

**IN THE UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Regional Transmission)
Organizations) Docket No. RT01-1-000

**SOUTHWESTERN POWER ADMINISTRATION PLANS AND EFFORTS
TO PARTICIPATE IN AN RTO**

Southwestern Power Administration (Southwestern) is submitting this filing to inform the Federal Energy Regulatory Commission (Commission) of the status of Southwestern's recent efforts to participate in a Regional Transmission Organization (RTO). Southwestern is not a "Public Utility" as that term is defined in Commission regulations and is therefore not subject to Commission governance. However, Southwestern is following Department of Energy guidance provided in a memorandum issued on May 16, 2000, to inform the Commission of its efforts to participate in an RTO.

Southwestern is an agency of the Department of Energy headquartered in Tulsa, Oklahoma. Southwestern was established in 1943 and is responsible for marketing the hydroelectric power produced at 24 U.S. Army Corps of Engineers multipurpose dams located in Arkansas, Missouri, Oklahoma, and Texas pursuant to Section 5 of the Flood Control Act of 1944. Southwestern operates and maintains over 1,300 miles of high-voltage transmission lines constructed for the

delivery of Federal power. Southwestern markets electric power and associated energy on a peaking basis pursuant to statutes requiring that preference be given to publicly held entities such as rural electric cooperatives and municipal utilities generally located in the states of Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas.

Southwestern has historically maintained a nondiscriminatory, open access policy for transmission service while meeting its statutory mission to market Federal hydropower. Southwestern filed an open access tariff consistent with Commission Orders Nos. 888 and 889 that applies to the use of its transmission system for the delivery of non-Federal power and energy. This tariff was approved by the Commission on May 13, 1998. Southwestern also received Commission approval of its Standards of Conduct on February 12, 1999.

Southwestern is a longstanding member of the Southwest Power Pool (SPP), a regional reliability council, and has actively participated in SPP's process of developing an SPP RTO that allows Southwestern's participation in a regional transmission organization. Southwestern enlisted the involvement and encouraged the direct participation of its Federal power customers (who are primarily municipals and cooperatives) during the course of the SPP RTO development process. Southwestern has sought solutions and removed many barriers throughout the development process that allows its participation in the proposed SPP RTO. Issues such as cost shifting, continuation of existing Federal contracts, and other legal obligations specific to Southwestern as a Federal agency continue to be addressed during the SPP RTO formation process. These issues are

also being considered as Southwestern continues to look at the merits of various developing RTOs, including the Midwest Independent System Operator RTO, the Crescent Moon Regional Transmission Entity, and the Public Power Regional Transmission Grid.

SPP submitted a filing with the Commission on December 31, 1999, requesting recognition as an Independent System Operator (ISO) and RTO that was subsequently denied. Southwestern participated in the development of that submission. The SPP is expected to submit a compliance filing with the Commission by October 16, 2000, to remedy the deficiencies the Commission identified in the original filing and to establish itself as an RTO. Southwestern continues to work with the SPP in its efforts to gain formal Commission recognition as an RTO.

Southwestern has signed a Membership Agreement with the SPP that contains special conditions to meet its statutory obligations and permits Southwestern to participate in the proposed SPP RTO. Transmission capacity in excess of that needed to meet Southwestern's statutory and contractual obligations will be committed under the SPP RTO for use on a regional basis with equal access provided to any eligible entity. Southwestern's continued participation will be subject to the preservation of Southwestern's ability to meet transmission reliability, safety, and environmental standards and its statutory obligation to market Federal hydropower at the lowest possible cost consistent with sound business principles.

SERVICE INFORMATION

Southwestern requests all correspondence, pleadings, and other communications in this proceeding to be addressed to:

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Dated at Tulsa, Oklahoma this 13th day of October 2000.

Respectfully submitted,

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