

ATTACHMENT R – SPS

Transmission Planning Process of Southwestern Public Service Company

I. Background

Southwestern Public Service Company ("SPS") is a member of the Southwest Power Pool, Inc. ("SPP"), a FERC-approved RTO. Access to the SPS transmission system is available through the SPP Open Access Transmission Tariff ("SPP OATT"). SPS also provides certain "grandfathered" and other Network Integration Transmission Services ("NITS") under the Xcel Energy Operating Companies Joint Open Access Transmission Tariff ("Joint OATT"). The retail native loads of SPS are not directly served under any OATT, but are subject to the non-rate terms and conditions of the Joint OATT and/or the SPP OATT.

The SPP RTO has functional control over the high voltage (60kV and above) transmission systems of SPS under Attachment AI of the SPP OATT. As an RTO, SPP performs coordinated and transparent regional planning for all transmission facilities in the multi-state SPP footprint through the annual SPP Transmission Expansion Plan ("STEP") process. Attachment O of the SPP OATT describes the STEP process. The SPP STEP process is a reliability centered process, examining the transmission facility additions required to maintain reliable service and operation, and meet applicable North American Electric Reliability Corporation ("NERC") and FERC transmission planning requirements for firm NITS and point to point ("PTP") customers, loads, and resources, including both generation resources and demand response resources. The STEP process also identifies potential projects which may provide an economic benefit to the region. SPP also functions as the Regional Entity for the SPP region and, as such, is responsible for reliability oversight (including transmission planning reliability standards compliance) for the SPP region (including the SPS system) pursuant to a Delegation Agreement between SPP and the NERC. SPS is also a member of the SPP Reserve Sharing group.

It is through the SPP STEP regional planning process that most transmission planning for the SPS system complies with FERC's nine Order No. 890 transmission planning principles. In addition to participating in the STEP regional planning process, SPS also conducts local planning to identify transmission improvements necessary to ensure the adequacy and reliability of the SPS system for the benefit of interconnected entities and transmission customers that utilize SPS system transmission facilities to receive transmission service. This local planning process is described in this Attachment R – SPS to the Joint OATT. SPS's focus is local and sub-regional planning, including lower voltage network planning, while SPP's STEP is focused on inter-regional and intra-regional transmission planning. However, this Attachment R – SPS should be reviewed in coordination with Attachment O to the SPP OATT, since the SPS local planning

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process is coordinated with, and is used to develop information considered by SPP in, the SPP regional planning process. To the extent necessary, the appropriate provisions of Attachment O to the SPP OATT are incorporated by reference into this Transmission Planning Process.

The local planning process conducted by SPS includes one or more annual open planning meetings that allow interested parties, including, but not limited to NITS and PTP customers (whether they take service under the SPP OATT or the Joint OATT), sponsors of transmission solutions, generation solutions and solutions utilizing demand response resources, interconnected transmission providers, state and local regulatory bodies and other stakeholders (collectively, "Stakeholders"), input into and participation in all stages of development of the SPS local transmission plan. SPS encourages SPS transmission customers to participate in both the SPS local planning process and the SPP STEP process. SPP verifies the performance of any transmission project developed through the SPS local planning process through the STEP regional process.

The SPS transmission planning region is limited to SPS's electrical system boundary. SPS's internal transmission planning process is responsive to direct transmission requests by wholesale NITS customers taking service from SPS under the Joint OATT, NITS and PTP customers taking service under the SPP OATT, SPS native loads for new load interconnections, and new load interconnections under the SPP OATT.

II. Compliance with Nine Order No. 890 Principles

1. Coordination

SPS participates in SPP's coordinated regional and sub-regional planning processes. SPS communicates with SPP in response to specific requests and also with other utilities as requested on any joint planning issues.

SPS is a party to a Network Operating Agreement ("NOA") with each NITS customer taking service from SPS under the Joint OATT or SPP OATT. SPS shall hold periodic meetings with its wholesale transmission customers, whether they take service under the SPP OATT or the Joint OATT, to discuss pertinent system issues. Specific study coordination shall be performed either through SPP or directly by SPS, as needed. No standing committees shall be constituted for purposes of this SPS local transmission planning process. SPS may, from time to time, create and dissolve *ad hoc* committees to address specific issues, as SPS deems necessary in its sole discretion.

