



Department of Energy
Western Area Power Administration
Upper Great Plains Customer Service Region
P.O. Box 35800
Billings, MT 59107-5800

SEP 20 2010

Mr. David Cook
Vice President and General Counsel
North American Electric Reliability Corporation
Princeton Forrestal Village
116-390 Village Boulevard
Princeton, NJ 08540-5721

Dear Mr. Cook:

This letter is written in response to the North American Electric Reliability Corporation's (NERC) request for comments on the Midwest Reliability Organization (MRO) and Southwest Power Pool, Inc. Regional Entity (SPP RE) reports evaluating proposed requests to transfer several Nebraska entities from the MRO to the SPP RE. Western Area Power Administration (Western) does not support the proposed transfer because it does not promote efficient and effective administration of Section 215 of the Federal Power Act.

Western-Upper Great Plains Region is currently a NERC registered BA, IA, LSE, PSE, RP, TOP, TO, TP, and TSP within the MRO and operates two Balancing Authorities, one within the WECC (WAUW) and another within the MRO (WAUE). Western opposes the transfer and supports the written report submitted by the MRO to NERC on August 16, 2010. Western submits these comments to further emphasize the impact a transfer of the Nebraska entities from the MRO to the SPP RE will have on it individually.

Western is one of several registered entities that have facilities within Nebraska, currently within the MRO footprint that will be impacted by a transfer to the SPP RE. Western has no desire to have any of its facilities moved into the SPP RE footprint placing its facilities within the footprint of an additional Regional Entity. Western also believes that it would be inappropriate to be forced into another Regional Entity and be adversely impacted by the actions of another party. Currently, Western has facilities in both the MRO and WECC. Western recognizes there are others who report to three (3) REs, but it has no desire to be forced into that situation. The Nebraska entities facilities are currently completely within the MRO. The proposal to move their facilities to the SPP is likely to result in reporting responsibilities for Western and/or the Nebraska entities to both the MRO and the SPP.

Should the proposed transfer occur, the new boundary would be much more complicated than a simple “checker boarding.” Within Nebraska, there are various ownership interests associated with several facilities that will complicate the proposed new boundary. As an example, Western currently owns and operates its Grand Island Substation in southeastern Nebraska which is part of the Integrated Transmission System (IS). Western is an owner of the IS and is responsible for its operation. The Grand Island Substation interconnects with the IS through a 345-kV transmission line that runs between Grand Island and Fort Thompson substations in South Dakota. The Grand Island Substation also interconnects with the Nebraska Public Power District’s (NPPD) transmission system in Nebraska. Equipment within this substation is owned and maintained by both Western and Nebraska Public Power District.

Should Western’s facilities remain in the MRO RE and the NPPD facility transfer into SPP RE be approved, it will result in two parties owning and maintaining equipment within the same substation, yet reporting to different regional entities for compliance. This clearly will complicate and blur reporting and compliance efforts for these facilities (for example, CT and PT’s, DC control circuits, communication facilities for the same protection systems, bus differentials, breaker failures, line relaying, etc.). This clearly does not promote efficient and effective administration of Section 215 of the Federal Power Act.

The justification for the requested transfer seems to hinge on the individual conveniences of certain registered entities related to travel and meetings expenses. As discussed in the MRO’s comments, any financial benefits of the proposed transfer are gained only by the existing SPP RE Load Serving Entities at the expense of those seeking transfer and the remaining MRO Load Serving Entities. The existing arrangement since April 1, 2009, appears to be working well and has resulted in a well managed seam. Western does not believe the proposal will result in a better managed seam and the cost shifts to Western and others simply for the convenience of some entities is inappropriate. It is more appropriate for the entities that have made a business decision to join the SPP marketing organization be responsible for these inconveniences as well any costs that may result from their choice. These impacts surely were or should have been considered as part of their business decision and it is not equitable to shift that obligation to others that did not make a choice and were not part of the business decision.

Much of the arguments presented to NERC supporting the transfer confuses and blurs the separate functions of the SPP RE and RTO. Should NERC grant such a transfer, NERC will have created a weak precedent undermining effective regulation by permitting Registered Entities to pick their regulator with little or no regard to promoting efficient and effective administration of Section 215 of the Federal Power Act as well as promoting a blurring and commingling of RE and RTO responsibilities.

Western appreciates the opportunity to file comments in opposition to the proposed transfer and in support of the MRO's detailed report as well as provide additional information regarding issues of specific concern related to the request to transfer the compliance registration of several Nebraska entities from MRO to SPP RE.

Sincerely,

A handwritten signature in black ink that reads "Robert J. Harris". The signature is written in a cursive style with a large initial 'R' and 'H'.

Robert J. Harris
Regional Manager

cc:

Ms. Elizabeth Heenan
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(hard copy and electronic copy)