

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Southwest Power Pool, Inc.)	
)	Docket No. ES13-_____
)	

**APPLICATION OF SOUTHWEST POWER POOL, INC.
UNDER SECTION 204 OF THE FEDERAL POWER ACT
FOR AN ORDER AUTHORIZING THE ISSUANCE OF SECURITIES**

1. INTRODUCTION

Pursuant to section 204 of the Federal Power Act (“FPA”), 16 U.S.C. § 824c, Southwest Power Pool, Inc. (“SPP”) files this application for Federal Energy Regulatory Commission authorization of the issuance of up to \$30,000,000 in non-secured Promissory Notes (the “Notes”). The Notes will be used to: (i) supplement SPP’s short-term working capital needs; and (ii) satisfy the liquidity requirements of SPP’s various outstanding credit agreements.¹ SPP requests that the Commission approve this application by June 16, 2013, so that SPP may conclude the issuance of securities.

2. SECTION 34.2 REQUIREMENTS

Section 34.2 of the Commission’s regulations requires that a utility obtain competitive bids from at least two prospective dealers, purchasers or underwriters, or negotiated offers from at least three prospective dealers, purchasers or underwriters, and that it accept the bid or offer that provides the utility with the lowest cost of money or provides the utility with the greatest net proceeds for securities with no specified interest

¹ SPP’s existing line of credit, comprised of the non-secured promissory notes, approved by the Commission on March 18, 2011 in Docket No. ES11-14-000 for these purposes (*see Sw. Power Pool, Inc.*, 134 FERC ¶ 62,254 (2011)), expires in July 2013, so proposed Notes will replace the line of credit SPP currently maintains, and will not be in addition to the notes approved in Docket No. ES11-14-000.

or dividend rates. 18 C.F.R. §§ 34.2(a)(1)-(3). In the alternative, a utility may obtain authorization from the Commission to accept a bid or offer other than the types described above. 18 C.F.R. § 34.2(a)(3)(iii).

SPP received proposals from two commercial banks to provide the requested revolving credit facility. Additionally, SPP recently updated the terms of its existing revolving facility to reflect current market conditions. SPP reviewed the terms on its existing facility expiring in July 2013 and compared those terms with the terms offered by the other competing financial institutions. SPP intends to select the financial institution whose terms offer the lowest cost financing for the longest period of time.

SPP believes that the above described steps comply with section 34.2 of the Commission's regulations for determining which offer to accept and will ensure a fiscally responsible financing arrangement. SPP, to the extent necessary, however, requests authorization pursuant to section 34.2(a)(3)(iii) to accept an offer other than those prescribed in 18 C.F.R. § 34.2(a)(3)(i) and (ii), in the event such an offer would best fit SPP's financing needs.

3. SECTION 34.3 REQUIREMENTS

Pursuant to section 34.3 of the Commission's regulations, 18 C.F.R. § 34.3 (2011), SPP provides the following information:

(a) Applicant's official name and principal business address.

Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, Arkansas 72223

(b) State and date of incorporation and principal place of business.

On January 3, 1996, SPP was incorporated as a not-for-profit corporation under the laws of the State of Arkansas. SPP's business is conducted in all or parts of

Arkansas, Kansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, Texas and Nebraska.

(c) Notices and communications.

Correspondence and communications in connection with this matter should be addressed to:

Erin E. Cullum
Matthew Harward
Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223
(501) 688-2503

Thomas P. Dunn
Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223
(501) 614-3200

(d) Requested action date.

SPP respectfully requests the Commission act on this application so that it receives an order by June 16, 2013. SPP has numerous major initiatives underway which require debt capital to complete. SPP's marketing of this debt will be improved with this revolving facility already in place because it would provide assurances to the institutional investors of SPP's ability to access liquidity resources.

(e) Description of the securities to be issued.

- (i) Type and Nature of Securities: The Notes will be non-secured Promissory Notes in an amount not to exceed Thirty Million Dollars (\$30,000,000). The Notes will be a revolving credit facility. SPP will enter into a credit agreement with the institution to which the Notes will be issued. To the extent execution of the credit agreement constitutes a security requiring Commission authorization, SPP requests such authorization pursuant to this Application.

