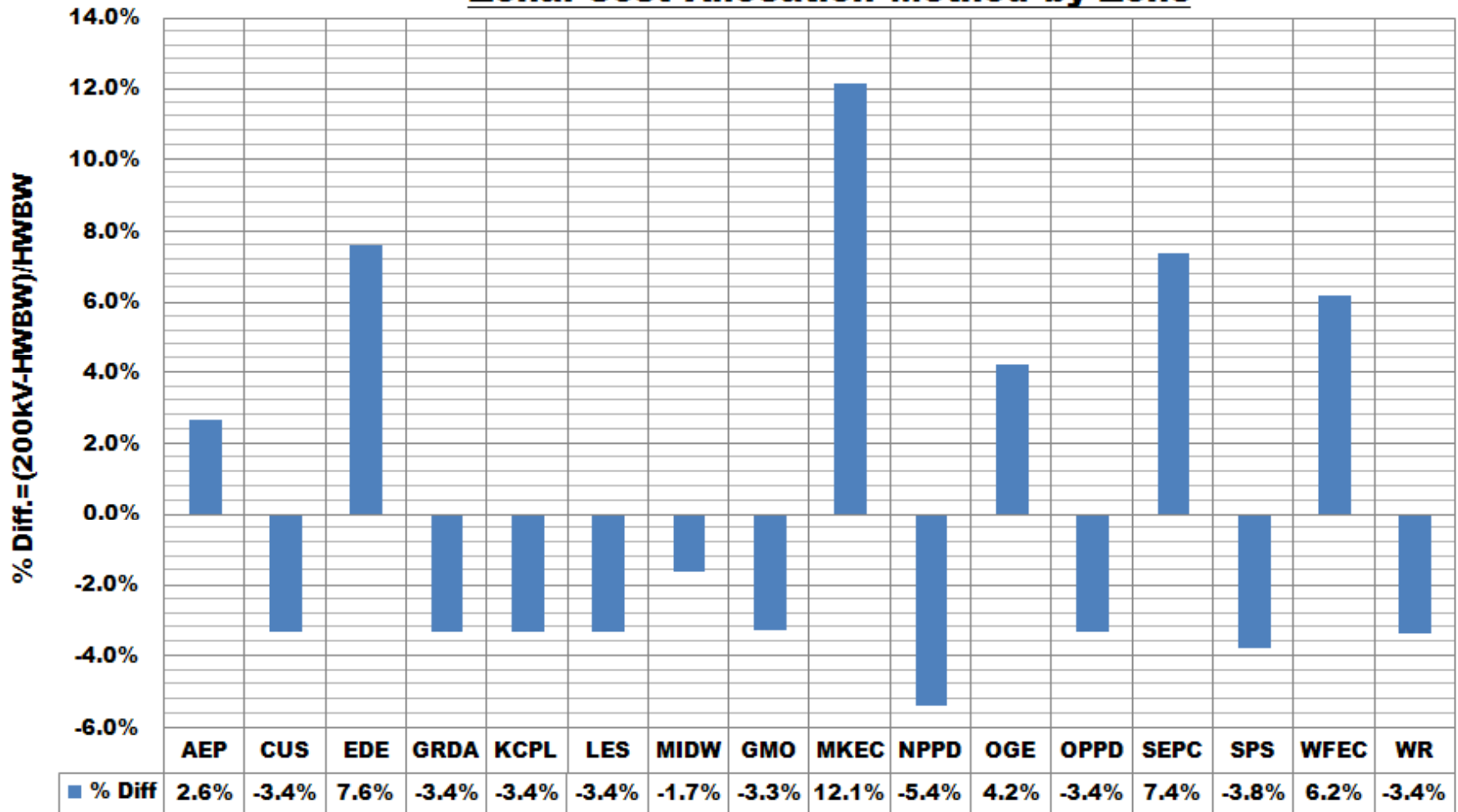
Total Present Value of 40 years of ATRR Assignment by Zone

