



## Task Force Members

Harry Skilton	Director
Larry Altenbaumer	Director
Sandra Bennett	AEP
Kelly Harrison	Westar
Carl Huslig	ITC Great Plains
Jayne Clarke	Sunflower
Steve Drew	OG&E

## Assignment and Process

- SPCTF requested Finance Committee determine the financial criteria that must be met before a potential transmission owner can participate in SPP's Competitive Solicitation Process
- Finance Committee staffed task force with independent directors and financial experts from SPP membership
- Task force met three times between May 24 – June 26, 2012

## Task Force Recommendation - Principles

- Financial requirements escalate as a transmission owner progresses through the Competitive Solicitation Process
- Entities participating in the Competitive Solicitation Process should fund the process so as not to be a burden on the ratepayers within SPP
- Significant demonstrated and evidenced financial capacity must be in place at time of acceptance of Notice To Construct

## Task Force Recommendation - Steps

- **Application Stage:** submits application to to participate in Competitive Solicitation Process
  - Application fee equal to SPP annual membership fee,
  - Approval valid for five years
  - Representation letter required annually with a fee equal to the SPP annual membership fee
- **Application Financial Requirements**
  - Investment Grade Rating, or
  - Guaranty from Parent with Investment Grade Rating, or
  - Bank reference letter or bonding indication, or
  - Direct rate-making or taxing authority

## Task Force Recommendation - Steps

- **Bid Submission Requirements**
  - **Financial:**
    - Investment Grade Rating (entity or parent) and bid value of projects < 30% of capitalization, or
    - Demonstrate conclusive evidence of ability to secure performance bond equal to project value + 30%, or
    - Demonstrate conclusive evidence of ability to secure bank letter of credit equal to project value + 30%, or
    - Demonstrate status of incumbent utility where project connects to existing transmission assets
  - **Evidence of Financing**
  - **Formal Business and Financing Plan**

## Task Force Recommendation - Steps

### Post Selection Requirements

- Evidence of firm capital commitments sufficient to fully fund the awarded project plus 30% contingency
- Evidence of regulatory authority to construct and operate transmission facilities
- Execute SPP membership agreement coincident with acceptance of the NTC
- Deposit equal to 2% of the bid amount