- (ii) Amount of Securities: The aggregate amount of the Notes shall not exceed thirty million dollars (\$30,000,000), as approved by the SPP Board of Directors.
- (iii) Interest or Dividend Rate: The interest rate(s) for the Notes will be the sum of the London Interbank Offer Rate (LIBOR) plus a spread of 125 basis points. Depending on the duration of outstanding principal either the 30, 60, or 90 day LIBOR rates will be utilized.
- (iv) Dates of Issuance and Maturity: SPP will not issue the Notes until SPP receives the Commission's approval for such issuance. The Notes will mature in no more than three (3) years from the date of issuance.
- (v) Institutional Rating of Securities: The Notes will not be rated.
- (vi) Stock Exchange on Which Securities Will Be Listed: None.

(f) Purpose for which the securities are issued.

SPP intends to issue the Notes to evidence its borrowing from the Lender. The proceeds of the Notes will supplement SPP's short-term working capital needs and satisfy the liquidity requirements of SPP's various outstanding credit agreements.

(g) Statement of facts regarding the lawfulness and appropriateness of the securities.

SPP's issuance of the Notes is for a lawful object, as monies from the Notes will be used to supplement SPP's short-term working capital needs and satisfy the liquidity requirements of SPP's various outstanding credit agreements. There will be no

impairment of SPP's current functions. In addition, the issuance of the Notes is reasonably necessary and appropriate, as SPP's ability to provide reliable services will be enhanced by the expenditures and improvements that will be funded by the Notes.

(h) Statement of the bond indenture(s) or other limitations on the issuance of additional debt or equity securities.

SPP will not require the consent of existing lenders to issue the Notes, nor will it be required to enter into any agreements, other than a credit agreement, in connection with the issuance of the Notes.

(i) Summary of any rate change.

SPP recovers its costs primarily through collection of a Tariff Administration Service Charge ("Administration Charge") under Schedule 1-A of its Commission approved Open Access Transmission Tariff ("Tariff"). SPP includes as a recoverable cost, interest and principal expenditures associated with repayment on its obligations. On October 31, 2011, pursuant to Section 205 of the Federal Power Act, 16 U.S.C. §824d, SPP filed revisions to Schedule A-1 of the Tariff to increase the Administration Charge cap from \$0.225 to \$0.35 per MWh. The increase of the Administration Charge cap was formulated, in part, to allow SPP to recover the interests and principle expenditures associated with long-term debt such as is described herein. The Commission accepted the requested Administration Charge cap on December 14, 2011.²

4. SECTION 34.4 EXHIBITS

Pursuant to section 34.4 of the Commission's regulations, 18 C.F.R. § 34.4, SPP submits the following exhibits:

(a) Exhibit A. Statement of corporate purposes.

² See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER12-277-000 (Dec. 14, 2011).

Attached as Exhibit A are SPP's Articles of Incorporation, which set forth the purposes and powers of SPP in Article Three.

(b) Exhibit B. Resolutions of the applicant's directors and shareholders authorizing issuance of securities.

SPP's Board of Directors authorized the issuance of the Notes described in this application at its January 31, 2013 meeting. The Resolution adopted by the Board is attached as Exhibit B to this Application.

(c) Exhibit C. Balance Sheet and attached notes for the most recent 12-month period for which financial statements have been published.

Attached as Exhibit C are an audited 2011 Balance Sheet and attached notes for the 12-month period ending December 31, 2011 and an unaudited Balance Sheet for the 12-month period ending December 31, 2012, on an actual and pro forma basis.

(d) Exhibit D. Income Statement and attached notes for the most recent 12-month period for which financial statements have been published.

Attached as Exhibit D are an audited 2011 Income Statement and attached notes for the 12-month period ending December 31, 2011 and an unaudited Income Statement for the 12-month period ending December 31, 2012, on an actual and pro forma basis.

(e) Exhibit E. Statement of Cash Flows and Computation of Interest Coverage.

Attached as Exhibit E are: (1) an audited Statement of Cash Flows for the 12-month period ending December 31, 2011, and an unaudited Statements of Cash Flows for the 12-month period ending December 31, 2012, on an actual and pro forma basis; and (2) Computation of Interest Coverage for the 12-month period ending December 31, 2011, and unaudited Computation of Interest Coverage for the 12-month period ending December 31, 2012, on an actual and pro forma basis.

Regarding the revised Computation of Interest Coverage, SPP states the following:

First, the Computation of Interest Coverage is based on an estimated interest rate of 1.54% for the Notes. This estimated interest rate is based on the 90 day LIBOR rate as of February 28, 2013, plus 125 basis points, and also is reflected in the pro forma balance sheets and income statements.

