



# 10-YEAR FORECAST OF ANNUAL TRANSMISSION REVENUE REQUIREMENT

GAYLE FREIER ▪ JUNE 26, 2025



# OVERVIEW

- This forecast estimates the impact of upgrades built in SPP from 2006-2032.
- ATRR is estimated for 10 years by year by zone for base plan funded and balanced portfolio upgrades.



# OUTLINE

- Changes since last forecast
- ATRR totals by cost allocation type
- Allocated ATRR results
- Forecast of Schedule 11 Rates for point-to-point through and out service
- Background slides



# CHANGES SINCE THE AUG 2023 UPDATE

- 2028 is the peak ATRR year in the forecast
  - (2025-2034 with straight-line depreciation and 6-mth shift-before BP transfers)
- Zonal ATRR – Legacy – Att H Col 3 amounts updated and included (per May 2025 RRR file)
- Load Ratio Shares using TO updates through May 2025
- Project Costs (TRAC) Updated to Q2 2025 Project Tracking
- For Zones with Formula Rates, Net Plant Carrying Charges updated per Formula Rate Template filings (thru Apr FRT years)

# WHAT IS IN THIS FORECAST?

- Total Inflated Base Plan Funded  
ATRR, 2006-2032:  
Approximately **\$2.8 billion**



- Includes approved upgrades with NTCs\* and NTC-Cs\*\*:
  - Complete
  - Under construction
  - Planned
- Excludes approved projects without NTCs