ZONE	Current Method	200kV Method	Diff = 200kv-Current	% Diff
AEP	\$416,229,621	\$427,219,743	\$10,990,121	2.6%
CUS	\$23,698,695	\$22,901,650	-\$797,044	-3.4%
EDE	\$68,381,870	\$73,579,577	\$5,197,708	7.6%
GRDA	\$30,598,315	\$29,569,219	-\$1,029,095	-3.4%
KCPL	\$124,043,167	\$119,871,296	-\$4,171,871	-3.4%
LES	\$29,098,397	\$28,119,748	-\$978,649	-3.4%
MIDW	\$12,895,815	\$12,682,716	-\$213,099	-1.7%
GMO	\$65,464,386	\$63,298,434	-\$2,165,952	-3.3%
MKEC	\$27,220,129	\$30,525,156	\$3,305,027	12.1%
NPPD	\$110,234,899	\$104,271,797	-\$5,963,102	-5.4%
OGE	\$249,379,654	\$259,832,253	\$10,452,598	4.2%
OPPD	\$75,895,819	\$73,343,260	-\$2,552,560	-3.4%
SEPC	\$19,785,115	\$21,243,305	\$1,458,191	7.4%
SPS	\$234,776,451	\$225,858,667	-\$8,917,784	-3.8%
WFEC	\$86,111,006	\$91,446,121	\$5,335,115	6.2%
WR	\$293,402,718	\$283,453,116	-\$9,949,602	-3.4%
Total	\$1,867,216,057	\$1,867,216,057	\$0	0.0%

Note: Depreciation = 2.5%, Discount Rate = 8%, over 40 years of ATRRs

% Difference: 200kV above=100% Regional, Below=100% Zonal vs. Current HWBW

% Diff. Current HWBW v. Above 200kV=100% Regional, Below=100% Zonal Cost Allocation Method by Zone



WHAT IS THE DIFFERENCE BETWEEN?:

THE BASE CASE: CURRENT HWBW COST ALLOCATION METHOD

AND

CHANGE CASE 2: “RAISE THE LOCAL (ZONAL) VOLTAGE TO 200KV”

BELOW 200KV=100% ZONAL; BETWEEN 200KV AND 300KV=33% REGIONAL+67% ZONAL; ABOVE 300KV=100% REGIONAL

Overview

HWBW Cost Allocation Difference Overview		
Voltage (kV)	Current Method Cost Allocation	Change Case 2
0-99	100% Zonal	100% Zonal
100-199	67% Zonal+33% Regional	100% Zonal
200-299	67% Zonal+33% Regional	67% Zonal+33% Regional
300 and above	100% Regional	100% Regional

Results



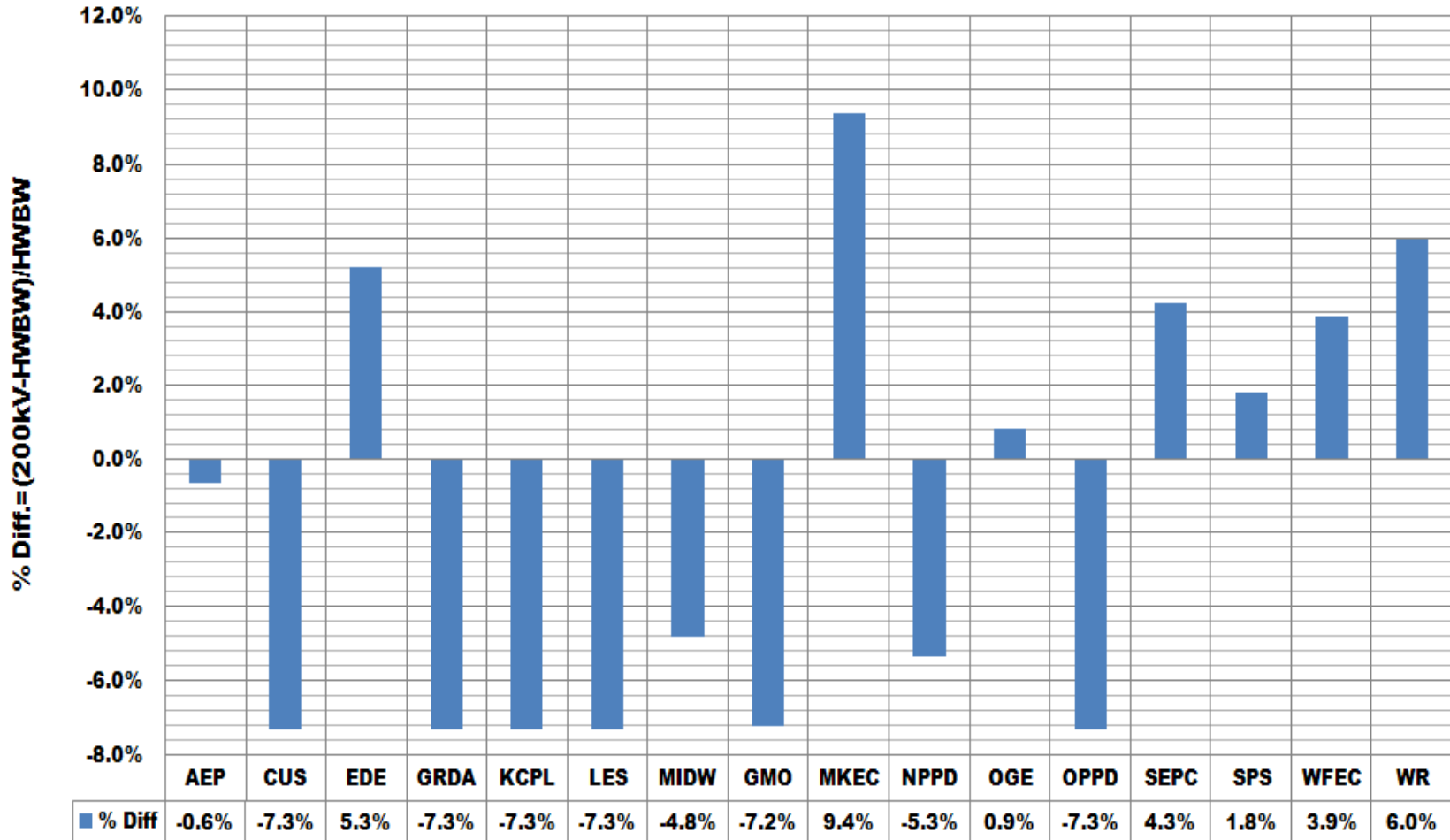
Difference Between Current HWBW Cost Allocation vs. Above 200kV = 100% Regional, Below 100% Zonal Cost Allocation Methods