SPS shall hold, at a minimum, one meeting annually where Stakeholders can participate in local planning discussions. The timing of the meeting will allow for any Stakeholder input to be incorporated into the SPP regional STEP process, as well as into the SPS

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planning process. SPS or Stakeholders may request additional meetings during the year to discuss various issues that are developed either by SPS, Stakeholders, or SPP. However, SPS shall not be obligated to conduct additional meetings if, in its sole discretion, SPS believes such topics may be adequately addressed through SPP-sponsored sub-regional planning meetings or through direct input to the STEP process.

SPS will create and maintain a Points of Contact List ("Contacts List") with important contact information and a Hyperlinks List (the "SPS Attachment R Hyperlinks List") on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>]. Stakeholders should notify the relevant person on the Contacts List to register their participation as a Stakeholder for the SPS local planning process.

SPS will announce the date, time, and location of the annual meeting and any additional meeting(s) within 30 days after SPP notifies SPS of the schedule for the SPP STEP annual process. Meeting information will be posted on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>]. SPS will provide as much notice as is practical of future meetings, but shall provide a minimum of 15 calendar days notice to Stakeholders. Notice will be transmitted by email or U.S. mail, and also posted on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>].

The structure of the meetings will be based on prepared agendas. Stakeholders may suggest topics for the meeting agenda by notifying the relevant person on the SPS Contacts List at least 30 days prior to the meeting date. However, SPS shall not be obligated to include an agenda topic proposed by a Stakeholder. SPS will circulate the meeting agenda and other pertinent information to Stakeholders by email, if the Stakeholder has provided appropriate contact information, no fewer than 10 calendar days prior to the date of its meetings. The agenda will also be posted on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>].

SPS will coordinate the local planning meetings, preside over such meetings, and keep minutes of the meetings. Meeting minutes will be posted on OASIS. Meetings will be scheduled and conducted so as to permit interested NITS customers (whether service is provided under the Joint OATT or SPP OATT), and other Stakeholders to have the opportunity to express views related to the topics on the agenda. SPS will then forward information developed in the meetings to SPP for consideration in the STEP.

SPS will maintain meeting agendas and minutes, any submitted projects, comments or other relevant input for consideration in the studies, and any other pertinent information at the locations shown on the SPS Attachment R Hyperlinks List posted on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>].

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The following general planning schedule for SPS local planning activities will be followed. The schedule may be revised according to changes in SPP's requirements.

First Quarter

- SPP finalizes planning work calendar for current planning year.
- SPP releases new planning models for current planning year.

Late First Quarter/Early Second Quarter

- SPS Local Planning Group sets calendar for local planning group for current planning year (including the date for the annual meeting), with Stakeholder participation.
- SPS Local Planning Group sets goals and tasks for remainder of planning year.
- SPS posts its Local Planning yearly schedule on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>].

Fourth Quarter

- Oct. 1 – due date for bus load data forecasts for next year's planning models
- Nov. 1 – due date for transmission network data changes

SPP will set the due dates for various inputs into the SPP STEP study along with due dates for any economic study requests and data. That information will be provided to Stakeholders as soon as practical. In the event that SPP modifies its data submittal dates, new schedules will be posted on the SPS Attachment R Hyperlinks List on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>].

SPS's planned system upgrades are provided to the SPP in two ways. First, they are provided through the SPP Model Development process. New projects, which are projects budgeted by SPS for construction, are added to the powerflow models. Second, project schedule information is provided according to SPP's process for project updates. SPS will use the local planning meetings as the vehicle by which transmission customers and other Stakeholders provide input into the powerflow model updates and project schedule information.

SPS will post the SPS local study transmission plan, which will be based on input received during this process, at the location shown on the SPS Attachment R Hyperlinks List on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>].