Second, SPP is a not-for-profit entity that derives its revenues from Schedule 1-A of the SPP Open Access Transmission Tariff. SPP's members pay a significant majority of the Schedule 1-A fees. SPP sets its rate to only recover costs it expects to incur plus any true-ups necessary for prior year over or under collections. For some twelve-month periods, SPP could have a coverage ratio of less than 1:1 which would not necessarily indicate financial stress. As a result, SPP expects to produce lower interest rate coverage levels than for-profit, investor owned utilities.

Third, SPP has in place a commitment from its members to cover its costs of operation as a Regional Transmission Organization. Specifically, section 8.4 of SPP's Bylaws provides:

SPP will assess certain Members described herein on a monthly basis all costs not otherwise collected. Costs recovered under the assessment will include but are not limited to all operating costs, financing costs, debt repayment, and capital expenditures associated with the performance of SPP's functions as assigned by the Board of Directors.³

This commitment from SPP's members' guarantees that SPP will be able to pay its operating costs and the interest expenses on any amount of debt that is issued. This commitment (together with Schedule 1-A of its Tariff) shows that SPP does not need to maintain an interest coverage ratio greater than 1:1.

³ SPP Bylaws, First Revised Volume No. 4, section 8.4.

5. CONCLUSION

WHEREFORE, SPP respectfully requests that the Commission authorize the issuance of the Notes.

Respectfully submitted,

/s/ Erin E. Cullum

Erin E. Cullum

Matthew S. Harward

Southwest Power Pool, Inc.

201 Worthen Drive

Little Rock, AR 72223

Telephone (501) 688-2503

Facsimile (501) 482-2022

Attorneys for

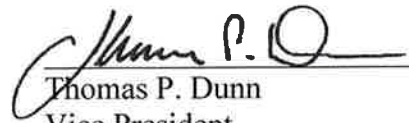
Southwest Power Pool, Inc.

April 16, 2013

AFFIDAVIT

STATE OF ARKANSAS }
 }
 } SS
COUNTY OF PULASKI }

I, Thomas P. Dunn, being duly sworn according to law, state and under oath that the matters set forth in the application in this docket are true and correct to the best of my knowledge, information and belief.


Thomas P. Dunn
Vice President
and Chief Financial Officer
Southwest Power Pool, Inc.

Sworn and subscribed to before me this 16th day of April, 2013.


Michelle Harris
Notary Public

My Commission Expires:

04-01-2018



EXHIBIT A

ARTICLES OF INCORPORATION

**ARTICLES OF INCORPORATION
OF
SOUTHWEST POWER POOL, INC.**

CORPORATION NO. 109309
JAN 3 4 00 PM '94

W. J. HILTON
SECRETARY

I, the undersigned, in order to form a non-profit corporation for the purposes hereinafter stated, under and pursuant to the provisions of the laws of the State of Arkansas, particularly The Arkansas Nonprofit Corporation of 1993, approved April 14, 1993, and any supplement thereto, do hereby certify as follows:

FIRST: The name of the corporation is Southwest Power Pool, Inc.

SECOND: This corporation is a mutual benefit corporation.

THIRD: The specific and primary purposes for which this corporation is formed and for which it shall be exclusively administered and operated are the following:

1. Facilitating joint planning and coordination of the generation and transmission systems of the parties to these Articles and participating in interregional studies so as to provide for increased operating efficiency, adequate bulk supply systems, and better service reliability, in both the Southwest Power Pool region and the contiguous regions.
2. Providing for the timely exchange of pertinent information among the signatories and the North American Electric Reliability Council in regard to joint planning, interconnected operations, coordinated maintenance schedules, and resources available to others in the restoration of electric service .
3. Assembling joint reports to regulatory agencies and others on behalf of the members of Southwest Power Pool on coordination of power supply, system load requirements, reserves, fuel supply, major transmission line loads, generation and transmission line outages, and other matters as may be required by law.
4. Establishing, maintaining, and monitoring compliance with North American Electric Reliability Council and Southwest Power Pool Reliability Criteria, Standards and Guides. In so doing, the Corporation shall serve as the reliability and compliance certification authority for the geographic region of its members.
5. Assuring maintenance of coordinated operations and service reliability.
6. Providing a method for the resolution of disputes, which members are strongly encouraged to use before taking disputes to the courts or regulatory agencies.
7. Taking any other action contemplated by the Board of Directors for the purpose of preserving or enhancing interconnected electric system reliability.

