

# Southwest Power Pool approves projects

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TULSA – Electric grid coordinator Southwest Power Pool moved to expand the region's electric transmission grid on Tuesday, approving six projects worth \$1.14 billion.

Oklahomans could pay up to \$262 million to install those transmission lines.

Four of the six projects are in Oklahoma and one, an \$840,000 line reactor, will be in Tulsa.

The condition is that moving ahead with actual construction would be subject to achieving approval from the

Federal Energy Regulatory Commission. The Southwest Power Pool asked the FERC on April 19 to OK a cost-sharing plan for electric transmission projects across the SPP's nine-state area, which includes Oklahoma. The cost sharing for these high-voltage projects would be based on projected benefits. The "Highway/Byway" method of sharing costs for electric transmission would split the costs for projects that benefit the region's power grid among utilities in the region, if approved by the FERC.

Electric ratepayers would be required to foot the bill, but no one on Tuesday knew when that would start.

"That will be determined," said Oklahoma Corporation Commission Vice Chairman Jeff Cloud. "It would not be a rate case necessarily, but the rate design would have to be worked out."

If the FERC OKs the cost sharing, then customers with OG&E will pay 13 percent, or \$148 million, to install the 345,000 volt lines in western Oklahoma. Public Service Company of Oklahoma customers would pay \$114 million.

AEP, the parent company of PSO, would pay 22 percent of the cost, or \$250 million. Those amounts would be spread

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among all the AEP companies that will benefit from the project, of which PSO is one.

The typical residential user would pay about \$1.37 per month more, said PSO spokesman Kip Fox.

That cost allocation proposal last week was submitted to FERC for its review and approval.

Deciding how to share the cost of expensive high-voltage transmission among all utilities will jump-start further expansion of our regional electric grid, said Nick Brown, SPP president and CEO.

The SPP construction is for "priority" high-voltage electric transmission projects estimated to bring benefits of at least \$3.7 billion to the SPP region through 2050. Studies indicate that these Priority Projects have a benefit-to-cost ratio of 1.78. Benefits were based on the projects' impact on costs related to grid congestion, sales and revenues; efficient use of the transmission system; natural gas prices as related to support

of renewable wind energy; and projects needed to maintain electric reliability.

The projects will improve the regional electric grid by reducing congestion on the power lines, better integrating SPP's east and west regions and improving SPP members' ability to deliver power to customers, said Emily Pennel, SPP spokeswoman.

"Traditionally, we have built transmission infrastructure in a reactive way – incrementally 'patching' the electric grid by building just enough least-cost transmission to keep the lights on," Brown said. "Our members are now shifting to a new vision of enabling transmission. We want to proactively build a robust 'transmission superhighway' that will benefit customers not just of one utility, but across the entire region. We need an electric grid that will meet near- and long-term needs, and allow us to better manage many uncertain future scenarios such as carbon policy, varying fuel prices, growth in electricity demand, and state or federal renewable energy standards."

New investment will lead to job creation and other benefits, said Cloud, who is a

member of the SPP Regional State Committee.

"And it also will strengthen Oklahoma's position as an energy leader, building on its historic position as a major oil and natural gas producer by next expanding its role in development of clean, renewable wind energy that will benefit both this state and the region," Cloud said.

The approved Priority Projects:

- A double-circuit 345-kV line, projected to cost \$356 million, will be from Spearville, Kan., to Comanche County, Kan., to Medicine Lodge, Kan., to Wichita, Kan.
- A 345-kV line, projected to cost \$301 million, will run from Nebraska City, Neb., to Maryville, Mo., then to Sibley, Mo.
- A double-circuit 345-kV line, projected to cost \$247 million, will run from Woodward to Hitchland, Texas.
- A double-circuit 345-kV line, projected to cost \$108 million, will run from Comanche County, Kan., to Woodward.
- The 345-kV line, projected to cost \$131 million, will run from Valliant to Texarkana, Texas.
- New equipment in Tulsa is projected

to cost \$840,000.

The total cost to engineer and construct these projects is estimated to be \$1.14 billion.

"There are specific times and places in the SPP region where lower-cost energy can't be delivered to customers because there's not enough transmission. These new electricity 'highways' will allow us to move more power more efficiently," said Les Dillahunt, SPP senior vice president of engineering and regulatory policy. "Thousands of temporary and permanent jobs will be created to build and operate the Priority Projects. We also expect new wind farms will be built once transmission is available to pull more wind energy from the Plains to the electric grid, providing additional jobs."

Qualitative benefits were based on the economic output (jobs, goods and services, new taxes paid by project owners) from the projects' construction and operation, and the operation of an additional 3,200,000 kilowatts of wind energy that will be facilitated by construction of Priority Projects.