In addition to the SPS-sponsored local planning meeting, to be held at least annually, SPS will participate in the SPP-sponsored sub-regional planning meetings. Notices of the sub-regional planning meetings will be issued by SPP in accordance with Attachment O to the SPP OATT. Stakeholders in the SPS local planning process are encouraged to participate directly in the SPP sub-regional planning process.

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In addition to providing information to SPS in the SPS-sponsored local planning meetings, Stakeholders are encouraged to provide any input they deem necessary or appropriate directly to SPP for consideration in the STEP through either the SPP-sponsored sub-regional meetings or other STEP procedures.

2. Openness

SPS relies on the SPP and its open STEP planning processes to provide the vehicles for openness and communication on the 115 kV and above transmission systems. When SPS is doing specific planning on the lower voltage 69 kV system, SPS shall actively and directly communicate with any affected transmission owner, its transmission agent, or the requesting transmission customer, as needed.

Studies performed by SPS pursuant to transmission requests made under the Joint OATT are posted on the SPS portion of the SPP OASIS. [<http://sppoasis.spp.org/OASIS/SPS>].

SPS contacts any specific transmission customers that will be affected by its plans for the 69 kV system. As discussed in the previous Coordination section, SPS shall at a minimum, hold an annual local planning meeting to discuss upcoming or developed plans. These meetings shall be open to interested Stakeholders. Notice of the coordination meetings will be posted on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>], and Stakeholders will be notified as stated in Section 1 of this Attachment R-SPS. Any Stakeholder that wants to be added to the notification list can make this request to the customer contact identified on the SPS Contacts List.

3. Transparency

SPS has posted a summary of its currently effective internal planning criteria and general study methodology at the location shown on the SPS Attachment R Hyperlinks List on the SPS portion on the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>]:

The SPP Criteria, which includes SPP's planning criteria, can be downloaded by accessing the link found in the SPS Attachment R Hyperlinks List on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>].

The Xcel Energy Operating Companies' guidelines for Load Interconnections, Generation Interconnections, and Transmission-to-Transmission Interconnections are posted at the location shown on the SPS Attachment R Hyperlinks List on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>].

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As part of the annual (or additional) local planning meetings, or through direct communication with Stakeholders, SPS will request and consider comments on the assumptions used in the planning processes.

In addition, planning study documentation is attached to the studies when they are posted on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>]. As part of the study process, SPS will provide a draft report to the requesting Stakeholder for review and discussion prior to the release and posting on OASIS of the final report. The Stakeholder shall have 15 business days after transmittal of the draft report to provide any comments on the draft report. If the Stakeholder does not provide any comments, the final report will be posted on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>]. If the Stakeholder requests in writing that SPS allow more than 15 days to provide comments, the request shall act as a waiver of the study due date under the applicable provision of the Joint OATT and the due date shall be extended by the number of days requested by the Stakeholder.

SPS's transmission expansion plans are primarily related to load serving, 69 kV expansion, transmission service requests under the Joint OATT, and generation interconnection studies on radial transmission or distribution facilities. Any criteria, assumptions, or other underlying data is normally provided in the associated study report for that plan or study when it is released. However, requests for transmission service or a new load interconnection are sometimes confidential, and information related to the project cannot be shared with other entities until the project is publicly announced.

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Any requests for the actual models used in a specific study will require the requesting party to demonstrate that it has complied with SPP's policies and procedures for obtaining access to those models and data. To the extent necessary, the appropriate provisions of Attachment O to the SPP OATT are incorporated by reference into this Transmission Planning Process. The SPP procedure for obtaining models is available by accessing the SPP Non-Disclosure Agreement Information and Model Access Information link shown in the SPS Attachment R Hyperlinks List on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>].

For each request for the models for a specific study, the requesting party must provide SPS with a copy of its current, executed SPP Non-Disclosure Agreement and/or the FERC-approved Critical Energy Infrastructure Information request, if applicable.

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4. Information Exchange

All NITS customers taking service under the Joint OATT, and all NITS and Point-to-Point customers with loads on the SPS system and taking transmission service under the SPP OATT are required to provide by October 1 of each year any updates to planning model data as requested by SPS and SPP. The data will be incorporated in the SPP model development process for use by SPS and SPP in their planning processes. A ten year load forecast, certain seasonal load forecasts, and any other SPP required data must be provided. SPS will notify these NITS and Point-to-Point customers of what specific data is required within 10 calendar days of when SPP notifies SPS of the requirements.

