

107 FERC ¶ 61,188
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suedeen G. Kelly.

Southwest Power Pool, Inc.

Docket Nos. ER04-658-000 and
ER04-658-001

ORDER ACCEPTING TARIFF REVISIONS

(Issued May 26, 2004)

I. Introduction

1. In this order, we accept Southwest Power Pool's (SPP)¹ proposed revisions to Schedules 1 and 9, Attachment P and other sections to its open access transmission tariff (Tariff or OATT).

2. This order benefits customers because the revisions provide clarity and standardization to SPP's Tariff and ensure greater consistency in the provisions of electric power to the region.

II. Background

3. On March 17 and 30, 2004, pursuant to section 205 of the Federal Power Act (FPA)² and section 35.13 of the Commission's regulations,³ SPP submitted revisions to its Tariff which, it states would clarify and update certain provisions of its Tariff.

¹ SPP is an Arkansas non-profit corporation, with its primary place of business in Little Rock, Arkansas. SPP currently has 50 members, serving more than 4 million customers across all or parts of eight southwestern states. SPP also serves as the regional reliability council and administers the open access transmission service regionally across facilities that the SPP transmission owners have dedicated to the SPP Tariff. SPP recently sought and was conditionally granted Commission recognition as a regional transmission organization (RTO). See Southwest Power Pool, Inc., 106 FERC ¶ 61,110, reh'g pending (2004) (SPP RTO Order).

² 16 U.S.C. § 824d (2003).

³ 18 C.F.R. §35.13 (2003).

4. SPP states that the proposed tariff revisions were developed by the SPP Regional Tariff Working Group and were subsequently approved by the SPP Operations Policy Committee and the SPP Board.⁴ Accordingly, SPP states that it vetted its proposed changes through its stakeholder process and these changes met with the approval of its stakeholders.

5. SPP requests waiver of the Commission's prior notice requirement, 18 C.F.R. § 35.3 (2003), so that the proposed revisions can have an effective date of April 1, 2004 – the beginning of the billing cycle. According to SPP, this waiver is appropriate because the proposed changes will not affect the rates and the proposed changes have gone through the stakeholder review process.⁵

III. Proposed Revisions

6. SPP proposes to revise Schedule 1 of its OATT to separate the charges for control area functions from the charges for recovery of SPP administrative costs. SPP also proposes revisions to several sections to its OATT. These revisions are to: (1) section 1.16 of the SPP Tariff, Load Ratio Share billed under the Network Integration Transmission Service (Network Service) to make clear that the network customer's Load Ratio Share is calculated on an annual basis; (2) section 7.1 of the SPP Tariff to modify the payment deadline for all services rendered; (3) section 7.2 of the SPP Tariff to add a new section 7.2a that describes how SPP will hold all monies deposited as financial assurances; and (4) section 7.3 of the SPP Tariff to specify a new default deadline. In addition, SPP proposes to revise Attachment P to its OATT to state different deadlines for SPP to respond to transmission service requests.

A. Revisions to SPP's Scheduling and Tariff Administrative Services

1. Current Schedule 1

7. SPP asserts that Schedule 1 allows it to recover its costs to provide Scheduling and Tariff Administrative Services.⁶ Since SPP is not a control area operator, Schedule 1 permits individual control area operators to provide related services, so that power can be transmitted within, into, or out of their respective control areas. SPP states that it will continue to pass through the charges for each transaction, without mark-up, to the transmission customer. Schedule 1 also allows SPP to assess an administrative charge

⁴ Transmittal Letter at 1.

⁵ Id. at 2.

⁶ Id.

(currently capped at \$.20 per MW per hour) that is applied to all transmission services, thereby permitting SPP to recover a portion of its expenses for tariff administration.⁷ Schedule 1 also allows SPP to assess a transmission service request charge and recover bad debt expenses.

2. Proposed Revisions to Schedule 1

8. SPP proposes to separate the charges for control area functions from the charges from SPP's administrative costs recovery function into a revised Schedule 1 and a new Schedule 1-A, respectively. The proposed revised Schedule 1, renamed Scheduling, System Control and Dispatch Service, details and codifies SPP's scheduling practices.⁸ SPP asserts that these proposed revisions minimize the scheduling charges that a transmission customer will pay because there will be fewer control area operators that perform scheduling services.