- FOURTH:** The foregoing shall be construed both as objects and powers, and the enumeration thereof shall not be held to limit or restrict in any manner the general powers conferred upon this corporation by the laws of the State of Arkansas.
- FIFTH:** The Corporation is to have members as provided in the Bylaws.
- SIXTH:** The selection of the Board of Directors, the regulation of internal affairs of the Corporation, and the amendment of these Articles of Incorporation shall be as provided for in the Bylaws.
- SEVENTH:** No part of the net income of the Corporation shall inure to the benefit of or be distributable to any member, director, officer, or other interested private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services actually rendered and to make payments or distributions in furtherance of the purposes and objects set forth in the THIRD Article hereof. No substantial part of the activities of the Corporation shall be carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in any political campaign on behalf of any candidate for public office.
- EIGHTH:** Notwithstanding any other provision of these Articles, the Corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt under Section 501 (c) (6) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.
- NINTH:** Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Corporation, dispose of all assets of the Corporation in such manner, or to such organization or organizations established and operated exclusively for the purposes as set forth in THIRD Article hereof, which shall at the time qualify as an exempt organization or organizations under Section 501 (c) (6) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any remaining assets shall be disposed of by the Circuit Court of general jurisdiction in the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organizations, as said Court shall determine.

TENTH: The initial address of the Corporation is 415 North McKinley, #700 Plaza West Building, Little Rock, Arkansas 72205-3020.

ELEVENTH: The address of its initial registered office is 415 North McKinley, #700 Plaza West Building, Little Rock, Arkansas 72205-3020, and the name of its initial registered agent and Incorporator at such address is John J. Marschewski, Jr.

TWELFTH: The effective date of these articles upon which the corporate existence begins shall be January 1, 1994.

THIRTEENTH: The officers of the Corporation shall be a president and a secretary. The business of the Corporation shall be conducted by the Board of Directors. The initial Board of Directors shall consist of the current Directors under the Southwest Power Pool Second Coordination Agreement dated November 9, 1979 and shall consist of the following persons:

Mike Bemis
Arkansas Power & Light Company
P. O. Box 551
Little Rock, AR 72203

David L. Mohre
Cajun Electric Power Cooperative, Inc.
P. O. Box 15540
Baton Rouge, LA 70895

Gregory L. Nesbitt
Central Louisiana Electric Company, Inc.
P. O. Box 5000
Pineville, LA 71361-5000

R. L. Lamb
The Empire District Electric Company
P. O. Box 127
Joplin, MO 64802

E. M. Loggins
Gulf States Utilities Company
P. O. Box 2951
Beaumont, TX 77704

A. Drue Jennings
Kansas City Power & Light Company
P. O. Box 418679
Kansas City, MO 64141-9679

John E. Hayes, Jr.
Western Resources, Inc.
P. O. Box 889
Topeka, KS 66601

Jim Jura
Associated Electric Cooperative Corp.
P. O. Box 754
Springfield, MO 65804

Frank Gallaher
New Orleans Public Service Inc.
#3 Lakeway Ctr., 3838 No. Causeway
Metairie, LA 70002

Patrick J. Ryan
Oklahoma Gas & Electric Company
P. O. Box 321
Oklahoma City, OK 73101

Richard H. Bremer
Southwestern Electric Power Company
P. O. Box 21106
Shreveport, LA 71156-0001

Richard Hester
City Utilities of Springfield
M.P.O. Box 551
Springfield, MO 65801

L. Christian Hauck
Sunflower Electric Power Corporation
P. O. Box 980
Hays, KS 67601

J. M. Shafer
Southwestern Power Administration
P. O. Drawer 1619
Tulsa, OK 74101

Bill D. Helton
Southwestern Public Service Company
P. O. Box 1261
Amarillo, TX 79170

Robert L. Zemanek
Public Service Company of Oklahoma
P. O. Box 201
Tulsa, OK 74102-0201

IN WITNESS WHEREOF, the Incorporator has hereunto affixed his hand and seal on the 23rd day of December, 1993.

John J. Marschewski, Jr.

John J. Marschewski, Jr. - President
415 North McKinley
#700 Plaza West Building
Little Rock, Arkansas 72205-3020

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss
COUNTY OF PULASKI)

BE IT REMEMBERED that on this 13th day of December, 1993, personally appeared before me, the undersigned Notary Public, within and for the above County and State, duly commissioned and acting, John J. Marschewski, Jr., known to me to be the person who signed the foregoing Articles of Incorporation and stated that the facts contained therein are true and correct.

WITNESS my hand and official seal on the date aforesaid.

