

United States Government

Department of Energy

# memorandum

Western Area Power Administration

DATE: JUL 09 2014

REPLY TO  
ATTN OF: A0000

SUBJECT: Upper Great Plains Membership in the Southwest Power Pool

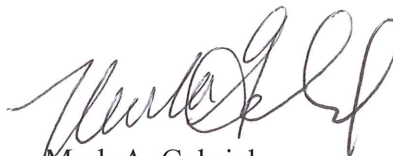
TO: R. Harris, B6000, Billings, MT

**ISSUE:** Approval of Western Area Power Administration(Western)–Upper Great Plains Region (Western UGPR) formalizing full membership in the Southwest Power Pool (SPP), contingent upon Federal Energy Regulatory Commission (FERC) approval of negotiated modifications to the SPP Bylaws, Membership Agreement, and Open Access Transmission Tariff (OATT).

**BACKGROUND:** Pursuant to section 1.7 of Department of Energy Delegation Order No. 00-037.00A, the Administrator of Western has been designated authority to act as the appropriate Federal regulatory authority with respect to the transmission facilities of Western UGPR, pursuant to section 1232(a)(1)(A) of the Energy Policy Act of 2005 (42 U.S.C. § 16431(a)(1)(A)). As such, the Administrator is authorized to commit Western UGPR to formally join a transmission organization as defined in section 3 of the Federal Power Act (16 U.S.C. § 796(29)).

Western UGPR, along with the other Integrated Transmission System (IS) owners, has completed negotiations with SPP. In compliance with Western's statutory and regulatory requirements, and consistent with the authorization in my letter dated January 9, 2014, Western UGPR and SPP have successfully negotiated changes to SPP's Bylaws, Membership Agreement, and OATT provisions necessary for Western UGPR to become a full member of SPP. On June 9, 2014, the SPP Board of Directors approved those documents.

**APPROVAL:** Western UGPR has negotiated agreements with SPP consistent with Western's statutory authority, including section 1232 of the Energy Policy Act of 2005 (42 U.S.C. 16431), and has demonstrated that the assumptions made in the initial Cost Benefit Analysis and risk studies are valid, the Multi Criteria Decision Analysis generated last fall is valid, and the anticipated benefits of joining SPP have been met. Therefore, I approve full membership in SPP by Western UGPR. In accordance with Western's Power Marketing Delegation Order, WAPA O 110.2C, I hereby approve and direct Western UGPR to take the necessary actions to accomplish full membership with SPP. Any actions taken shall be contingent on FERC not materially modifying the provisions Western UGPR negotiated for full membership in SPP that ensure compliance with statutory and regulatory requirements and continue to provide reliable, cost-based hydropower to Western UGPR preference customers consistent with sound business principles.



Mark A. Gabriel  
Administrator