9. SPP also proposes the addition of a new Schedule 1-A, Tariff Administrative Service. The proposed Schedule 1-A mainly incorporates the current provisions for the administration charge, the transmission service request charges, and the bad debt expense recovery.⁹ Schedule 1-A calculates administrative charges for the subsequent calendar

⁷ Schedule 1 requires that the transmission provider project expenses based on its budget for a twelve month period and divide by twelve to derive the monthly charge. The transmission provider is required to reconcile actuals to budgeted figures and adjust future monthly charges to reflect either over or under recoveries to allow the transmission provider to recover its actual costs. The existing Tariff permits SPP to recover 80 percent of its total expense related to tariff administration service through this charge up to the cap of \$.20 per MW per hour for all transmission service under the Tariff.

⁸ For example, SPP explains that for transactions that source and sink in the same control area, both SPP and the control area operator will perform the scheduling. Also, for transactions that source and sink within two different control areas within the SPP footprint, scheduling will be performed by SPP and the control area operators for the source and sink areas, but not by intervening control area operators. In addition, for transactions that have a source and a sink in two different control areas, one that is internal to SPP and one that is external, scheduling will be performed by SPP, the control area operator for the internal control area, and the operator for the external control area that is the point of delivery or point of receipt. Finally, for transactions that have a point of delivery and point of receipt in control areas that are both external to SPP, SPP will perform scheduling. SPP explains that in no case will intervening control area operators be allowed to perform or charge for scheduling.

⁹ Transmittal Letter at 3.

year, based on projected budget expenses for that year divided by the projected annual Schedule 1-A billing units for the same calendar year, with any over- or under-recovery of such expenses to be included in the subsequent year calculation.¹⁰ SPP asserts that these proposed revisions to its cost recovery mechanisms are similar to cost recovery mechanisms of Commission-approved RTOs and regional transmission providers that are permitted to fully recover their costs.¹¹

10. SPP also states that the billing determinant to determine the administration charge for network service is the “12 month average of the transmission customer’s coincident Zonal Demands used to determine the Demand Charges under Schedule 9 multiplied by the number of hours of the applicable month.” The \$0.20 per MW hour cap was not changed.

11. SPP proposes to revise Attachment P to its Tariff¹² so that all of its provisions conform with the timelines established in Order No. 638.¹³

IV. Notice of Filings, Interventions, Protests and Answers

12. Notice of SPP’s filings were published in the Federal Register, 69 FR 19,996 (2004), with comments, protests, and interventions due on or before April 20, 2004. Kansas City Board of Public Utilities, Xcel Energy Services, Inc., Lafayette Utilities System, LA, and Tenaska Power Services, Co., filed timely motions to intervene, with no substantive comments.

¹⁰ The proposed Schedule 1-A also proposes to permit SPP to recover 100 percent of its total tariff administration expenses through the administration charge, rather than the current 80 percent in the Tariff.

¹¹ Id., (citing PJM Interconnection, L.L.C., Docket Nos. ER00-298-000, et al. (July 31, 2000) (where the Commission approved a settlement establishing and modifying PJM Schedule 9 administrative services charges) and Midwest Independent Transmission System Operator, Inc., 97 FERC ¶61,033 at 61,169 (2001) (where the Commission accepted Midwest ISO Schedule 10 ISO Cost Recovery Adder)).

¹² Attachment P sets forth the time periods for SPP to respond to transmission service requests and for customers to execute facilities studies agreements.

¹³ See Open Access Same-Time Information System and Standards of Conduct, 1991-96 FERC Stats. & Regs. Preambles ¶ 31,093 (2000).

13. Missouri Joint Municipal Electric Utility Commission, Oklahoma Municipal Power Agency, and West Texas Municipal Power Agency (collectively, TDU Intervenors) filed a timely motion to intervene and protest.

