2009 ANNUAL REPORT
> INNOVATING. EVOLVING. FINDING BALANCE.

SPP Southwest Power Pool
2009 ANNUAL REPORT | 1

A LETTER FROM THE PRESIDENT AND CHAIRMAN OF THE BOARD OF DIRECTORS

Hello! During 2009 we progressed significantly toward our strategic goals by continuing to resolve complex transmission planning and cost allocation issues. We’re proud the organization is taking these issues head-on and building opportunities for our region to provide the most cost-effective and reliable energy in the nation. We’re also proud that we’ve remained true to SPP’s value proposition (our differentiators) of being relationship-based, member-driven, independent through diversity, evolutionary versus revolutionary, and holding reliability and economics inseparable. It’s taken careful balance of these attributes to navigate the complexities of determining exactly what we’re solving for the future and who should pay for the solutions. These are really tough issues which we seek to resolve so there is balance across our region.

For too long, transmission planning has been nothing more than an afterthought in providing electric service to end-use customers. We forecast future load responsibility, plan generation to meet that demand plus reserves, and then (and only then) plan least-cost transmission that minimally meets reliability standards. It’s nothing short of a shame that today 7% of our asset base is constraining 93% of our asset base. This simply must change.

Our national goals of energy independence, reducing greenhouse gas emissions, and strengthening our economy can all be enabled by a robust transmission network capable of reliably accommodating any number of future scenarios. Over the last year we have been sharing a vision of a whole new way of thinking about our transmission infrastructure; a view of transmission as an enabling transportation asset to maximize use of our most capital-intensive assets: generation.

2009: THE NUMBERS

As a Regional Transmission Organization (RTO), SPP is mandated by the Federal Energy Regulatory Commission to ensure reliable supplies of power, adequate transmission infrastructure, and a competitive wholesale electricity marketplace. SPP also serves as a Regional Entity of the North American Electric Reliability Corporation. SPP is a not-for-profit organization in which membership is voluntary.

- Based in Little Rock, Arkansas, SPP has over 425 employees.
- 56 members in nine states: Arkansas, Kansas, Louisiana, Mississippi, Missouri, Nebraska, New Mexico, Oklahoma, and Texas. There are over 15 million people in the SPP region.
- Over 5 million customers served
- 29 balancing authorities and 50,575 miles of transmission lines:
  - 69 kV – 16,182
  - 115 kV – 10,041
  - 138 kV – 9,284
  - 161 kV – 4,469
  - 230 kV – 3,831
  - 345 kV – 6,662
  - 500 kV – 106
- Geographic area: 370,000 square miles
- Peak Demand: 47,365 megawatts non-coincident (June 23)
- SPP members completed 98 transmission expansion projects totaling approximately $259 million.
- Market size: 33 participants in wholesale energy market
- Market Transactions:
  - Transmission market: ~$486 million
  - Wholesale energy market: ~$1.14 billion
  - Total: ~$1.63 billion

Substations (modeled): 6,079
Generating Plants: 847
Capacity Resources: 66,175 megawatts
Generation Mix:
- Gas/Oil: 42%
- Coal: 40%
- Other: 7%
- Wind: 4%
- Hydro: 4%
- Nuclear: 3%

Reserve Margin: 19% (minimum required: 12.5%)
Generation under review for addition to grid: 42,772 megawatts
Renewable generation under review for addition to grid: 37,364 megawatts

President and CEO Nick Brown (L) and Chairman of the Board of Directors Jim Eckelberger (R)

Cover and page 2 photos courtesy of American Electric Power
TRANSMISSION PLANNING AND EXPANSION

Synergistic Planning Project Charges SPP To Implement Innovative Solutions

At the SPP Board of Directors (Board) January 2009 meeting, a Synergistic Planning Project Team (SPPT) was established to address gaps and conflicts in SPP’s transmission planning processes and develop a holistic view of planning. Historically, system planning and cost recovery has been reactive and based on specific requests and projects. The SPPT addressed the need to shift to a broader, proactive approach to building and paying for transmission infrastructure. The SPPT included the following members:

- Paul Suskie – Chairman, Arkansas Public Service Commission
- Barry Smitherman – Chairman, Public Utility Commission of Texas
- Kelly Harrison – Vice President of Transmission Operations and Environmental, Westar Energy
- Ricky Bittle – Vice President of Planning, Rates and Dispatching, Arkansas Electric Cooperative Corporation
- Rob Janssen – Senior Vice President of Planning Operations and Environmental, Westar Energy
- Ric Abel – Managing Director, Prudential Capital Group
- Carl Monroe – Executive Vice President and Chief Operating Officer, SPP

Mark Rossi of Accenture provided facilitation and administration for the SPPT.