Richard R. Stearn

My Commission Expires: May 1, 1995

EXHIBIT B

**RESOLUTION ADOPTED BY SPP
BOARD OF DIRECTORS**

SOUTHWEST POWER POOL, INC.
RESOLUTION OF THE BOARD OF DIRECTORS
January 29, 2013

ISSUANCE OF SECURITIES

WHEREAS, the Board of Directors of the Southwest Power Pool, Inc. (the “Company”) is aware of the need that the Company’s existing revolving line of credit is coming to maturity in June 2013 and is further aware of the need for the Company to secure a new revolving line of credit facility for general corporate purposes of the Company, including, particularly without limitation: (i) supplement SPP’s short-term working capital needs; and (ii) satisfy the liquidity requirements of SPP’s various outstanding credit agreements; and (iii) complete various other tasks associated with the normal business of the Company and for any other lawful and proper purposes of the Company;

NOW THEREFORE, it is hereby resolved by the Board of Directors of the Company as follows:

1. That the President, Chief Financial Officer and other officers of the Company are authorized to seek regulatory approval from the Federal Energy Regulatory Commission to issue securities through transactions not requiring registration under the Securities Act of 1933, of an amount not to exceed thirty million dollars (\$30,000,000) to be issued in one or more series of unsecured promissory notes, with a maturity not to exceed thirty-six months from the date of issuance, at an interest rate to be determined by the market and at terms and conditions then presently available to the Company in the market, the proceeds of which issuance shall be for all lawful purposes attendant upon completion of those tasks listed herein and any other lawful and proper purpose of the Company.

2. That the authority to be sought by the Company shall request an affirmative declaration by the Federal Energy Regulatory Commission that the financing is for some lawful object, within the corporate purpose, and is compatible with the public interest.

3. That the Board of Directors hereby delegates to the Finance Committee of the Board the authority to determine the exact terms of the issuance(s) and sale of the debt instruments within the parameters listed above, including, but not limited to, (i) the aggregate amount of debt to be issued by the Company, (ii) the interest rate and maturity of the debt to be issued, and (iii) any other material terms of the debt.


4. That the President and the Chief Financial Officer of the Company be, and hereby are, authorized to execute and deliver any and all loan commitments, loan agreements, promissory notes, closing statements, affidavits, certificates and other instruments, documents and agreements in amount not to exceed thirty million dollars (\$30,000,000). Said authorization to be confirmed by the Finance Committee of the Board upon final approval of the exact terms of the issuance(s) and sale of the debt instruments. In addition, the President and Chief Financial Officer of the Company are further authorized, consistent with this Resolution and to be confirmed by the Finance Committee of the Board, (i) to make, amend, modify or supplement

the Documents, and to make, modify, amend or supplement Company's financial arrangements with Lender; (ii) to borrow from Lender such sums as may be made available to Company by Lender at this time and from time to time; (iii) to extend or renew any loan or loans or other indebtedness owing by Company to Lender or to modify any installments of principal and interest owing with respect thereto; and (iv) to do and perform all such other acts and things deemed by either to be convenient, necessary, beneficial or proper to carry out, modify, or supplement the Documents or in order to fully carry out the intent of this Resolution.

5. That any and all actions taken by any of the officers of the Company, for and on behalf and in the name of the Company in furtherance of these resolutions, are hereby ratified, confirmed, and approved in all respects for all purposes.

6. That the authority granted to the officers of the Company per this resolution shall continue in full force and effect, and lenders may rely thereon in dealing with such officers, unless and until written notice of any change in or revocation of such authority shall be taken by the Board of Directors or by January 31, 2015, whichever occurs first.

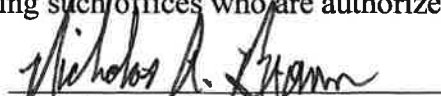
APPROVED this 29th day of January, 2013.



James E. Eckelberger
Chairman, Board of Directors
Southwest Power Pool, Inc.

ATTESTATION

I HEREBY CERTIFY that I am the duly elected, qualified and acting Secretary and the custodian of the records of the Company, a corporation organized and existing and in good standing under the laws of the State of Arkansas. The foregoing resolutions are true and correct copies of the resolutions duly adopted in accordance with law and the Articles of Incorporation and By-Laws, as applicable, of the Company on January 29, 2013 and that such resolutions are now in full force and effect without modifications and are duly recorded in the minute book of the Company.

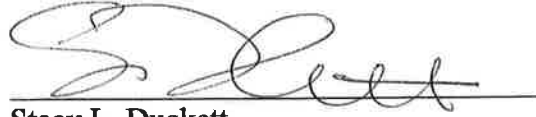
I FURTHER CERTIFY that set forth below are the true titles, names and genuine signatures of the duly elected or appointed, qualified and acting officers of said Company presently holding such offices who are authorized under the foregoing resolutions:


Nicholas A. Brown
President


Thomas P. Dunn

Chief Financial Officer

IN WITNESS WHEREOF, I have affixed my name in my official capacity on January 29, 2013.

