

**96 FERC ¶ 61, 266**  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: William L. Massey, Linda Breathitt,  
and Nora Mead Brownell.

Southwest Power Pool, Inc.

Docket No. RT01-34-003

Entergy Services, Inc.

Docket No. RT01-75-004

Northern States Power Company (Minnesota)

and

New Century Energies, Inc.

Docket No. EC99-101-005

**ORDER DISMISSING REHEARING AND PROVIDING CLARIFICATION**

(Issued September 12, 2001)

In this order we provide clarification and dismiss the request of Southwest Power Pool, Inc. (SPP) for rehearing of the Commission's June 27 order in these proceedings. Southwest Power Pool, Inc. and Entergy Services, Inc., 95 FERC ¶ 61,431 (2001) (June 27 Order).

Request for Rehearing

In the June 27 order, the Commission denied rehearing of a March 28 order in these proceedings, but granted clarification. That clarification was that "SPP should not incur significant start-up costs," before approval of an expanded SPP RTO and the seating an independent board of directors for the RTO. 95 FERC at 62,603.

SPP states that it has in good faith attempted to comply with the June 27 Order's directive that it avoid incurring additional significant start-up costs. SPP states that it is not at this time entering into new contracts relating to RTO development, and also states that SPP's board of directors, at a July 17 meeting, directed the deferral of training and readiness activities relating to the start-up of SPP's proposed RTO. SPP further states, however, that the board of directors also approved the expenditure of the final amounts of a contract that is 90 percent complete. That contract is for the development of a market settlement system to allow the market-based settlement of imbalances. SPP states

that the need for the system initially arose to accommodate retail access in four of the states within which SPP operates, and the need to accommodate retail access in Texas continues. SPP also states that the cost of completing the contract is \$1.75 million, while the costs of "demobilization" would be substantially greater. SPP, moreover, states that it will have a valuable asset with the completion of the market settlement system. SPP concludes that it believes that it has complied with the Commission's June 27 order.<sup>1</sup>

### Discussion

In the June 27 Order, the Commission addressed the issue of start-up costs, as follows:

Enron requests clarification (or rehearing) to specify that SPP may not incur significant start-up costs before approval of an expanded SPP RTO and the seating of independent board of directors for the RTO.

\* \* \*

Enron is correct in stating that the Commission has not approved SPP as an RTO. In the March 28 order, the Commission found that SPP had not shown that it had sufficient scope. The Commission directed SPP to attempt to expand its scope and to make a filing reporting on the success of those efforts. On May 25, 2001, SPP made a filing in which it states that it had a discussion with Southern Companies and the Tennessee Valley Authority and that neither is interested in any combination with SPP. We will address SPP's report in a later order. However, under these circumstances, where SPP's RTO proposal has not been found to be in conformance with Order No. 2000, we believe that Enron is correct in stating that SPP should not incur significant start-up costs. We, accordingly, grant the clarification requested by Enron.<sup>2</sup>

Given SPP's description of both the market settlement contract which its board of directors voted on July 17 to complete and the need for the market settlement system to accommodate retail access, we conclude that SPP's actions are consistent with our

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<sup>1</sup>SPP states that, if the Commission agrees that SPP has complied with the June 27 order, there is no need to address SPP's alternative request for rehearing. If the Commission disagrees, then SPP submits an alternative rehearing request.

<sup>2</sup>95 FERC at 62,602-03.

June 27 order. We therefore see no need to address SPP's alternative request for rehearing and we will dismiss it.

The Commission orders:

(A) The request for rehearing is hereby dismissed, as discussed in the body of this order.

(B) Clarification is hereby provided, as discussed in the body of this order.

By the Commission.

( S E A L )

David P. Boergers,  
Secretary.