Integrated Transmission Plan Created

At its April 2009 meeting the Board approved an SPPT report that recommended restructuring the organization’s regional planning processes and adopting a new set of planning principles focused on the construction of a robust transmission system, large enough in both scale and geography to meet SPP’s future needs. These planning principles established a new Integrated Transmission Plan (ITP) to improve and integrate SPP’s existing planning processes:

- Reliability Assessment: Annual review of transmission expansion needs over a 10-year horizon for reliable delivery of committed transmission service.
- Aggregate Transmission Service Study process: Determines expansion necessary to meet long-term requests for transmission service.
- Generation Interconnection process: Determines expansion necessary to connect new resources to the grid.
The SPPT also recommended moving to a Highway/Byway approach for funding transmission expansion. The “highway” consists of 300+ kV transmission projects; costs will be assigned to transmission owners across the region based on their historic use of the region’s energy. The “byway” consists of transmission projects below 300 kV; costs will be assigned by formula more directly to the utility in whose service territory the project is located. Because cost recovery is ultimately a state issue, the SPPT recommended that SPP and utilities work with SPP’s Regional State Committee, which has successfully developed cost allocation methods for reliability and economic projects, and their respective state commissions to implement a formal means of rate recovery.

The Regional State Committee approved a Highway/Byway proposal at its October 2009 meeting. Before implementing the Highway/Byway cost allocation methodology, the SPP Open Access Transmission Tariff must be updated and approved by the Federal Energy Regulatory Commission (FERC), which is expected to happen in 2010.

This Highway/Byway approach will ease the administrative burden associated with current differing cost allocation methods, provide a basis for cost allocation across seams, and be more consistent with the “national transmission highway” being discussed at the federal level.

In addition to the new cost allocation methodology and ITP process, the SPPT identified a third major component to restructuring SPP’s regional transmission expansion planning process: an effort to identify, evaluate, and recommend Priority Projects to improve the transmission system and capture near-term opportunities that should not be lost in the transition to the ITP.

Successful implementation of the ITP will result in a list of transmission expansion projects to facilitate the creation of a reliable, robust, flexible, and cost-effective transmission network that improves access to the SPP region’s diverse resources, including its vast potential for renewable energy.

At its October 2009 meeting the Board approved the ITP, an iterative three-year process that includes 20-Year, 10-Year, and Near-Term Assessments. The process seeks to target a reasonable balance between long-term transmission investment and congestion costs caused by ‘bottlenecks’ on the grid.
The benefits of these upgrades were demonstrated to outweigh the costs for transmission owners across the region, bringing a "balanced" cost/benefit ratio. This portfolio of projects will reduce congestion on the SPP transmission system, and may provide other benefits such as increased reliability and lower end-use consumer costs.

Cost allocation for economic upgrades has always been a barrier to construction. Historically, it has been challenging for one project sponsor to bear all upfront costs of building new high voltage transmission lines that provide benefits of varying degrees to many market participants. Allocating costs of these mutually-beneficial projects across the region is expected to spur transmission construction.

> 2009 STEP Identifies Needed Transmission Expansion

The 2009 SPP Transmission Expansion Plan (STEP) summarizes activities that impact future development of the SPP transmission grid. The report, developed with extensive stakeholder input, identifies key transmission upgrades to address reliability issues the grid might face in both normal and emergency conditions. The 2009 STEP identified $4.46 billion in beneficial transmission network upgrades, which includes 2,772 miles of new transmission lines and 86 new or upgraded transformers; reconductoring 896 miles of transmission lines; and converting the operating voltages of 649 miles of transmission lines. Projects needed to meet new requests for use of the transmission grid and to add new generation to the grid totaled ~$540 million, projects sponsored by individual companies totaled ~$320 million, interregional projects totaled ~$60 million, and current Balanced Portfolio project estimates totaled ~$770 million. Reliability upgrades needed to “keep the lights on” from 2010-2019 totaled ~$2.8 billion.

Several issues impacted this year’s assessment, including the addition of three Nebraska organizations to the SPP footprint, major load increases in the Southwestern Public Service Company region, and some load decreases due to the economic downturn.