\*NTC = Notification to Construct

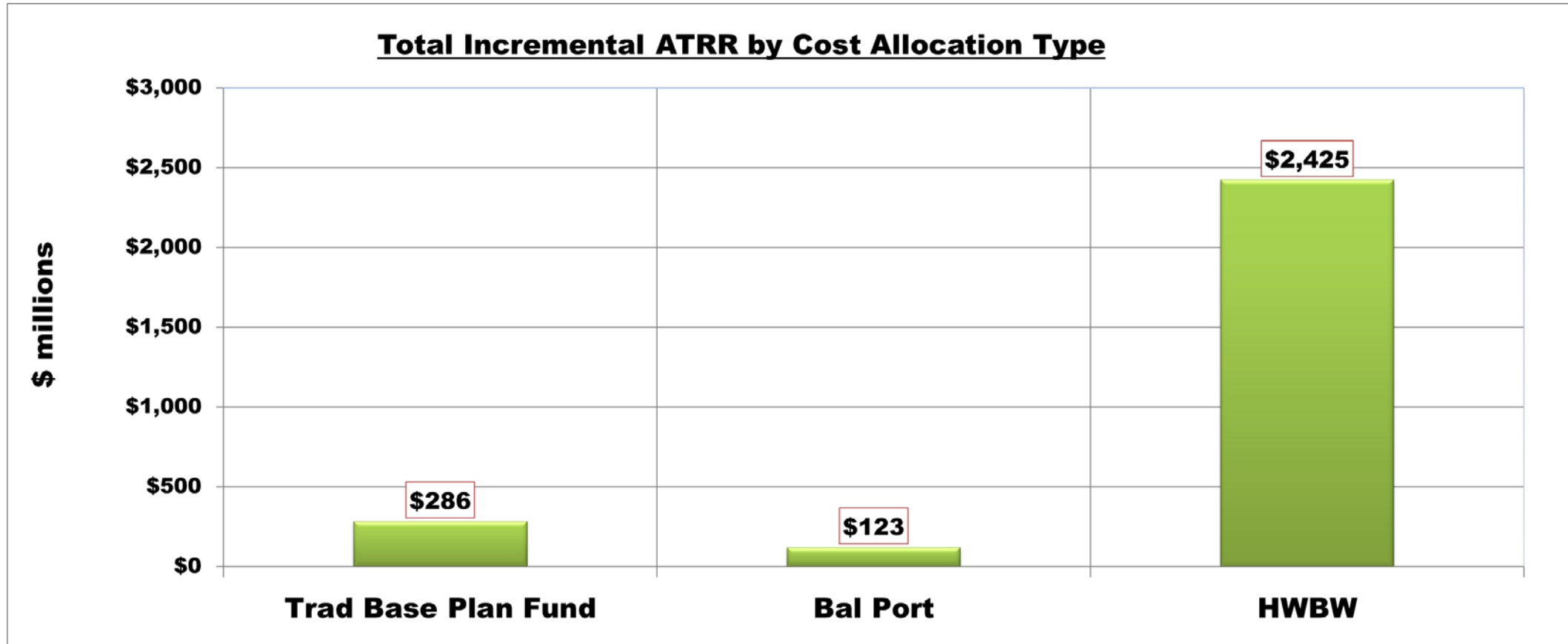
\*\*NTC-C = NTC-Conditional

# WHAT IS IN THIS FORECAST? CONT'D.

- Balanced Portfolio Zonal Transfers
  - Scale-up and true-ups from Oct '17 included
- 2.5% Straight Line Depreciation
- 2.0% Construction Price Inflation
- Results shown in nominal future dollars
- Point-to-Point Forecast is updated
  - 1.04% Load Growth Factor used with billing determinants
- 2024 Integrated Transmission Plan (ITP) study
- NOTES:
  - OFFSETTING BENEFITS ARE NOT INCLUDED
  - ASSUMES ALL UPGRADES ARE ACTUALLY BUILT AND PLACED IN RATES