14. On April 22, 2004 SPP filed an answer to the TDU Intervenors' protest.

V. Discussion

A. Procedural Matters

15. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2003), the timely, unopposed motions to intervene serve to make the entities that filed the motions parties to this proceeding.

16. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2003), prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We will accept SPP's answer because it assisted us in our decision-making process.

B. Substantive Issues

1. Schedules 1, 1-A, 9, Attachment P, and OATTf Revisions

17. No party to this proceeding objects to SPP's proposal to revise: (1) Schedule 1 by separating Schedule 1 into two separate Schedules 1 and 1-A; (2) sections 1.16, 7.1, 7.2 and 7.3 of its OATT; and (3) Attachment P to its OATT to state different deadlines for SPP to respond to transmission service requests.

18. Our analysis indicates that SPP has divided its current Schedule 1 into two separate service schedules (Schedule 1 and 1-A) in order to provide clarity. All other revisions proposed by SPP result in changes in terms and conditions with no rate impact under the SPP OATT. Therefore, these unopposed proposed modifications are just and reasonable. Accordingly, we will accept these modifications, without suspension or hearing.

2. Protest

19. TDU Intervenors state that SPP's proposed Schedule 1 retains rate pancaking of scheduling charges which causes customers like TDU Intervenors to pay multiple charges for transactions that source and sink in separate control areas. TDU Intervenors also argue that the billing units proposed in proposed Schedule 1-A are not clearly defined to expressly include all system load, including the transmission owners' retail loads and

loads served under grandfathered contracts. TDU Intervenors maintain that because SPP justifies the changes in the current filing largely on RTO grounds, the Commission should not let SPP selectively decide whether it will comply with the Commission's RTO policies. Moreover, TDU Intervenors request that if the Commission accepts SPP's proposal, the Commission should do so on the condition that SPP make its Schedules 1 and 1-A RTO-compliant effective as of a date no later than when SPP attains RTO status.

3. SPP's Answer

20. In its answer, SPP argues that the proposed revisions do not constitute rate changes for the scheduling service charges, therefore TDU Intervenors' protest is improper. In addition, SPP points out that these issues were addressed in the SPP RTO proceeding. SPP points out that the proposed revisions allow multiple transmission owners to assess scheduling changes, in the same manner as is currently on file with the Commission.¹⁴ Furthermore, SPP argues that the issues relating to multiple control area charges in connection with Schedule 1 will be resolved through negotiations ordered by the Commission in the SPP RTO Order¹⁵ and in a future filing in connection with the SPP RTO.

4. Commission Determination

21. As stated above, SPP has divided its current Schedule 1 into two separate service schedules (Schedule 1 and 1-A) in order to provide clarity which results in no change in rates under the SPP Tariff.

22. With respect to TDU Intervenors' concern regarding Schedule 1 retaining rate pancaking of scheduling charges, we note that in the SPP RTO Order we directed SPP to address the issues raised by intervenors regarding the purchase of reactive power and Schedule 1 rate pancaking, and file a report with us one year from the date of this order regarding the progress it has made in reaching accord with intervenors on these and other ancillary services issues raised by intervenors.¹⁶

23. We agree with TDU Intervenors' concern that the billing units proposed in Schedule 1-A should include all system loads, including bundled retail loads and loads served under wholesale grandfathered agreements. In the SPP RTO Order we required,

¹⁴ SPP Answer at 2.

¹⁵ SPP RTO Order, 106 FERC ¶ 61,110, P 156.

¹⁶ Id. at P 156.

as a condition for SPP to become an RTO, among other things, “that TOs, on behalf of their entire load including grandfathered wholesale and bundled retail loads, take service under the non-rate terms and conditions in the SPP OATT as a prerequisite to obtaining RTO status from the Commission.”¹⁷

24. We therefore find that the issues raised here are being addressed in SPP’s RTO proceeding.

The Commission orders:

(A) SPP’s answer is hereby accepted for filing.

(B) SPP’s proposed revisions are hereby accepted for filing without suspension or hearing, effective April 1, 2004, as requested.

By the Commission.

(S E A L)

Linda Mitry,
Acting Secretary.

¹⁷ Id. at P 108.