SPP Southwest Power Pool

System Facilities Study For Transmission Service

Requested By Coral Power, LLC From Tenaska (Rusk County) To Entergy

With A Peak Of 450MW From June 1, 2001 To May 31, 2004

SPP Transmission Planning
(#SPP-1999-014)

November 8, 1999

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Southwest Power Pool Transmission Service Request #121839
SPP System Facilities Study SPP-1999-014

Executive Summary

At the request of Southwest Power Pool staff, Central and Southwest Services (CSWS) evaluated Transmission Service Request 121839. This request is for 450 MW of firm transmission service from a merchant plant in Rusk County, Texas within the CSWS control area to Entergy. The requested Point-To-Point Service is from June 1, 2001 to May 31, 2004.

The principal objective of this study is to identify the costs of Network Upgrades that must be added or modified to provide the requested Transmission Service while maintaining a reliable transmission system. This study includes a good faith estimate of the Transmission Customer's assigned cost for the required Network Upgrades and the time required to complete such construction and to initiate the requested service. This study does not address the cost or lead time to construct facilities to interconnect the Rusk County Plant to the existing System, the cost of which will be directly assigned by CSWS to Tenaska.

The staff of CSWS completed the System Impact Study that identified system limitations and required modifications to the SPP system necessary to provide the requested Transmission Service. Network Upgrades will be required on the CSWS transmission system. These Network Upgrades include reconductoring a 138 kV transmission line and replacing a 115 kV switch. The estimated total cost to engineer and construct these upgrades in 1999 dollars is $400,000. The estimated time required to complete engineering and construction is eighteen (18) months after CSWS's receipt of authorization to proceed from SPP.

Given the annual fixed charge rates of CSWS and an amortization period equivalent to the requested Reservation, the estimate of the Revenue Requirements for the required Network Upgrades throughout the requested transaction period is $579,809. The projected base revenues from the requested service are estimated to exceed the estimate of the Revenue Requirements for the required Network Upgrades over the requested transaction period. Therefore, there will be no cost assigned to the Transmission Customer for the Network Upgrades.

The Southwest Power Pool and CSWS shall use due diligence to add necessary facilities or upgrade the Transmission System to provide the requested Transmission Service, provided Coral Power, LLC agrees to compensate SPP for such costs pursuant to the terms of Section 27 of the SPP Open Access Transmission Tariff. Partial Interim Service is available to Coral Power, LLC per Section 19.7 of the SPP Open Access Transmission Service Tariff.

Engineering and construction of any new facilities or modifications will not start until after a Service Agreement is in place and CSWS receives the appropriate authorization to proceed from the SPP. In accordance with section 19.4 of the SPP Open Access Transmission Service Tariff, the Transmission Customer shall provide and maintain in effect, during the term of the transmission service agreement, an unconditional and irrevocable letter of credit to the SPP in the amount of no less than $400,000 for the initial engineering and construction costs to be incurred by the transmission owners. This amount does not include other deposits for items such as Reserved Capacity as required under the tariff.

Introduction

Coral Power, LLC has requested a Facility Study for Transmission Service from a merchant plant proposed for a location in Rusk County, Texas to Entergy. This Transmission Service for 450 MW has been requested from June 1, 2001 to May 31, 2004. The total generation capability of the plant is 900 MW. This study provides no

assurance of the availability of Transmission Capacity or the adequacy of existing or planned transmission facilities for Transmission Service in excess of the requested 450MW.

Given the constraints identified in the System Impact Study, estimated costs and lead times for construction of Network Upgrades are provided. These estimated costs are for only those facilities required to provide the requested service. No Direct Assignment facilities are included in this study that may be required to complete the requested service.

Based on the results of the Impact Study, Network Upgrades that were identified as required to provide the requested transmission service are listed in Table 1 below. CSWS has noted that to reconductor the line, a Certificate of Convenience and Necessity (CCN) exemption may be required. Lead times required for each individual project are provided. These lead times do not include any allowances for possible delays due to a need for a CCN, outage conflicts during construction, conflicts with construction during the summer peak, engineering and construction manpower constraints, etc. The lead times are based on engineering starting when SPP provides CSWS approval to start on the project. The total estimated time frame for engineering and construction of all projects is based on the longest lead-time project.

Table 1: Estimated Network Upgrade Costs And Lead Times

NETWORK SYSTEM IMPROVEMENT	ENGINEERING & CONSTRUCTION COSTS ($ 1999)	ENGINEERING & CONSTRUCTION LEAD TIME
Rebuild & reconductor the Jefferson Switching Station-IPC Jefferson 138 kV line, 1.49 miles, to 795 ACSR.	$380,000	Eighteen (18) Months
Replace 600 A switch #1143 at Patterson	$20,000	Six (6) Months
TOTAL	$400,000	Eighteen (18) Months