

**Minutes of Regional State Committee (RSC) for the Southwest Power Pool (SPP)
Special Meeting in Salt Lake City on July 12, 2004 at 3:00 p.m.**

CALL TO ORDER

Denise Bode, RSC President, called the meeting to order at approximately 3:07 pm.

PRELIMINARY MATTERS

- a. Declaration of a Quorum.** The following individuals were in attendance:

RSC Members:

President Denise Bode, Oklahoma Corporation Commission
Vice President Sandra Hochstetter, Arkansas Public Service Commission
Board Member Brian Moline, Kansas Corporation Commission
Board Member Steve Gaw, Missouri Public Service Commission
Treasurer David King, New Mexico Public Regulation Commission
Secretary Julie Parsley, Texas Public Utility Commission

Associate Members, Member Staff, and Others:

Les Dillahunty, SPP
Sam Laudenslager, Arkansas Public Service Commission
Richard House, Arkansas Public Service Commission
Don Low, Kansas Corporation Commission
Mike Peters, Kansas Corporation Commission
Larry Holloway, Kansas Corporation Commission
Steve Dottheim, Missouri Public Service Commission
James Watkins, Missouri Public Service Commission
Ryan Kind, Missouri Office of the Public Counsel
Joyce Davidson, Oklahoma Corporation Commission
Ed Farrer, Oklahoma Corporation Commission
Bridget Headrick, Texas Public Utility Commission
Jess Totten, Texas Public Utility Commission
Walter Wolf, Stone, Pigman, Walther, Wittman, LC, outside counsel for the Louisiana
Public Service Commission
Keith Berry

It was determined that a quorum was present.

BUSINESS MEETING

- a. Report and discussion with respect to policy concerning transmission upgrade and expansion cost allocation for the Southwest Power Pool in preparation for the next participant funding conference on July 28, 2004**

Larry Holloway presented the CAWG proposal (Attachment A). The group discussed various details contained in the proposal and expressed general agreement to the approach presented.

ADJOURN

Having no other business, the meeting adjourned.

Secretary, Julie Parsley

Participant Funding CAWG Presentation to the RSC

NARUC
July 12, 2004
Larry Holloway

Participant Funding Proposals

SPP/RSC/CAWG

Current SPP Planning Process

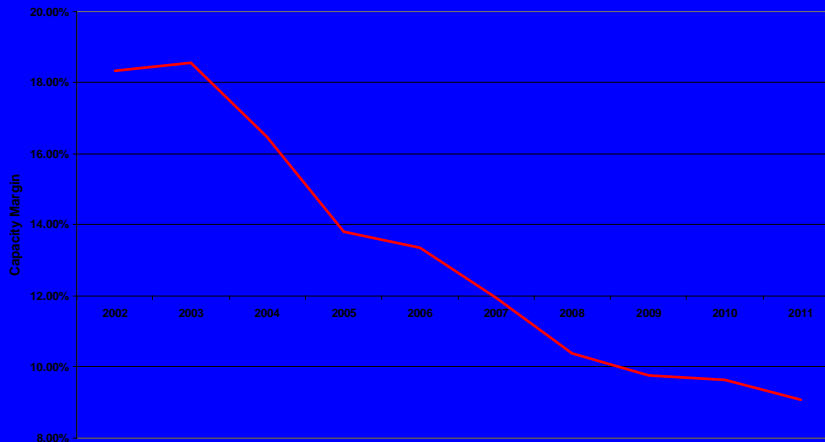
- Utilize 10 year control area load forecasts
- Use known committed generation
 - Designated Network Resources (DNR)
- Model will not solve!
 - Load Serving Entities are not required to commit 10 years out
 - Capacity Margin (12%) enforced for the next year
- SPP inputs generation from system planners
 - Uncommitted
 - Best guess
- Results identify upgrades to reliably serve the forecasted load and firm point to point transmission service
 - Upgrades associated with uncommitted resources are determined but not included in base plan upgrades

Participant Funding Proposals

SPP/RSC/CAWG

Example – 2002 SPP EIA-411

SPP 2002 EIA-411 Report



Participant Funding Proposals

SPP/RSC/CAWG

CAWG Proposed Base Plan

- 10 Year Reliability Plan
- Use 10 year load forecasts
 - Use known committed generation
 - Designated Network Resources (DNRs)
 - Uncommitted generation located according to agreed guidelines
 - Assume generic size and type
 - Uncommitted capacity to meet capacity margin requirements
 - Location is optimized for least cost transmission upgrades
 - locations and sizes publicly identified
 - Identified upgrades are part of the base plan
 - Upgrades associated with uncommitted resources are determined but not included in base plan upgrades