Any information provided by Stakeholders will be considered and evaluated as part of the SPS local planning process.

5. Comparability

There are wholesale NITS loads and generation dispersed throughout the SPS transmission system, and SPS plans for these loads and generation in a manner comparable to planning for its native loads. The studies performed by SPS under the Joint OATT are based on the most recent SPP Aggregate Study models, without the new studied transmission service of the most recent SPP Aggregate Transmission Service Study. This captures the most recent firm transmission service sold by SPP, but not unconfirmed requests for transmission service, allowing SPS transmission service studies to closely track SPP's aggregate transmission service studies.

Load interconnection customers under SPP's OATT, wholesale NITS customers and SPS native load requirements are studied in a mostly sequential method. Wholesale customers place their transmission service requests through the SPS or SPP OASIS. Clustering of transmission service studies requests is used for some groups of study requests when clustering is beneficial and improves the efficiency of the planning process. To the extent necessary, the appropriate provisions of Attachment O to the SPP OATT are incorporated by reference into this Transmission Planning Process.

As SPS performs its network transmission service studies, it evaluates the impacts on the systems of neighboring transmission owners. If a significant effect is seen, SPP and the affected transmission owner(s) will be consulted to resolve the issue.

SPP planning procedures recognize that SPP and its members need to address transmission system requirements to meet state renewable portfolio standards, state resource adequacy and demand response requirements, and other similar regulatory programs that could include treatment of customer demand response resources. SPS will consider verified demand response, if available, when evaluating transmission project alternatives in the local study planning process.

SPS maintains a load and delivery point connection study queue for requests for installation of new load delivery points to provide comparable access to study processes and provide

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transparency. Confidentiality of the request will be maintained where possible, but the request will be noted in the study queue. The estimated date of completion of the requested study will be provided if it can be reasonably determined.

Information about what will constitute a complete request for a load and delivery point study will be provided on the Xcel Energy website. See the SPS Attachment R Hyperlinks List on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>]. In the event that the requester does not submit the minimum required data as part of the request, the request shall be deemed incomplete and will not be included in the SPS study queue until the required information is provided by the requesting party. This requirement applies to both third-party customers and to SPS, acting on behalf of its native load. SPS shall act in a reasonable manner so as to not unduly discriminate among resources and/or its native load.

If a Stakeholder requests a special transmission planning study for the SPS planning area requiring typical transmission planning analysis (powerflow, contingency, stability), SPS will place the request into the load and delivery point study queue, and such study shall be completed sequentially consistent with such queue. The Stakeholder shall be responsible for the cost of such special study.

6. Dispute Resolution

Transmission service customers taking service under the SPP OATT or disputing the results of an SPP STEP planning process shall utilize the dispute resolution processes set forth in the SPP OATT.

Disputes arising under the Transmission Planning Process in this Attachment R-SPS shall be subject to the Dispute Resolution Procedures in Section 12 of the Joint OATT, which may include informal negotiation, facilitated mediation, or arbitration. All mediations and/or arbitrations arising from disputes under the Transmission Planning Process in this Attachment R-SPS shall be held in Amarillo, Texas, unless otherwise agreed to by the Parties.

7. Regional Participation

SPS participates in the SPP Regional Transmission Planning Process. SPS shares its modeling data through the SPP modeling processes. SPS provides review and comments on SPP studies, both regional and sub-regional. SPS shares its internally developed transmission plans through the SPP processes, specifically through the SPP STEP and model development processes. To the extent necessary, the appropriate provisions of Attachment O to the SPP OATT are incorporated by reference into this Transmission Planning Process.

Information on the SPP STEP and SPP regional planning may be found by accessing the links provided in Table 2 of the SPS Attachment R Hyperlinks List on the SPS portion of the SPP OASIS [<http://sppoasis.spp.org/OASIS/SPS>].

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As required in the course of the SPS local planning process, SPS will consult with its neighboring transmission systems as needed for its own activities.

