



SPP's Regional Funding Cost Comparisons

**Bruce Rew - SPP
CAWG Meeting
August 17, 2004
Dallas, TX**



Overview

- ❖ Review current transmission statistics for the region
- ❖ Compare current network and zonal transmission rates
- ❖ Provide examples of region wide transmission cost impacts

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2003 Retail Electric Sales

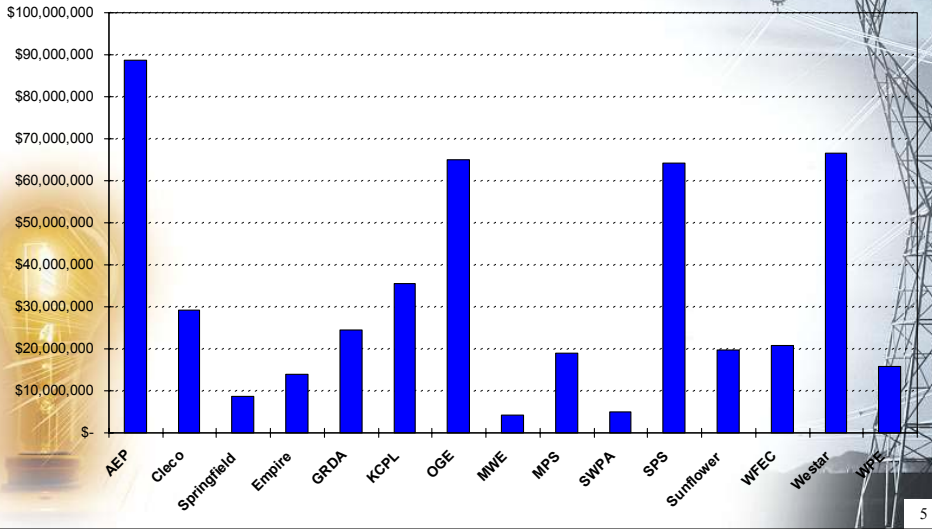
*from FERC form 1 and Annual Reports

SPP SYSTEMS	2003 SALES
AEP West	\$1,859,000,000
AECC	\$124,000,000
BPU	\$167,000,000
CLECO	\$612,000,000
CITY OF CLARKSDALE	\$18,000,000
CITY OF INDEPENDENCE	\$77,000,000
CITY UTILITIES - SPRINGFIELD	\$159,000,000
EMPIRE DISTRICT	\$274,000,000
GRDA	\$196,000,000
KCP & L	\$888,000,000
LEPA	\$73,000,000
MIDWEST ENERGY	\$68,000,000
NE TEXAS ELECTRIC COOP	\$109,000,000
OG & E	\$1,413,000,000
OMPA	\$128,000,000
SPA	\$103,000,000
SPS	\$761,000,000
SUNFLOWER ELECTRIC	\$119,000,000
UTILICORP (AQUILA)	\$567,000,000
WFEC	\$271,000,000
WESTAR	\$1,066,000,000
Total for 2003	\$9,052,000,000

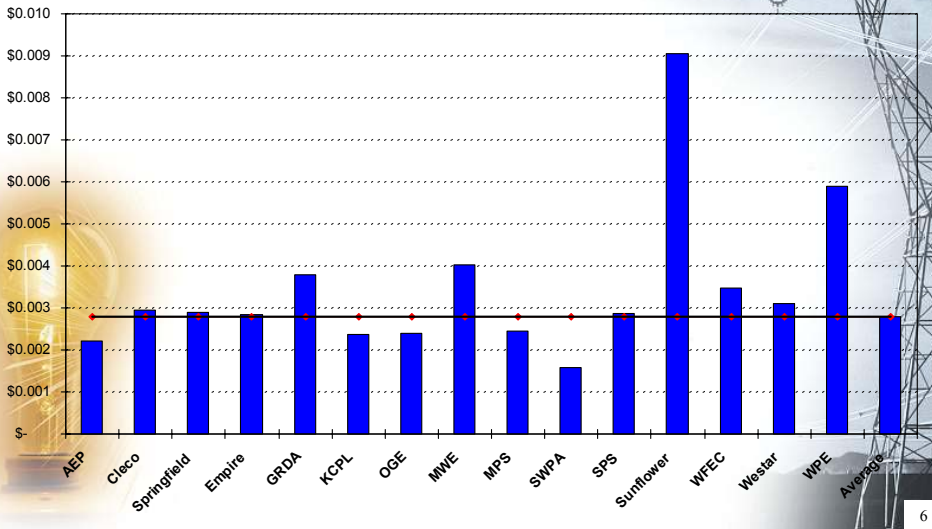
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Annual Transmission Revenue Requirements: 2003 = \$480,633,327