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

Stacy L. Duckett
Corporate Secretary

(SEAL)

EXHIBIT C

BALANCE SHEET



Southwest Power Pool
Balance Sheet
 AUDITED

(\$000)	<u>December 31, 2011</u>	<u>Adjustments to Reflect Proposed Transaction</u>	<u>Proforma December 31, 2011</u>
ASSETS			
Current Assets			
Cash & Equivalents	\$73,763	\$30,000	\$103,763
Restricted Cash Deposits	34,903		34,903
Accounts Receivable (net)	15,901		15,901
Other Current Assets	6,636		6,636
Total Current Assets	<u>131,203</u>	<u>30,000</u>	<u>161,203</u>
Total Fixed Assets	112,188		112,188
Total Other Assets	2,141		2,141
Investments	775		775
TOTAL ASSETS	<u><u>246,307</u></u>	<u><u>30,000</u></u>	<u><u>276,307</u></u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable (net)	17,816		17,816
Customer Deposits	34,903		34,903
Current Maturities of LT Debt	11,206		11,206
Advance on line of credit		30,000	30,000
Other Current Liabilities	25,741		25,741
Deferred Revenue	7,450		7,450
Total Current Liabilities	<u>97,116</u>	<u>30,000</u>	<u>127,116</u>
Long Term Liabilities			
Floating Senior Note - 2014	11,000		11,000
5.45% Senior Notes - 2016	21,000		21,000
US Bank Mortgage - 2027	3,958		3,958
4.82% Senior Notes - 2042	30,000		30,000
4.82% Senior Notes - 2042	35,000		35,000
3.55% Senior Notes - 2024	70,000		70,000
Other Long Term Liabilities	7,655		7,655
Total Long Term Liabilities	<u>178,613</u>	<u>0</u>	<u>178,613</u>
Net Income	(9,040)		(9,040)
Members' Equity	(20,382)		(20,382)
Total Members' Equity	<u>(29,422)</u>	<u>0</u>	<u>(29,422)</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$246,307</u></u>	<u><u>\$30,000</u></u>	<u><u>\$276,307</u></u>



Southwest Power Pool
Balance Sheet
 UNAUDITED

(\$000)	<u>December 31, 2012</u>	<u>Adjustments to Reflect Proposed Transaction</u>	<u>Proforma December 31, 2012</u>
ASSETS			
Current Assets			
Cash & Equivalents	\$95,693	\$30,000	\$125,693
Restricted Cash Deposits	43,743		43,743
Accounts Receivable (net)	17,923		17,923
Other Current Assets	5,412		5,412
Total Current Assets	162,771	30,000	192,771
Total Fixed Assets	173,752		173,752
Total Other Assets	2,029		2,029
Investments	968		968
TOTAL ASSETS	339,520	30,000	369,520
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable (net)	9,831		9,831
Customer Deposits	43,913		43,913
Current Maturities of LT Debt	12,700		12,700
Advance on line of credit		30,000	30,000
Other Current Liabilities	28,741		28,741
Deferred Revenue	6,286		6,286
Total Current Liabilities	101,471	30,000	131,471
Long Term Liabilities			
Floating Senior Note - 2014	5,500		5,500
5.45% Senior Notes - 2016	15,000		15,000
US Bank Mortgage - 2027	3,752		3,752
4.82% Senior Notes - 2042	29,541		29,541
4.82% Senior Notes - 2042	34,465		34,465
3.55% Senior Notes - 2024	70,000		70,000
3.00% Senior Notes - 2024	50,000		50,000
3.25% Senior Notes - 2024	50,000		50,000
Other Long Term Liabilities	10,519		10,519
Total Long Term Liabilities	268,777	0	268,777
Net Income (Loss)	(1,306)		(1,306)
Members' Equity	(29,422)		(29,422)
Total Members' Equity	(30,728)	0	(30,728)
TOTAL LIABILITIES & EQUITY	\$339,520	\$30,000	\$369,520