The STEP also summarizes sub-regional and local area planning, transmission project tracking, Tariff studies, economic studies, interregional coordination efforts, and the SPPT’s 2009 activities. The report may be downloaded from the Engineering section of SPP.org.
SPP Participates in Eastern Interconnection Wind Integration Study

The Eastern Interconnection Wind Integration Transmission Study (EWITS) was commissioned by the U.S. Department of Energy (DOE) through its National Renewable Energy Laboratory (NREL) to address a range of technical questions related to a 20-30% wind scenario for the large portion of electric load that resides in the U.S. part of the Eastern Interconnection, which includes SPP.

To help guide this study, NREL convened a Technical Review Committee (TRC) of regional electric reliability council representatives, expert reviewers, the study subcontractor, transmission planners, utility administrators, and wind industry representatives. During the 14-month project, the TRC held six full-day meetings, along with numerous net conferences and conference calls to review study progress. SPP was represented on the TRC.

With input from a wide range of stakeholders including the TRC, the EWITS project team constructed four high-penetration scenarios to represent different wind generation development possibilities in the Eastern Interconnection, along with a Reference Scenario to approximate the current state of wind development plus expected near-term development, guided by interconnection queues and state renewable portfolio standards. This scenario totaled about 6% of the Eastern Interconnection’s total 2024 projected load requirements.

The study found:

» High penetrations of wind generation - providing 20-30% of the electric energy requirements of the Eastern Interconnection - are technically feasible with significant transmission infrastructure expansion.

» Without transmission enhancements, substantial curtailment of wind generation would be required for all 20% scenarios.

» Interconnection-wide costs for integrating large amounts of wind generation are manageable with large regional operating pools, where benefits of load and wind diversity can be exploited and large numbers of supply resources are efficiently committed and dispatched.

» Added transmission helps reduce the impacts of wind variability, increases electric grid reliability, and makes more efficient use of available generation resources.

» Although costs for aggressive grid expansion are significant, they comprise a relatively small part of total annualized costs in any of the scenarios.

» Wind generation displaces carbon-based fuels, directly reducing carbon dioxide emissions.

New Cost Allocation Mechanism for Wind Energy Implemented

FERC’s approval in June of a new cost allocation method for wind development was met with excitement by many stakeholders who are working to add new wind generation to the grid. SPP’s Regional State Committee and its Cost Allocation Working Group developed the process, which will allow more of the costs associated with new wind resources to be eligible for base plan funding and regional cost-sharing. Wind resources will be more accessible and wind development will be more affordable. The American Wind Energy Association applauded the decision as a major victory for the people of Oklahoma, Kansas, Nebraska, Missouri, Arkansas, Louisiana, Texas, and New Mexico, who are expected to see lower electricity prices, more jobs, and a cleaner environment as a result of the wind energy development this decision will enable.

Improvements Made to Aggregate Study and Generation Interconnection Processes

In June 2009 FERC approved revisions to SPP’s Tariff to create two levels of System Impact Studies. Preliminary Interconnection System Impact Studies are for customers that have not yet determined the definitive point of interconnection and plant size, but are able to prove certain milestones. Definitive Interconnection System Impact Studies are for customers that have determined the definitive plant size and point of interconnection and have achieved a higher number of milestones. These two new System Impact Study tiers allow customers that have achieved a higher level of readiness to move ahead of those that have not.

In April 2009 changes became effective streamlining the Aggregate Transmission Service study process by eliminating the System Impact study, and requiring customers to complete study documentation during the open season. This allows an additional 15 days of study time, which is used by SPP and the transmission owners to review and create mitigation plans. A new study cost allocation process was implemented to further accelerate the study process.

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» Wind generation displaces carbon-based fuels, directly reducing carbon dioxide emissions.
In April 2009 Nebraska Public Power District (NPPD), Lincoln Electric System (LES), and Omaha Public Power District (OPPD) completed their transition to membership in SPP. SPP now serves as the reliability coordinator for the Nebraska entities, and is responsible for maintaining reliable operation of the bulk electric grid in the organizations’ service areas.

NPPD, LES, and OPPD are now participating in the SPP energy market, and SPP is administering transmission service for the organizations. The Nebraska entities are also included in SPP’s transmission planning processes. With the addition of NPPD, LES, and OPPD, SPP’s reliability coordinator geographic footprint expanded by 30%, including a 16% increase in the miles of transmission lines. This expansion enhances grid operations and reliability coordination throughout the mid-section of the country. The addition of the Nebraska organizations added more diversity to SPP’s generation mix and broadened its regional energy marketplace, adding value for SPP customers. Membership in SPP provides the Nebraska utilities with more operational flexibility as part of a larger, regional service area and enhances their options for dealing with a rapidly changing energy industry.