# TOTAL ATRR BY COST ALLOCATION TYPE JUNE 2025

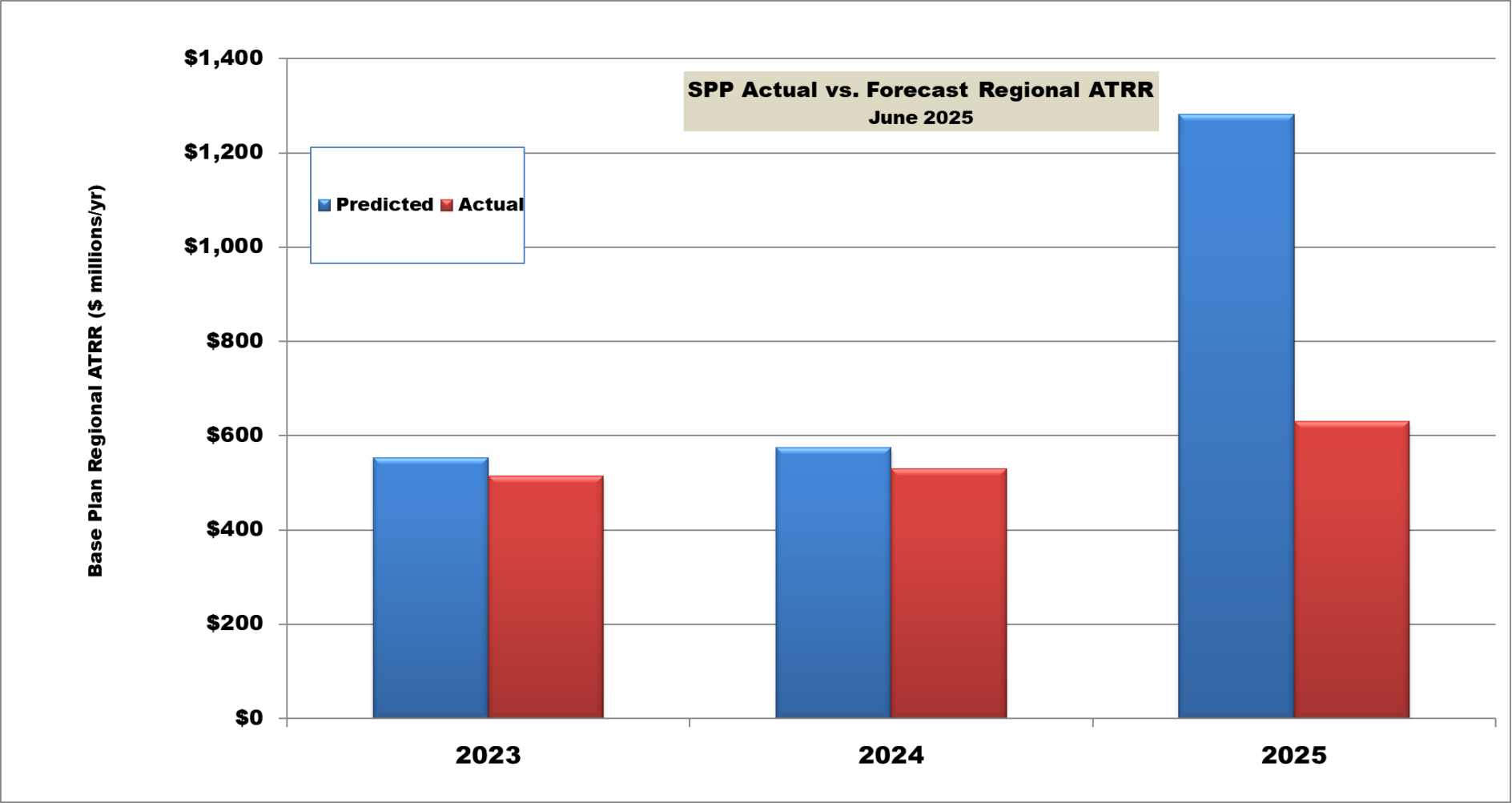


Construction Price Inflation of 2.0% applied to cost estimates, base year 2025