EXHIBIT D

INCOME STATEMENT



Southwest Power Pool
Income Statement
 AUDITED

(\$000)	For the 12 Months Ended December 31, 2011	Adjustments to Reflect Proposed Transaction	Proforma December 31, 2011
Ordinary Income/Expense			
Income			
Tariff Administration Service	\$71,702	\$462 (b)	\$72,164
Fees & Assessments	24,123		24,123
Contract Services Revenue	26,549		26,549
Miscellaneous Income	6,566		6,566
Total Income	128,940	462	129,402
Expense			
Salary & Benefits	64,514		64,514
Employee Travel	1,655		1,655
Administrative	3,003		3,003
Assessments & Fees	16,639		16,639
Meetings	838		838
Communications	3,204		3,204
Leases	1,624		1,624
Maintenance	7,308		7,308
Services	15,661		15,661
Regional State Committee	311		311
Depreciation & Amortization	13,107		13,107
Interest Expense	6,307	462 (a)	6,769
Other (Income)/Expense	3,809		3,809
Total Expense	137,980	462	138,442
Net Income (Loss)	(\$9,040)	\$0	(\$9,040)

(a) Interest expense assumes new outstanding loan amount of \$30MM at 1.54% interest assuming balance was outstanding for twelve months.

(b) SPP's tariff allows for the recovery of all operating expenses through it's tariff administration fee



Southwest Power Pool
Income Statement
 UNAUDITED

(\$000)	<u>For the 12 Months Ended December 31, 2012</u>	<u>Adjustments to Reflect Proposed Transaction</u>	<u>Proforma December 31, 2012</u>
Ordinary Income/Expense			
Income			
Tariff Administration Service	\$92,230	\$462 (b)	\$92,692
Fees & Assessments	26,578		26,578
Contract Services Revenue	22,687		22,687
Miscellaneous Income	6,424		6,424
	<hr/>	<hr/>	<hr/>
Total Income	147,919	462	148,381
Expense			
Salary & Benefits	72,262		72,262
Employee Travel	2,245		2,245
Administrative	3,720		3,720
Assessments & Fees	14,977		14,977
Meetings	983		983
Communications	4,020		4,020
Leases	1,690		1,690
Maintenance	8,288		8,288
Services	14,705		14,705
Regional State Committee	455		455
Depreciation & Amortization	16,590		16,590
Interest Expense	6,398	462 (a)	6,860
Other (Income)/Expense	2,892		2,892
	<hr/>	<hr/>	<hr/>
Total Expense	149,225	462	149,687
Net Income (Loss)	<u>(\$1,306)</u>	<u>\$0</u>	<u>(\$1,306)</u>

(a) Interest expense assumes new outstanding loan amount of \$30MM at 1.54% interest assuming balance was outstanding for twelve months.

(b) SPP's tariff allows for the recovery of all operating expenses through its tariff administration fee

EXHIBIT E

**STATEMENT OF CASH FLOWS AND
COMPUTATION OF INTEREST
COVERAGE**



Southwest Power Pool
Statement of Cash Flows
AUDITED

(\$000)	For the 12 Months Ended December 31, 2011	Adjustments to Reflect Proposed Transaction	Proforma December 31, 2011
OPERATING ACTIVITIES			
Net income (loss)	(\$9,040)		(\$9,040)
Adjustments to reconcile net income (loss) to net cash provided / (used) by operations:			
Depreciation & amortization	13,107		13,107
Impairment loss	152		152
Change in fair market value of interest rate swaps	(183)		(183)
Change in funded status of employee benefit plans	3,976		3,976
Loss on disposal of fixed assets	1		1
Changes in assets and liabilities:			
Accounts receivable	2,608		2,608
Other current assets	(3,285)		(3,285)
Other assets	(122)		(122)
Accounts payable	7,468		7,468
Other current liabilities	569		569
Other long term liabilities	67		67
Net cash provided/(used) by operating activities	15,318	0	15,318
INVESTING ACTIVITIES			
Purchase of property and equipment	(79,391)		(79,391)
Net cash used by investing activities	(79,391)	0	(79,391)
FINANCING ACTIVITIES			
Repayment on 4.78% Senior Notes - 2011	(5,000)		(5,000)
Repayment on US Bank Mortgage Notes	(205)		(205)
Repayment on Senior Floating Notes	(5,000)		(5,000)
Repayment on 5.45% Senior Notes - 2016	(3,000)		(3,000)
Issuance of 3.55% Senior Notes - 2024	70,000		70,000
Advance on line of credit		30,000	30,000
Net cash provided / (used) by financing activities	56,795	30,000	86,795
Net cash increase (decrease) for the period	(7,278)	30,000	22,722
Cash at beginning of period	81,041		81,041
Cash at end of period	\$73,763	\$30,000	\$103,763