In May 2009 SPP’s external market advisor, Boston Pacific Company, completed the 2008 State of the Market Report on behalf of SPP. The report concluded that SPP is a robust Regional Transmission Organization, indicated by the absence of structural market power and strong participation, prices, and price volatility that compare well to neighboring ISOs/RTOs. For the transmission market, the clearest sign of good health is substantial investment in the transmission system.

The report recommended that SPP continue to reduce transmission congestion; move quickly to expand its market services; determine a new source of data for Offer Caps updates; change the method for prioritizing the Generation Interconnection queue; add more transparency to identify the cause of transmission outages; and implement stricter standards for reporting seasonal capabilities for wind generating units.
Training Department Expands Scope, Gains Efficiencies

The SPP Training Department provides continuing education for operations personnel at SPP and throughout the region. The 2009 regional training calendar included eight sub-regional restoration drills, two regional restoration drills, six regional emergency operations classroom sessions, three system operations conferences, 21 net conferences, and three train-the-trainer workshops for trainers throughout the region. The department delivered multiple training sessions related to software upgrades, Protocol Revision Requests implementation, the Energy Imbalance Services market, and sessions critical to a smooth on-boarding process for new members and market participants. SPP operations personnel were also offered opportunities for professional development including writing, situational awareness, teamwork, and management training.

In 2009 the SPP Training Department was reorganized to include a team of performance support specialists with the goal of ensuring optimum performance within the SPP operations environment. Because of a constant stream of new information and new task requirements, operations jobs require constant adaptation. Training classes now focus on the mastery of knowledge and skills, while performance support in the operations center focuses on competency.

Future Markets Gain Momentum

SPP began planning for future energy markets, the next major step in SPP’s strategic plan to provide additional regional benefits. These markets will allow SPP’s customers to take better advantage of the region’s diverse generating resources, including coal, natural gas, hydro, wind, and nuclear. The Day Ahead market will determine which generating resources should be used based on region-wide prices and demand, reducing overall costs for the footprint. In the Ancillary Services market, SPP will balance supply and demand for the market footprint, reducing individual participants’ balancing duties and the amount of reserve energy each has to carry. This market will also facilitate the reliable integration of our region’s vast renewable resources.

A 2009 study estimated that implementing new markets would generate an additional $100 million in gross savings per year for the SPP footprint. At the end of 2009 the Market Working Group finalized and approved the Mid-Level Design document, which sets the structure for the future markets protocols. The expected commencement timeline for the future markets is the fall of 2012.

ISO/RTO Council Report Finds Markets Facilitate Renewables, Improve Reliability and Operational Efficiencies

According to the September 2009 State of the Markets Report from the Independent System Operator/Regional Transmission Organization Council (IRC), of which SPP is a member, renewable power is gravitating toward organized wholesale electricity markets that improve reliability and open doors to diverse resources. In the report, the grid operators responsible for managing the electricity “superhighway” delivering power to two-thirds of United States’ consumers and more than one-half of Canadians stated that organized competitive markets are shattering barriers for renewable and demand response resources; creating new efficiencies in plant operations; significantly improving grid reliability; sending clear, timely, and transparent pricing signals; and expanding regional planning.

ISOs and RTOs perform independent annual market evaluations within their respective regions to assess market efficiency. The report provided an overview of reliability and market efficiencies gained among North America’s organized wholesale markets since 2005:

- Generation Efficiencies: Competitive wholesale power markets have resulted in higher power-plant availability, lower outage rates, greater unit commitment efficiencies, and the construction of more efficient generation. The increase in installed capacity for nine of the 10 ISO/RTOs was 20% since 2001.
- Infrastructure Investment: Large-scale transmission projects across multiple transmission systems have been completed or initiated in a number of ISOs/RTOs over the last several years.
- Price Declines: The report notes that fuel-adjusted spot energy prices are declining in most ISO/RTO regions as a result of regional economic dispatch and wholesale competition.
- Renewable Resources: ISO/RTO wholesale electricity markets support the development of renewable resources, resulting in a fourfold increase of wind capacity being added to the nation’s interconnected electric transmission system since 2004. Wind generation capacity of 21,254 megawatts, or nearly 80% of the total wind capacity in the country, operated in ISO/RTO regions as a result of regional economic dispatch and wholesale competition.
RTO regions in 2008. Wind forecasting tools have improved as well, resulting in improved unit commitment and dispatch efficiency.