HWBW= Highway Byway. Data Range: 2006 – 2032 ISDs. HWBW includes 2024 ITP, Pending NTCs and HPILS.

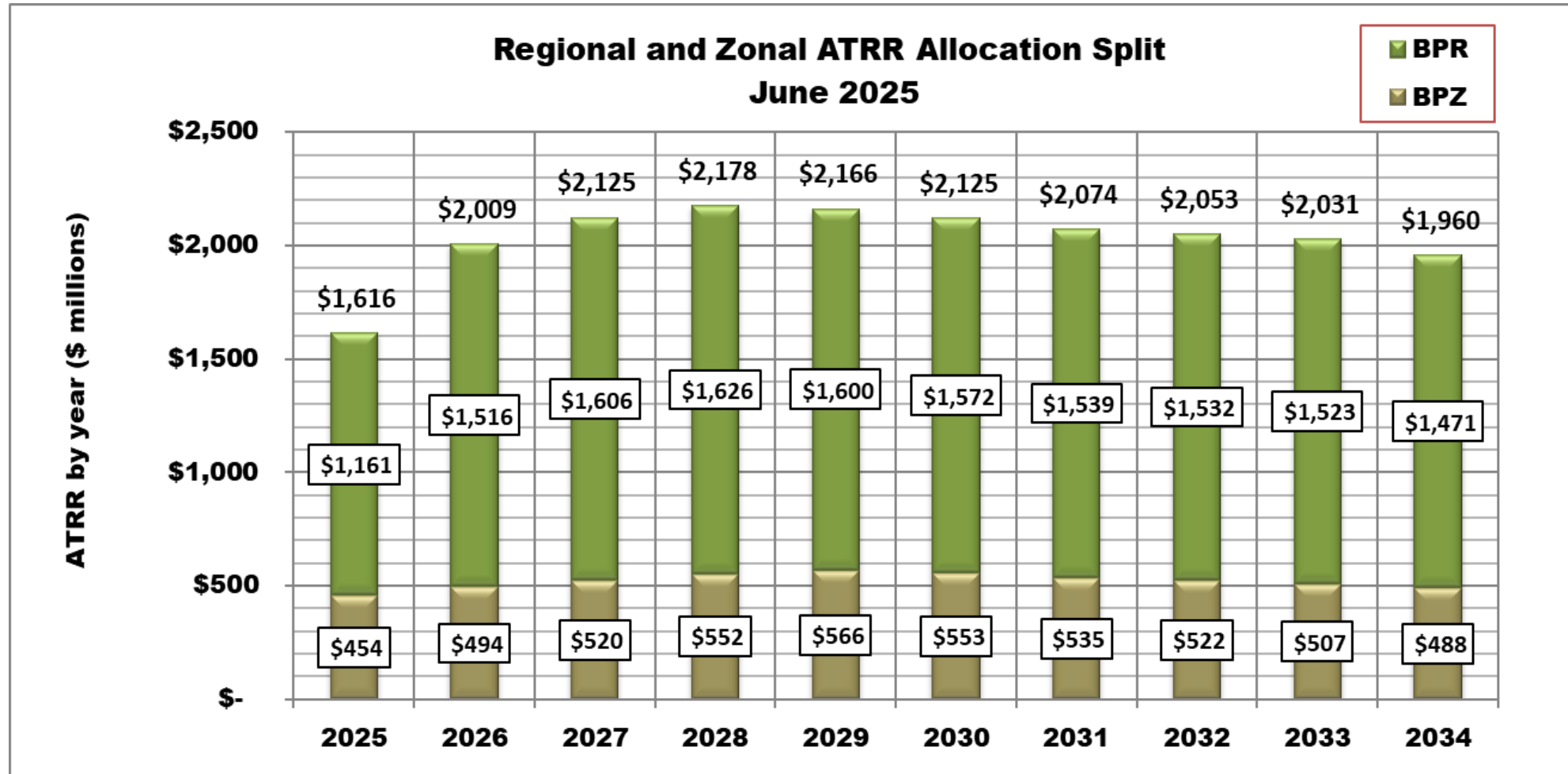
Amounts subject to change (Board Action, NTC additions, withdrawals, est. updates, etc.)

