



**Southwest Power Pool
REGIONAL STATE COMMITTEE TELECONFERENCE MEETING
November 10, 2004**

• M I N U T E S •

Agenda Items 1 & 2 – Administrative Items

RSC President Denise Bode, Oklahoma Corporation Commission (OCC), called the meeting to order at 10:00 a.m. Other members in attendance or represented by proxy were:

- Sandra Hochstetter, Arkansas Public Service Commission (APSC)
- Mike Proctor, proxy for Steve Gaw, Missouri Public Service Commission (MPSC)
- Julie Parsley, Texas Public Utility Commission (PUCT)¹

Others in attendance were:

- Harry Skilton, SPP Director
- Sam Loudenslager, Arkansas Public Service Commission
- Richard House, Arkansas Public Service Commission
- Mary Cochran, Arkansas Public Service Commission
- Tom DeBaun, Kansas Corporation Commission
- Larry Holloway, Kansas Corporation Commission
- Michael Peters, Kansas Corporation Commission
- Mike Proctor, Missouri Public Service Commission
- Jess Totten, Texas Public Utility Commission
- Bridget Headrick, Texas Public Utility Commission
- Walter Wolf, Stone, Pigman, Walther, Wittman, LC, outside counsel for the Louisiana Public Service Commission
- Tony Ingram, FERC
- Nick Brown, SPP
- Bruce Rew, SPP
- Les Dillahunty, SPP
- Cheryl Robertson, SPP
- Carl Monroe, SPP
- Al Robbins, Kansas Municipal Utilities
- Terri Gallup, AEP
- David Kays, OG&E
- Gene Anderson, OMPA
- Bary Warren, Empire District
- Beth Martin, Intergen
- Tom Stuchlik, Westar

¹ Secretary Parsley was present for a portion of the meeting and was also represented by proxy, Jess Totten.

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Dave Christiano, City of Springfield
Tom Littleton, OMPA
Mel Perkins, OG&E
Raksha Krishna, EEI
Robert Bowser, KEP Co
Jay Toungate, AEP
David Fliescher, Secretary of Energy (Oklahoma)
Gary Newell, Thompson Coburn LLP
David Brian, East Texas Cooperatives

A quorum was declared.

Agenda Item 3 – Updates

President Bode asked for updates from the RSC officers, FERC, and Southwest Power Pool. Tony Ingram (FERC) informed the committee concerning: ICT conference hosted by the Arkansas Public Service Commission; SPP's Attachment Z compliance filing on November 1, 2004; imbalance market protocols; four orders concerning the New England ISO as they transition to an RTO; and the MISO press release concerning the launch of markets.

There were no other reports.

Agenda Item 4 – Business Meeting

Cost Allocation Working Group: President Bode asked Mike Proctor (MPSC) for a CAWG report. Mr. Proctor stated that CAWG staff met on Monday, November 8, to discuss transmission upgrades and review Attachment Z transmission rights and credits with respect to requested upgrades. The CAWG held a stakeholder meeting on November 9. Larry Holloway (KCC) stated that the x factor restriction that had been proposed as a safe harbor for zonal rate impacts or the alternate project cost maximum that had also been reviewed will only serve to allocate higher transmission costs to the TO's retail customers than to any TDUs in the zone. After analyses, the CAWG decided to revert back to the original base proposal excluding the added safe harbor provision. Richard House (APSC) agreed and stated the original plan is safe, durable, and conservative. A determination was made that economic upgrades be voluntary and not mandatory. If economic projects replace reliability projects, the economic projects would be credited.

Vice President Hochstetter asked if the CAWG had documents available that would show the rate impact. It was explained that the preliminary cost allocation spreadsheet indicates the impacts are minor with the maximum revenue impact not likely to exceed 1.5% of TOs annual revenue requirements. The methodology is being updated based on input from the Regional Tariff Working Group (RTWG). SPP was also asked to make an estimation of the base plan implications on retail rates during the study period. The group thinks that the \$180,000/MW limit will work as intended.

President Bode, Vice President Hochstetter, and Secretary Parsley expressed support for the CAWG proposal. President Bode asked if this should be approved today. Mr. Proctor stated that the economic detail document is not ready for a decision and suggested the plan be voted on as a whole package on November 17.

It was decided to meet during the NARUC Annual Convention on November 16 either in person or by phone to consider and approve the complete plan proposal, including base plan, economic plan,

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requested upgrades and generator interconnections. These policy determinations would then be directed to SPP. The November 17 meeting is cancelled.

Cost Benefit Study: President Bode asked for a cost benefit study report. Sam Loudenslager (APSC) reported that the consultants have started modeling. The FERC assessment costs are included. Contracts are signed by Arkansas and awaiting a signature from another state. Mr. Loudenslager said he would contact David King (NMPRC) to execute the contract hopefully by Friday, November 12.

Agenda Item 5 – Future Meetings

The next scheduled RSC meeting is November 16 in Nashville, Tennessee. Meeting details and agendas will be posted on the SPP RSC web page.

Adjournment

With no further business, President Bode adjourned the meeting at approximately 11:03 a.m.

Respectfully Submitted,

Julie Parsley, Secretary