» Demand Response: ISO/RTO efforts have resulted in a total of 31,695 megawatts of available demand response in North America, up from 17,146 megawatts in 2006, an 85% increase in available resources to draw on in times of need. ISOs/RTOs encourage greater efficiencies in demand response programs through independent dispatch, settlement, and standardized business practices.

Organized markets produce competitive prices for wholesale electricity that accurately reflect the market fundamentals of supply and demand as well as lower production costs. ISO/RTO markets allow the most cost-effective and reliable sources of generation to be matched with power needs across a wider footprint, leading to increased efficiency. The report is available in the Documents section of iso-rto.org.

> REGIONAL ENTITY UPDATE

SPP serves as a Regional Entity (RE) of the North American Electric Reliability Corporation (NERC). The SPP RE has the authority to audit, investigate, and ensure that NERC Registered Entities (owners, operators, and users of the bulk power system) comply with mandatory NERC reliability standards. The SPP RE is also responsible for establishing regional reliability standards. In the SPP RE footprint there are 126 registered entities performing 395 registered functions.

In 2009 the SPP RE continued to perform its delegated responsibilities in its second full year under mandatory NERC rules. SPP RE staff conducted 13 on-site compliance audits, 19 off-site compliance audits, and seven on-site Critical Infrastructure Protection (CIP) spot checks.

The SPP RE hosted workshops in the spring to discuss the 2009 compliance program and CIP standards. Topics included compliance program results, registration issues, compliance data management system updates, and compliance program schedules. These efforts support SPP’s goal of achieving and maintaining compliance throughout the region.

> STAFF AND INTERNAL ORGANIZATION

> Staff Award Programs: President’s, Marschewski, and ELITE

SPP strives to acknowledge its highest-performing employees through several award and recognition programs. President’s Awards are given annually to peer-nominated employees who live up to SPP’s core values and culture drivers. In 2009 President’s Awards were given to Yasser Bahbaz, Kevin Bates, Jenny Erwin, Brett Hooton, Lamona Lawrence, Ruth Le, Brenda Pierceall, Philip Propes, Brian Strickland, Laurie Taylor, and Nicole Wagner. The John Marschewski Leadership Award is given to the employee who best embodies the former SPP President’s ideals of hard work and a positive, encouraging attitude. Wendy Reynolds was named the 2009 Marschewski Award recipient.

Several departmental recognition efforts are underway, including the IT Department’s ELITE Award program. The ELITE award is given monthly to the IT employee who best enacts the principles of expertise, leadership, integrity, teamwork, excellence, and going “above and beyond”.

> ORGANIZATIONAL GROUPS
read The Circuit’s daily newsfeed. In a readership survey, the same majority indicated they felt “more informed about the people, business, and direction of SPP” as a direct result of The Circuit’s daily news, blogs, message board, video updates, and other content. The Circuit was honored with three awards from the Arkansas chapters of the Public Relations Society of America and the International Association of Business Communicators.

> Leadership Conference Focuses on Negotiation

As part of its commitments to continuous improvement and professional development for employees, SPP hosted its fourth annual Leadership Conference in May 2009. Deepak Malhotra, an Associate Professor at Harvard Business School, conducted a day-long lecture series on the topic of negotiation. The conference was made available to all employees and several special guests, including SPP’s Board of Directors and members of the Central Arkansas community. Employee response to the event was overwhelmingly positive; staff noted in a follow-up survey that the conference made them feel empowered, was well beyond anything else we’ve done, and [showed] that my employer is as loyal to me as I am to it.

> Staff Growth and Milestone Service Anniversaries

Ninety-two employees were hired in 2009, bringing the total staff count at the end of the year to 425. Two employees celebrated significant career milestones: Senior Operators Warren Brown and Roger Puffett both celebrated 30 years of service.

> The Circuit: A New Tool for Communication and Collaboration

In March 2009 SPP’s Communications Department launched The Circuit, a new website where employees can access needed information and share information across the organization. The site design was based on feedback from internal stakeholders and senior leadership, with goals of increasing employees’ engagement, fostering collaboration, increasing staff understanding of corporate values and initiatives, and achieving and maintaining a high weekly readership. By the end of 2009, more than three-fourths of staff logged in at least once per week to The Circuit has become the primary source for organizational and industry-related news, and provides numerous other engagement opportunities for employees.