# TOTAL REGIONAL ATRR: FORECAST V. ACTUAL (RRR)



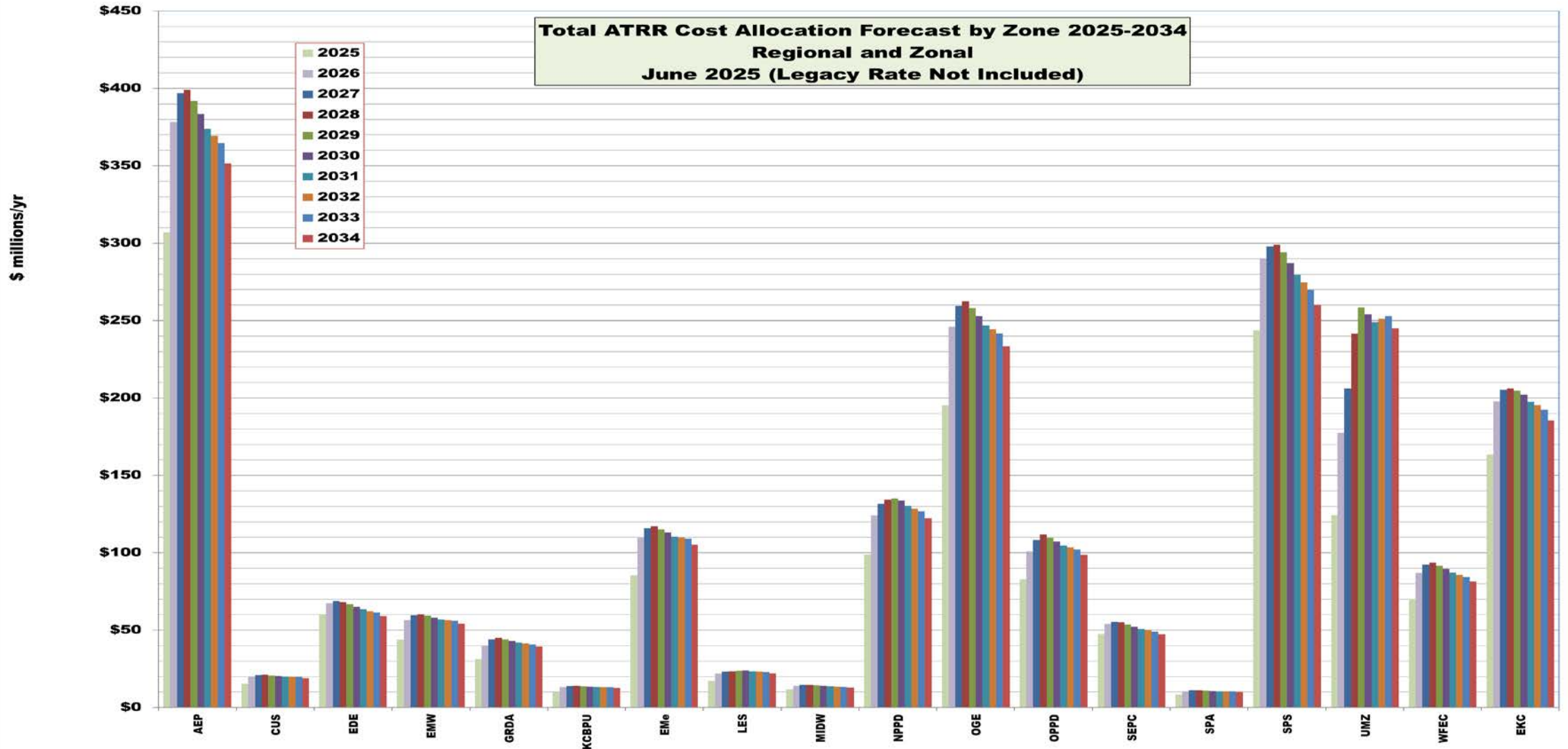


# ATTR, REGIONAL + ZONAL SPLITS

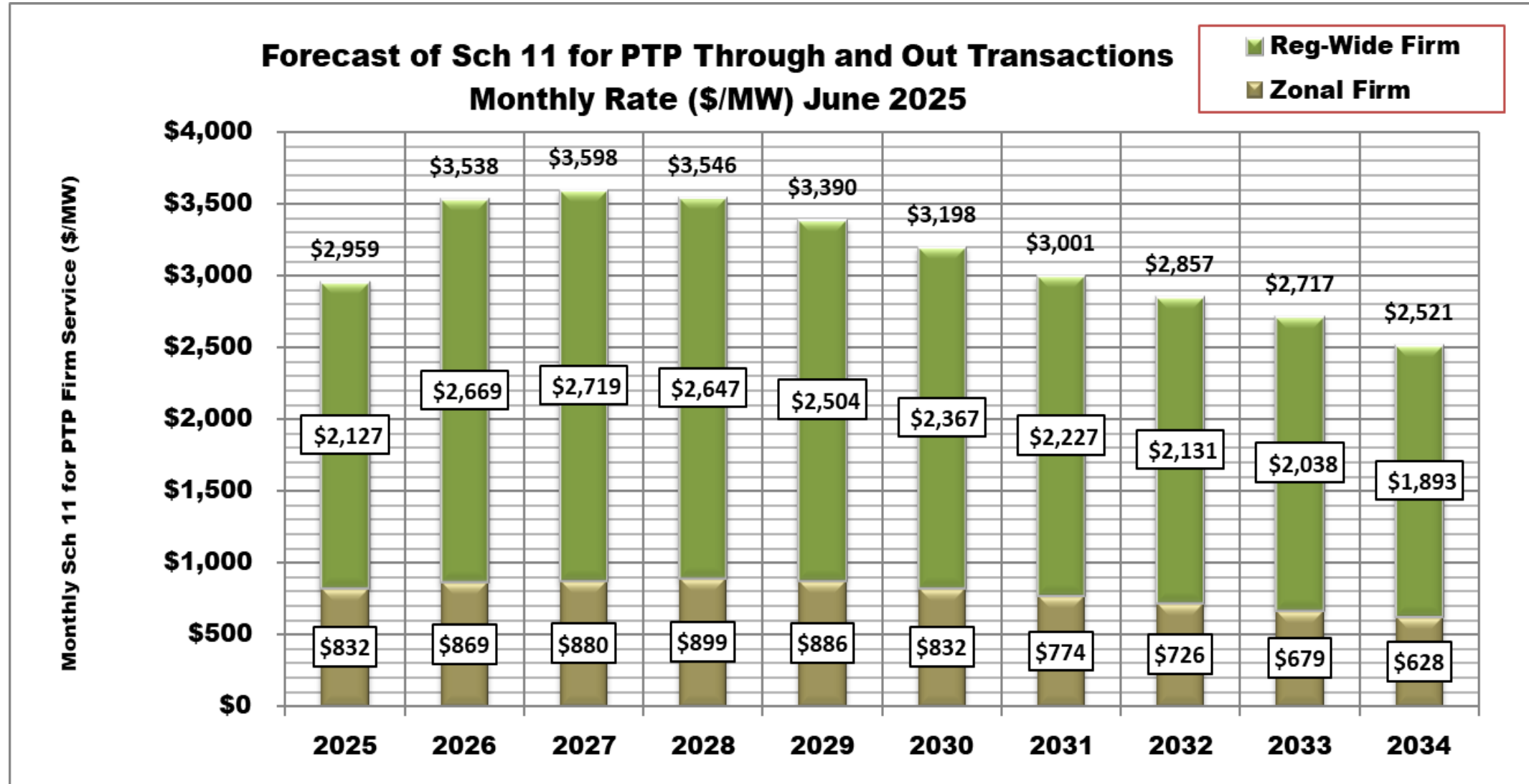


# TOTAL ATRR BY ZONE

## NEW CONSTRUCTION AND BALANCED PORTFOLIO TRANSFERS

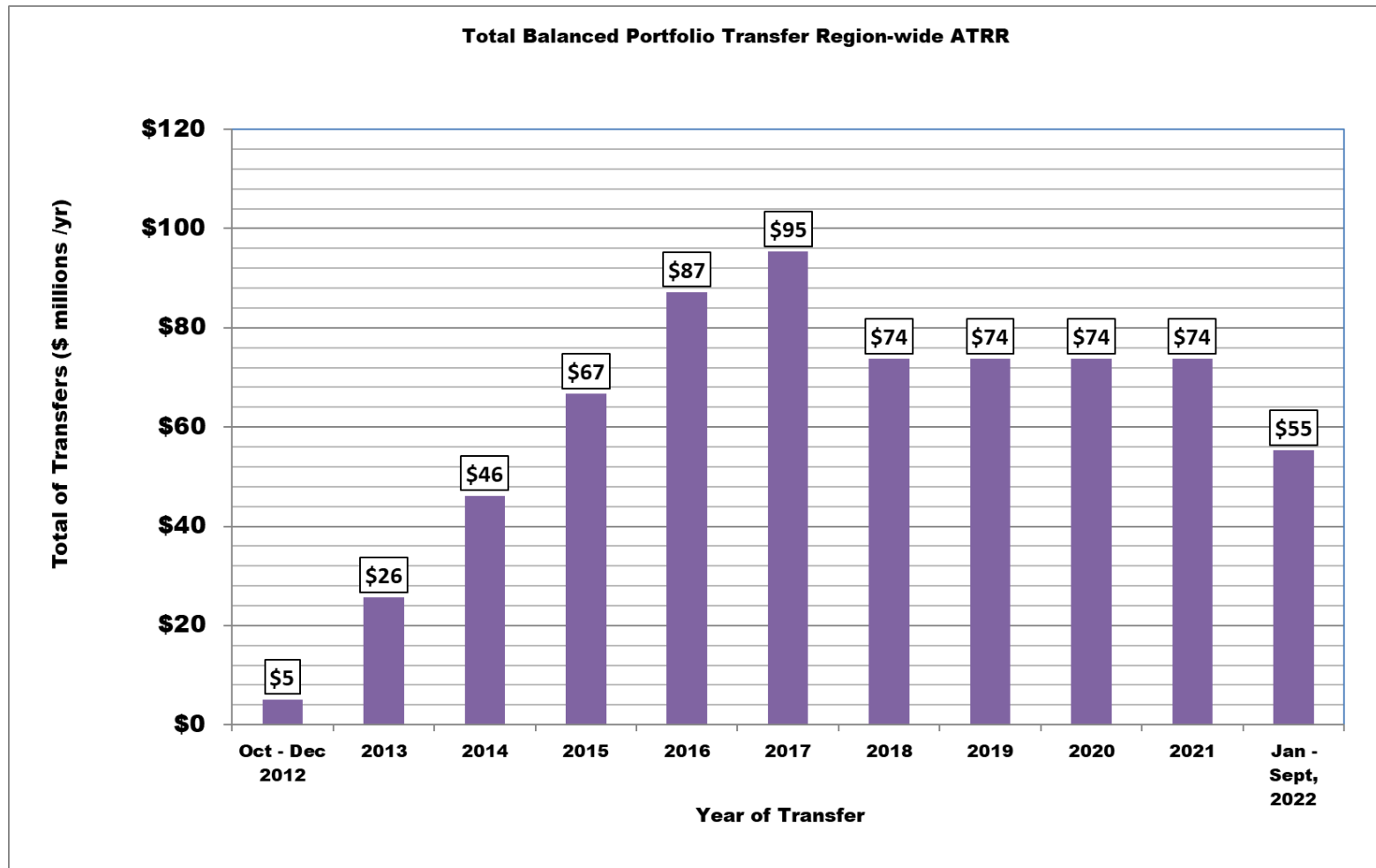


# SCH 11 PTP THROUGH AND OUT FORECAST



# **BACKGROUND INFORMATION**

# BALANCED PORTFOLIO TRANSFER VALUES USED IN THIS FORECAST



# BALANCED PORTFOLIO COST ALLOCATION METHOD

- Applied Transfer Amounts Consistent with Oct 2012 Filing
- ATRR: 100% Regionalized Cost Allocation on a Load Ratio Share (LRS)% basis
- Notes on Balanced Portfolio Transfers for Deficient Zones
  - Deficient Zone: Benefit to Cost Ratio  $< 1.0$
  - Total of Zonal Transfers in Table 1, Column 6 is applied to Regional Rate in Table 2, Row 3.
  - Transfers scale up 20% per year for 5 years starting in Oct 2012.
  - Zonal Transfers: RRR file, Bal Port Tab, Table 1, Column 6 by Zone
  - Oct 2012 through Sept 2022 with a True-up amounts from Oct 2017 FERC docket ER17-2583. The balance of transfers is recovered in years 2017-2022.
  - Transfers ceased after Sept 2022.

# BASE PLAN COST ALLOCATION METHODS

NTC issued before 6/19/2010: Traditional Base Plan Funding or TPBF.

Regional: RRR file, Att H tab, Table 2A/B, Row 1

Zonal: RRR file, Att H tab, Table 1, Column 4

Regional	Zonal
33% * Load Ratio Share	67% * Zone Specific Mega Watt Mile %