Participant Funding Proposals

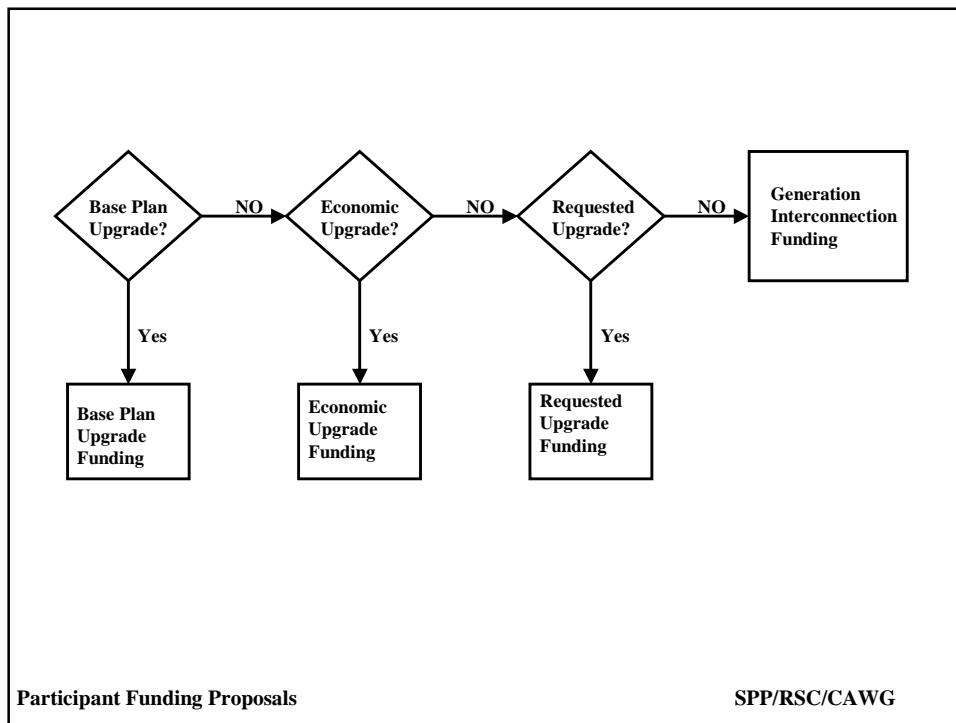
SPP/RSC/CAWG

CAWG Proposed Economic Plan

- Economic upgrades
 - SPP runs a generation dispatch model
 - Identifies clear economic projects
 - Includes analysis for participant requested economic reviews
 - May change location of uncommitted generation

Participant Funding Proposals

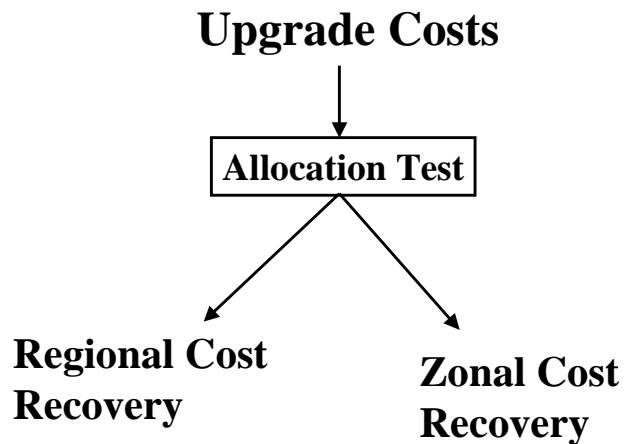
SPP/RSC/CAWG



Participant Funding Proposals

SPP/RSC/CAWG

Base Plan Funding



Participant Funding Proposals

SPP/RSC/CAWG

Base Plan Upgrade Funding

- Regional/Zonal Allocation
- Allocation test determines amount to region and amount to zones
 - Different Tests
 - Flow Based
 - Voltage based
 - Impact based
 - Functional test

Participant Funding Proposals

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Base Plan Upgrades

- These are upgrades identified by the base plan to meet reliability
 - Difference between base plan and deviations from base plan
 - Requested upgrades
 - Economic upgrades
 - Interconnection Requests
 - Funded by deviation funding mechanism
 - 10 Year base plan updated each year
 - Implementation schedule may change annually

Participant Funding Proposals

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Economic Upgrade Funding

- Voluntary/Mandatory Debate
 - Either one leaves questions of transmission rights
 - Network service customers use nonfirm economic dispatch
 - If they pay for economic upgrades for dispatch reasons they have no priority transmission service
 - Firm transmission service customers may purchase available transmission capacity funded by economic beneficiaries
 - Assigning some transmission rights solves this problem
 - Assigning costs on regional basis solves problem also
 - But raises other concerns!

Participant Funding Proposals

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Requested Upgrade Funding

- Requested upgrades either economic or for firm service
 - Requested economic upgrades present the same challenges as upgrades from economic plan
 - Upgrades needed for firm service
 - Designation of new designated network resources
 - New firm point to point service

Participant Funding Proposals

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CAWG Process Proposal

- July 28th Participant Funding Symposium
 - Intro
 - Explanation about RSC role in filing
 - Panel – presenters before RSC panel
 - 3 proposals
 - CAWG proposal
 - Allocation tests
 - CAWG process change
 - Comments

Participant Funding Proposals

SPP/RSC/CAWG

CAWG Process Proposal (cont)

- Include Stakeholders and Restructure
 - Similar to CBTF
 - Meeting every other week in Dallas
 - Preliminary dates Aug 3, 17, 31, Sept 14
 - Fly in fly out
 - Conf calls every other week
 - Final proposal to public on September 28th
 - September 28th final Participant Funding Symposium
 - CAWG proposal given at open meeting for comments
 - RSC decision before October 27th SPP BOD meeting in Little Rock