Twenty-five employees – identified as SPP opinion leaders - participated in a year-long training series called “Driving Customer Focus”. The program was designed to foster a “marketing mindset” and remind participants that they represent SPP’s brand and values with every stakeholder interaction. The students blogged, surveyed co-workers, completed homework, hosted a company-wide event to celebrate SPP’s core values, and developed job-specific objectives for improving their representation of the SPP brand.

> Professional Development Opportunities

For the fourth consecutive year, managers and emerging leaders from across SPP attended a Leadership Training course. In 2009, 33 employees participated in the eight-week program to gain skills and knowledge on a variety of topics including conflict and change management, delegation, prioritization, and interpersonal communication. The course culminated in students’ development and presentation of Innovation Projects, ideas that could either save SPP $5,000 or generate $50,000 in revenue. Awards were presented to teams and individuals who showed exceptional skill and growth over the course of the training.

Naomi Zottolli, Casey Cathey, Sonya Hall, and Ron Hollaway (from left) at the 2009 Leadership Conference.

Dozens of employees participated in SPP’s first “Powerball” softball tournament, an event designed to celebrate the organization’s core values and strengthen relationships.
SPP values the importance of giving back to the local community. For more than 10 years employees have participated in the annual United Way pledge drive, and each year the organization contributes to organizations including the Susan G. Komen Breast Cancer Foundation and Little Rock-based Youth Home and Our House. In 2009 staff created SPP Cares, a program designed to raise awareness among employees of volunteer opportunities and to focus SPP’s corporate community service efforts. The program is facilitated by employees who are involved in charitable organizations. In its first months of operation, SPP Cares volunteers coordinated a Thanksgiving food drive and several United Way events, and collected goods for troops serving overseas during the holiday season.

SPP Encourages Math/Science Careers for Girls

SPP was the primary sponsor of the 2009 Girls of Promise Conference at the University of Arkansas at Little Rock. Over 100 eighth grade girls from around Arkansas attended the day-long conference to hear speakers who encouraged them to consider careers in math and science. SPP provided a team of volunteers to assist with the workshops, which were led by speakers including an engineer, science professor, research scientist, forensic firearms examiner, registered dietician, occupational therapist, and wealth manager.

SPP Receives $767,668 Rebate for Job Creation

In November 2009 SPP received a check for $767,668 from the Arkansas Economic Development Commission for its participation in the Create Rebate program, which awards businesses that create new, full-time, permanent jobs. The jobs SPP has added in recent years qualified the organization for a substantial rebate.

2009 Stakeholder Survey Results Show Improvement

The 2009 stakeholder satisfaction survey indicates a continued improvement trend: a steady increase in satisfaction from 2007 to the present.

The majority of respondents seemed satisfied with customer service provided by SPP staff. In 2009, 79% of customer service comments were positive, as compared to 59% in 2008. Three focus areas showed marked improvement over 2008: engineering studies, regulatory, and billing/settlements/invoicing. In 2009 only 9% of all qualitative responses focused on dissatisfaction with engineering studies, compared to 24% in 2008. This significant improvement is attributed to changes to the Generator Interconnection and Aggregate Study processes implemented in 2009. The number of dissatisfied comments for regulatory/filing issues decreased significantly from 16% of all comments in 2008 to just 2% in 2009. Regulatory organizational and process changes were made in 2009 with specific goals - from active tracking of pending issues with the Regional Tariff Working Group, to filing each Board-approved Tariff change before the next quarterly cycle of Board meetings, to the creation of and responsibility for post-order implementation of FERC and state orders. In 2008 there were nine dissatisfied comments related to billing/settlements/invoicing but only one in this area for 2009.

Progress made in the above areas was not replaced with major new concerns. The only major new issue noted in the 2009 survey was the process associated with Priority Projects.

IN 2009 SPP’S SETTLEMENTS, COMPLIANCE, AND MARKET DEPARTMENTS EACH HOSTED FACE-TO-FACE EDUCATIONAL AND INFORMATIONAL CONFERENCES FOR STAKEHOLDERS, WHICH WERE ATTENDED BY OVER 350 REPRESENTATIVES OF SPP MEMBER ORGANIZATIONS.