NTC issued on or after 6/19/10: Highway Byway or HWBW. Costs allocated based on upgrade voltage.

Highway Byway Cost Allocation		
Voltage	Regional	Zonal
300 kV and Above	100%	0%
100 kV – 299 kV	33%	67%
Below 100 kV	0%	100%

# REQUIRED INPUTS

- List of upgrades from all STEP, Economic, and ITP studies
- Complete, Approved, or Active status in TRAC database
- Upgrade Investment Estimate \$ (typically supplied by incumbent TO)
- Upgrade In-Service Date and Depreciation, fixed at 2.5% annually
- Construction Price Inflation now programmed, fixed at 2.0%
- Transmission Owner's Net Plant Carrying Charge Rate (NPCC%) is calculated from Transmission Owners Formula Rate filing annual updates

$$\text{NPCC\% (\%/YR)} = \text{Gross ATRR} / \text{Transmission Net Plant-In-Service (\$)}$$

- Current Load Ratio Share%

For Regional Recovery, based on prior year actual peak monthly loads in each zone

Updates available thru May 2025 are used in this forecast



# HOW DOES THIS AFFECT MY ORGANIZATION?

## For Transmission Customers:

- Costs of new upgrades receiving Base Plan Funding are recovered through Schedule 11 rates.
- Schedule 11 is a component of the Transmission bill.
- Schedule 11 rates increase as new upgrades are placed in rates.
- Base Plan Funded Annual Transmission Revenue Requirements are allocated to each SPP Transmission Owner Zones (including the IS/SPA Zones).
