



Southwest Power Pool
REGIONAL STATE COMMITTEE TELECONFERENCE MEETING
February 15, 2005

• M I N U T E S •

Agenda Items 1 & 2 – Administrative Items

RSC President Denise Bode (OCC) called the meeting to order at 8:08 a.m. EST. Other members in attendance or represented by proxy were:

Sandra Hochstetter, Arkansas Public Service Commission (APSC)
Brian Moline, Kansas Corporation Commission (KCC)
Julie Parsley, Texas Public Utility Commission (TPUC)

Others in attendance were:

Larry Holloway, Kansas Corporation Commission
Mike Peters, Kansas Corporation Commission
David King, New Mexico Public Regulation Commission
Mike Proctor, Missouri Public Service Commission
Joyce Davidson, Oklahoma Corporation Commission
Gary Walker, Oklahoma Corporation Commission
Don Low, Kansas Corporation Commission
Jim Eckelberger, SPP Director
Bruce Rew, SPP
Les Dillahunty, SPP
Cheryl Robertson, SPP
Pat Bourne, SPP
Mark Rossi, BDR
Allan Robbins, Kansas Municipal Utilities
Terri Gallup, AEP
Bill Wylie, OG+E
Mel Perkins, OG+E
David Kays, OG+E
Dennis Reed, Westar
Steve Owens, Entergy
Christine Ryan, East Texas Electric Cooperatives
David Fliescher, Secretary of Energy (Oklahoma)
Gary Newell, City of Lafayette
Tony Ingram, Federal Energy Regulatory Commission
Richard House, Arkansas Public Service Commission
Mike Wise, Golden Spread

A quorum was declared. President Bode asked for adoption of the January 24, 2004 minutes. Vice President Sandra Hochstetter stated that some typographical errors needed correction. **Vice President Sandra Hochstetter moved to adopt the January 24 minutes subject to correction. Secretary Julie Parsley seconded the motion. The motion passed unanimously.** Ms. Parsley

noted that transcripts from the meeting are not formally attached to the minutes due to the absence of an electronic copy and the difficulty of email distribution. She asked if it was acceptable to keep meeting transcripts in her office with a copy being made available upon request and no objection was made. President Bode suggested exploring future storage of meeting transcript, possibly at Southwest Power Pool.

Agenda Item 3 – Updates

President Bode asked for updates from the RSC officers, FERC, and SPP.

David King reported that the Governor's Council is working on legislation to set up transmission authority that would allow the New Mexico Commission to participate in the Regional State Committee. The New Mexico Commission will continue participating, as a non-voting member, in the RSC. Pending the decision by the Governor's Council, Mr. King submitted his letter of resignation as treasurer of RSC. Secretary Parsley reluctantly accepted his resignation with hopes that this would change. President Bode stated that she was glad to have New Mexico as part of the team. The New Mexico Energy Office will provide an associate member.

Tony Ingram (FERC) reported on recent FERC activities. Mr. Ingram stated that SPP had specific orders issued in:

- Docket Nos. RT04-1-003/ER04-48-003 (addressing rehearing of the July 2, 2004 RTO Order);
- Docket Nos. RT04-1-005/ER04-48-005 (addressing rehearing of the October 1, 2004 RTO Order);
- Docket No. ER05-326-000 (accepting revisions to Attachments J and P);
- Docket No. ER99-4392-002 (accepting revisions to SPP's OATT).

Mr. Ingram reported on the Commission's supplement to its Policy Statement issued in Docket No. PL04-5-000, adopting NERC's revised reliability standards, adopted by NERC on February 8, 2005 as Version 0 Reliability Standards. Although still voluntary, FERC puts the industry on notice that it would be good practice to accept the NERC standards.

Les Dillahunty (SPP) reported that work on the cost allocation is about to conclude. Mr. Dillahunty stated that Jim Eckelberger (SPP Board of Directors Chair) distributed a note expressing concern with language on the waiver process, specifically the 5-year point. Mr. Eckelberger will address this issue later in the agenda. The Regional Tariff Working Group is fine-tuning language for the cost allocation filing. A pre-filing conference is scheduled for Friday, February 18. Things remain on track to file with FERC by the end of the month. A significant effort is being made with regards to the market protocols. President Bode stated that FERC is eagerly awaiting this filing and thanked everyone for working so hard in this effort.

President Bode asked for reports from other officers. There were no other reports.

Cost Benefit Study (CBTF): President Bode asked for the cost benefit study report. Bruce Rew (SPP) explained that the study is set up with two models: 1) the SPP transmission expansion plan and 2) the transmission expansion plan including the transmission upgrades that provide economic benefit. Transmission investments will be compared under both the base plan and the economic plan. When asked if SPP could share these comparisons with Charles Rivers Associates (CRA) for

their study, Les Dillahunty stated that he would talk with the Cost Benefit Task Force and Sam Loudenslager (APSC) to see how this information could be provided. President Bode requested that she be informed if all benefits would or would not be included in the study.

Cost Allocation Working Group (CAWG): President Bode stated that the SPP Board of Directors adopted the RSC Cost Allocation Plan at their January meeting. Jim Eckelberger was asked to present his concerns. Mr. Eckelberger stated that the objectives in Attachment J, paragraph 2 listed the factors for waiver requests. He felt all were subjective and effective with the exception of one, which deals with exceeding the safe harbor limits, and after exceeding 5 years commitment would become part of the base plan. Mr. Eckelberger suggested replacing the word “significantly” in section C2iii of Attachment J with “importantly” to make the statement more judgmental. Section 2Ciii reads:

To the extent that the costs for Network Upgrades exceed the Safe Harbor Cost Limit, such upgrade costs may be classified in whole or in part as Base Plan Upgrade costs if the Transmission Customer's commitment to the new or changed Designated Resource **significantly** exceeds the five-year minimum commitment.

Following discussion, the RSC agreed that the language needed to meet the intent stated by Mr. Eckelberger and shared by the RSC. There was no specific action taken by the RSC regarding the language, but with an agreement as to intent, the CAWG was asked to quickly address this matter and ensure that the review and approval of the SPP and RSC were a part of the task. **Secretary Parsley moved that RSC delegate authority to the CAWG to develop language for section 2Ciii with as little change as possible. The amended language should be sent to RSC for review by the end of the week. Vice President Hochstetter seconded the motion. The motion passed unanimously.**

President Bode asked if there was any further old or new business that needed to be addressed. One item for consideration is the need for an RSC planning retreat to determine the committee's next steps and responsibilities. President Bode urged the committee to check their calendars in order to schedule a planning retreat in the future.

Agenda Item 5 – Future Meetings

The next scheduled RSC meeting is **April 25, 2005 in Austin, Texas**. Should another meeting be required prior to April 25, meeting details and agendas will be distributed and posted on the SPP RSC web page.

Adjournment

With no further business, President Bode asked for a motion to adjourn. **Secretary Parsley moved to adjourn. Brian Moline seconded the motion. With all in agreement, the meeting adjourned at 8:01a.m. EST.**

Respectfully submitted,

Julie Parsley, Secretary