Total Present Value of 40 years of ATRR Assignment by Zone

ZONE	Current Method	200kV Local Method	Diff = 200kv-Current	% Diff
AEP	\$416,229,621	\$413,716,656	-\$2,512,965	-0.6%
CUS	\$23,698,695	\$21,975,255	-\$1,723,439	-7.3%
EDE	\$68,381,870	\$71,978,907	\$3,597,038	5.3%
GRDA	\$30,598,315	\$28,373,114	-\$2,225,200	-7.3%
KCPL	\$124,043,167	\$115,022,380	-\$9,020,787	-7.3%
LES	\$29,098,397	\$26,982,275	-\$2,116,122	-7.3%
MIDW	\$12,895,815	\$12,278,151	-\$617,664	-4.8%
GMO	\$65,464,386	\$60,742,052	-\$4,722,333	-7.2%
MKEC	\$27,220,129	\$29,774,659	\$2,554,530	9.4%
NPPD	\$110,234,899	\$104,348,675	-\$5,886,225	-5.3%
OGE	\$249,379,654	\$251,535,740	\$2,156,086	0.9%
OPPD	\$75,895,819	\$70,376,450	-\$5,519,369	-7.3%
SEPC	\$19,785,115	\$20,627,663	\$842,548	4.3%
SPS	\$234,776,451	\$239,024,266	\$4,247,815	1.8%
WFEC	\$86,111,006	\$89,470,203	\$3,359,197	3.9%
WR	\$293,402,718	\$310,989,609	\$17,586,891	6.0%
Total	\$1,867,216,057	\$1,867,216,057	\$0	0.0%

% Difference: 0-199kV=100% zonal; 200-299=33% regional+67% zonal;300 and above=100% regional

% Diff. Current HWBW v. Below 200kV=100% Zonal, Above 200kV and Below 300kV = 33% Regional +67% Zonal, Above 300kV=100% Regional by Zone



Summary of Highway Byway Projects Data Set Used to Check Differences

Summary of HW BW Upgrades used in this Analysis December 12th, 2011			
Upgrade Group	# of Upgrades	Total Investment (\$M)	Total ATRR (\$M/YR)
Highway Byway	109	\$462	\$78
Priority Projects	23	\$1,424	\$219
Totals	132	\$1,886	\$297
by Voltage			
Voltage (kV)	# of Upgrades	Total Investment (\$M)	Total ATRR (\$M/YR)
0-99	31	\$81	\$14
100-199	73	\$303	\$51
200-299	6	\$79	\$13
300 and above	22	\$1,423	\$219

Note: these upgrades were selected for illustrative purposes only.

Contact Information

- Paul Suskie, Senior Vice President & General Counsel

psuskie@spp.org

501-688-2535

- Dan Jones PE, Lead Engineer

djones@spp.org

501-688-1717