- To find upgrades that are in rates (actual) use the Revenue Requirements and Rates (RRR) file found on SPP.org.

# HOW DOES THIS AFFECT MY ORGANIZATION? – CONT'D.

## For Transmission Owners:

- ATRR for each Base Plan Funded Upgrade is shown in the RRR File, "Base Plan Rev. Req. Alloc" & "Brightline10-1-15 Base PlanATRR" tabs.



# ATTR FORECAST ASSUMPTIONS

- This is a model of expected future results based on estimated costs, carrying charge rates, loads, etc.
- Assumes upgrades on list are built and placed in rates
- Complete, under construction, and planned upgrade-level data pulled from the TRAC database used by SPP Engineering and Regulatory departments. (Formula Rate costs and in-service dates used for completed projects, if available)
- 2.5% annual straight-line depreciation was applied to each upgrade after its estimated in-service date
- Each upgrade's ATTR is allowed to fully depreciate over 40 years

## ATTR FORECAST ASSUMPTIONS, CONT.

- NPCC% and LRS% are updated annually and held constant in the model.
- ATTR before depreciation (\$/yr) = NPCC (%/yr) x Total Investment (\$). A mid-year convention is applied to first year ATTRs (assumes July 1 in-service date for new upgrades). Annual Depreciation amount applied in following year.
- LRS% are computed from previous year's actual 12-Coincident Peak loads.



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