Southwest Power Pool
Statement of Cash Flows
 UNAUDITED

(\$000)	<u>For the 12 Months Ended December 31, 2012</u>	<u>Adjustments to Reflect Proposed Transaction</u>	<u>Proforma December 31, 2012</u>
OPERATING ACTIVITIES			
Net income (loss)	(\$1,306)		(\$1,306)
Adjustments to reconcile net income (loss) to net cash provided / (used) by operations:			
Depreciation & Amortization	16,590		16,590
Change in funded status of employee benefit plans	3,501		3,501
Loss on disposal of fixed assets	264		264
Change in fair market value of interest rate swaps	(674)		(674)
Changes in assets and liabilities:			
Accounts receivable	(2,023)		(2,023)
Other current assets	1,224		1,224
Other assets	(180)		(180)
Accounts payable	(7,985)		(7,985)
Accrued Expenses	1,836		1,836
Other long term liabilities	229		229
Net cash provided/(used) by operating activities	<u>11,476</u>	<u>0</u>	<u>11,476</u>
INVESTING ACTIVITIES			
Purchase of property and equipment	<u>(78,340)</u>		<u>(78,340)</u>
Net cash used by investing activities	<u>(78,340)</u>	<u>0</u>	<u>(78,340)</u>
FINANCING ACTIVITIES			
Repayment on 5.45% Senior Notes - 2016	(6,000)		(6,000)
Repayment on US Bank Mortgage Notes	(206)		(206)
Repayment on Senior Floating Notes	(5,000)		(5,000)
Issuance of 3.00% Senior Notes - 2024	50,000		50,000
Issuance of 3.25% Senior Notes - 2024	50,000		50,000
Advance on line of credit		30,000	30,000
Net cash provided / (used) by financing activities	<u>88,794</u>	<u>30,000</u>	<u>118,794</u>
Net cash increase (decrease) for the period	21,930	30,000	51,930
Cash at beginning of period	<u>73,763</u>		<u>73,763</u>
Cash at end of period	<u>\$95,693</u>	<u>\$30,000</u>	<u>\$125,693</u>



Southwest Power Pool
Detail of Long-Term Debt
As of December 31, 2011
AUDITED

(\$000)	<u>Original Note Amount</u>	<u>Outstanding Balance as of December 31, 2011</u>	<u>Adjustments to Reflect Proposed Transaction</u>	<u>Proforma Balance as of December 31, 2011</u>
4.78% Senior Notes - 2011	\$25,000	\$0		\$0
US Bank Note - 2027	4,986	4,163		4,163
Floating Senior Note - 2014	30,000	16,000		16,000
5.45% Senior Notes - 2016	30,000	27,000		27,000
4.82% Senior Notes - 2042	30,000	30,000		30,000
4.82% Senior Notes - 2042	35,000	35,000		35,000
3.55% Senior Notes - 2024	70,000	70,000		70,000
Advance on Line of Credit			30,000	30,000
Total Long-Term Debt	\$224,986	\$182,163	\$30,000	\$212,163



Southwest Power Pool
Interest Coverage Calculation
UNAUDITED

<u>Federal Energy Regulatory Commission worksheet for computation of interest coverage</u>	<u>Estimated for the year ended 12/31/2012</u>	<u>Adjustments to Reflect Proposed Transaction</u>	(a) <u>OMB control No. 1902- 0043, pro forma for the year ended 12/31/2012</u>
Net Income	(\$1,306)		(\$1,306)
Add:			
Interest on Long Term Debt	6,398		6,398
Depreciation	16,590		16,590
Other Interest Expense	<u>0</u>	<u>462</u>	<u>462</u>
Total Interest Expense	22,988	462	23,450
Federal and State Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>
Income before Interest and Income Taxes	<u>21,682</u>	<u>462</u>	<u>22,144</u>
Computation of Interest Coverage			
Income before Interest and Income Taxes	\$21,682	\$462	\$22,144
Total Interest Expense	\$6,398	\$462	\$6,860
Interest Coverage	3.39	(c)	3.23

Footnotes

(a) This column represents a scenario where the proposed \$30MM in loans are funded for twelve months. Calculated interest expense includes only interest on existing debt and the \$30MM loans.

(b) SPP is exempt from taxes under Section 501c(6) of the Internal Revenue Code.

(c) SPP's Board of Directors sets annually the administrative fee that is assessed to its members. Per Section 8.4 of SPP's Bylaws that have been approved by FERC, the costs recovered under this fee shall include, but is not limited to operating costs, financing costs, debt repayment, and capital expenditures associated with the performance of SPP's functions as assigned by the Board of Directors.