8. Economic Planning Studies

The SPP regional economic planning process is the mechanism through which SPS meets its Economic Planning Study obligations under Order No. 890. The focus of SPS's planning is reliability planning and meeting the load serving needs of wholesale NITS customers and native loads. SPS participates in SPP regional economic planning studies, pursuant to the Coordination principle set forth above. To the extent necessary, the appropriate provisions of Attachment O to the SPP OATT are incorporated by reference into this Transmission Planning Process.

If a Stakeholder submits a request for an economic planning study, SPS shall forward such request to SPP for inclusion by SPP in its economic planning studies. SPS shall not perform any economic planning studies unless directed to do so by SPP in accordance with Attachment O to the SPP OATT. The costs for such studies shall be allocated pursuant to Attachment O of the SPP OATT. SPS will actively coordinate with SPP with regard to the conduct of the economic planning studies to make sure that a Stakeholder's request for an economic study is provided to SPP, and appropriately considered by SPP. Since SPP has many parallel processes, it is possible that the specific economic study requested by a Stakeholder may already be addressed in another study by SPP and if so, that will be communicated to the requesting Stakeholder. Any study submission requirements will be defined by SPP and communicated to Stakeholders by either SPP or SPS once those requirements are known.

9. Cost Allocation

As part of SPP's role as an RTO, SPP has the responsibility to coordinate and develop regional transmission plans and cost allocation for new transmission facilities. SPS is a participant in the SPP regional transmission development process.

a. New Transmission Projects

The SPP OATT includes a Transmission Expansion Cost Allocation Plan process (Attachment J) for new transmission reliability projects, generation interconnection upgrades, and requested transmission service upgrades. SPS is subject to this process. This process was developed by the SPP Regional State Committee ("RSC") and the SPP Cost Allocation Working Group ("CAWG"). These committees include participants from various state regulatory agencies, transmission owners, and transmission users in SPP. Any projects not allocated through the SPP Transmission Cost Allocation Process will be allocated through the Joint OATT.

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b. Load Serving Interconnections

As provided in Section 13.5 (Transmission Customer Obligations for Facility Additions and Redispatch Costs), Section 27 (Compensation for New Facilities and Redispatch Costs) and Section 31.2 (New Network Loads Connected with the Transmission Provider) of the Joint OATT, and the Transmission Customer's individual service agreement (if applicable), the Transmission Customer or requester shall be responsible for the installed cost of all new load serving interconnections or upgrades to existing load serving interconnections.

More information regarding this direct cost assignment provision of the Xcel Energy Transmission Load Interconnection Cost Allocation Policy is available at the link shown in the SPS Attachment R Hyperlinks List on the SPS page of the SPS OASIS [<http://sppoasis.spp.org/OASIS/SPS>].

In the event of an inconsistency between this Attachment R-SPS and the Xcel Energy Load Interconnection Cost Allocation Policy, this Attachment R-SPS shall control.

10. Recovery of Planning Costs

SPS's costs associated with this Transmission Planning Process generally shall be recovered through existing rate structures. SPS will not directly assign the cost of its role in conducting the SPS local planning process. Such costs will be recorded in Account 561. The costs for any economic planning studies performed by SPS, at the direction of SPP, shall be recovered pursuant to Attachment O of the SPP OATT.

Any costs incurred by Stakeholders for their participation in the SPS local planning processes will be borne by those Stakeholders.

For the costs of studies associated with specific wholesale delivery point requests by NITS customers taking service under the Joint OATT or SPP OATT, the requesting customer shall be responsible for the actual costs of such studies. The customer shall pay the full estimated cost prior to SPS beginning the study, and SPS shall either refund any over-collection or bill any under-collection after completion of the study. In the event that there is a relevant modification to the SPP OATT, SPS will modify its procedures to be compliant with SPP's OATT requirements.

For the costs for any special study requested by a Stakeholder, the Stakeholder shall be responsible for the actual costs of the study. The Stakeholder shall pay to SPS the full estimated cost prior to SPS beginning the study, and SPS shall either refund any over-collection or bill any under-collection after completion of the study.

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