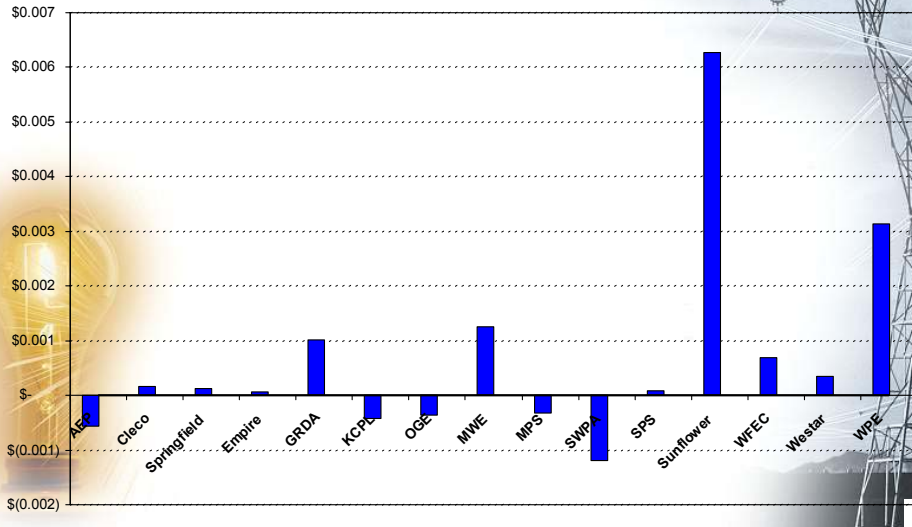


Network service rate \$/kwh





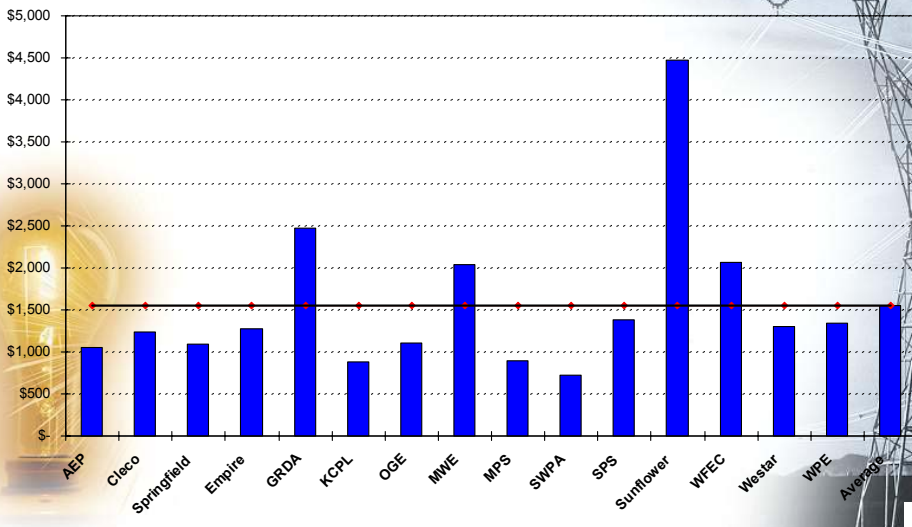
Deviation from Average rate



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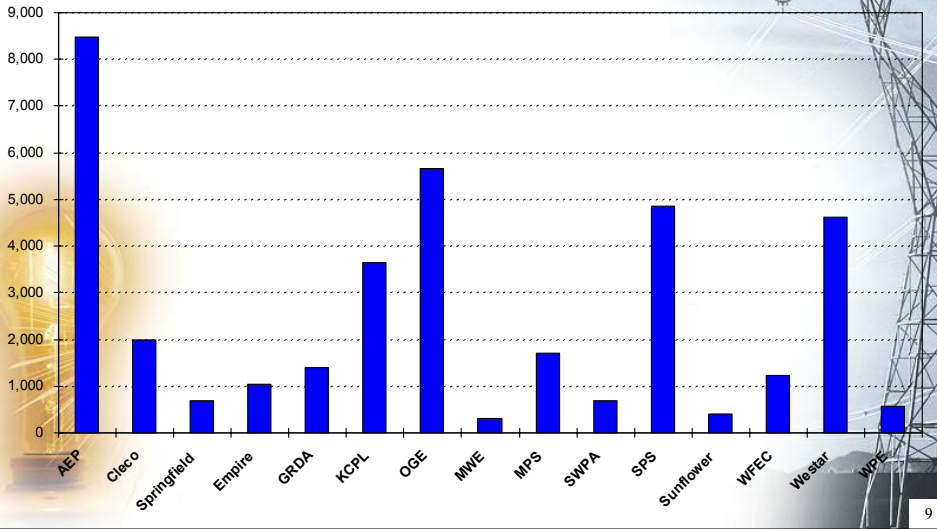
Zonal Point-to-Point Charges- Firm MW Monthly



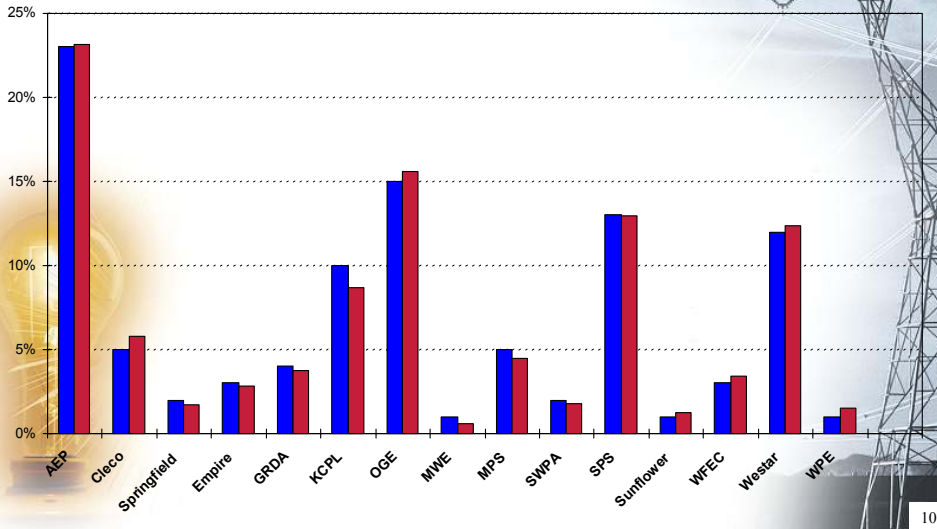
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Peak Load by member for 2003 37,273 MW Total



% Peak 2003 Load (blue) % Net Energy 2003 (red)





Overview

- ❖ SPP 2003 Net energy for load is 173,000 GWH from EIA-411
- ❖ \$9 Billion in Sales divided by energy is about \$0.052 per kwh for SPP
- ❖ Annual transmission Revenue requirements are about 5% of total annual electricity sales or about \$0.0028 per kwh

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SPP Universal Transmission Expansion Cost

Investment	20% carrying charge	Cost per 1,000 kwh(EIA-411)	% Total Electric Sales	% Trans Rev. Req.
\$125,000,000	\$25,000,000	\$0.144	0.3%	5.4%
\$250,000,000	\$50,000,000	\$0.289	0.6%	10.4%
\$500,000,000	\$100,000,000	\$0.578	1.1%	20.8%
\$1,000,000,000	\$200,000,000	\$1.156	2.2%	41.7%

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Bruce Rew Phone bill charges

- ❖ **Federal End user common line charge \$5.21**
- ❖ **Number portability service \$0.29**
- ❖ **Federal Universal service fee \$0.48**
- ❖ **Arkansas Universal service fund \$0.30**
- ❖ **AR Relay Service \$0.04**
- ❖ **911 Service fee \$0.84**
- ❖ **TOTAL = \$7.16**

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Conclusion

- ❖ **A \$500,000,000 transmission investment in SPP will cost each customer a can of soda per month**
- ❖ **Whatever pricing method is chosen the planning model will have to demonstrate:**
 - ◆ **Reliability is improved**
 - ◆ **Energy Savings gained exceed the cost of transmission expansion**

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