Pictured: SPP Senior Market Operator Bryan Wood (L) and Arkansas Electric Cooperative’s Mike Hood (R) at a Market Users’ Conference.

SPP CFO Tom Dunn (L) accepts a check from Mike Gaines (R), Deputy Director of Administration and Finance, Arkansas Economic Development Commission.
> OUR MEMBERS

Cooperatives
» Arkansas Electric Cooperative *
» East Texas Electric Cooperatives "^" 
» Golden Spread Electric Cooperative " ^
» Kansas Electric Power Cooperative " *
» Mid-Kansas Electric Company "^" 
» Midwest Energy "^" 
» Northeast TX Electric Cooperative "^" 
» Rayburn County Electric Cooperative "^" 
» Sunflower Electric Power Corporation "##^" 
» Tex - La Cooperative of Texas " ^
» Western Farmers Electric Cooperative "##^"

Independent Power Producers
» Acciona Wind Energy "^" 
» Calpine Energy Services "^" 
» Dogwood Energy "^" 
» Energy Power Ventures "^" 
» Tenaska Power Services "^"

Independent Transmission Companies
» Hunt Transmission Services "^" 
» ITC Great Plains "##^" 
» Trans- Elect Development Company "^"

Investor-Owned
» American Electric Power "^" 
» Public Service Company of Oklahoma "^" 
» Southwestern Electric Power Company "^" 
» Cleco Power "^" 
» Empire District Electric Company "##^" 
» Entergy Services "^" 
» Exelon Power Team "^" 
» Kansas City Power & Light Company "##^" 
» KCP&L, Greater Missouri Operations Company "##^" 
» OG&E Electric Services "^" 
» Westar Energy "##^" 
» Kansas Gas and Electric Company "^" 
» Xcel Energy "^" 
"Southwestern Public Service Company "##^"" 

Marketers
» Cargill Power Markets "^" 
» Constellation Energy Commodities Group "^" 
» Duke Energy Americas "^" 
» Dynegy Power Marketing "^" 
» Edison Mission Marketing & Trading "^" 
» El Paso Merchant Energy "^" 
» Luminant Energy Company "^" 
» NRG Power Marketing "^" 
» Shell Energy North America (U.S.) "^" 
» Williams Company "^"

Municipals
» Board of Public Utilities (Kansas City, KS) "##^" 
» City of Clarkesdale, MS "^" 
» City of Lafayette, LA "^" 
» City Power and Light (Independence, MO) "##^" 
» City Utilities of Springfield, MO "##^" 
» Kansas Municipal Energy Agency "^" 
» Lincoln Electric System "^" 
» Oklahoma Municipal Power Authority "^" 
» Public Service Comm. of Yazoo City, MS "^"

State Agencies
» Grand River Dam Authority "##^" 
» Louisiana Energy & Power Authority "##^" 
» Nebraska Public Power District "##^" 
» Omaha Public Power District "##^" 

SPP Contract Participants
» Southwestern Power Administration "##^" 

# Balancing Authority/Control Area within SPP 
Transmission Owner 
Transmission Using Member 
Transmission Owning Member

> BOARD OF DIRECTORS

James E. Eckelberger, 
Chairman of the Board 
Elected 2000; Member, Strategic Planning Committee, Corporate Governance Committee 
Jim is a consultant for Supply Chain Management. His career history includes time with Hunts Building Products, netMercury, and Compaq Computer Corporation, after serving 30 years in the U.S. Navy.

Harry I. Skilton, 
Vice-Chairman of the Board 
Elected 2000; Chairman, Finance Committee; Member, Strategic Planning Committee 
Harry is a consultant with over 25 years of senior executive and general management experience in Fortune 500 manufacturing companies. He retired as President and Chief Executive Officer of American Meter Company.

Julian Brix 
Elected 2008; Member, Oversight Committee, Markets and Operations Policy Committee 
Julian most recently served as executive consultant for Brix International, an independent consulting company, and as board member and co-chair of TRANSLink Management Development Corporation.

Nick Brown, President and Chief Executive Officer 
Elected 2004; Chairman, Corporate Governance Committee 
Prior to 2004, Nick served SPP in several capacities including Senior Vice President, Corporate Secretary, Director of Engineering and Operations, and Manager of Engineering Services.

Joshua W. Martin, III 
Elected 2003; Chairman, Oversight Committee; Member, Strategic Planning Committee 
Joshua is a partner in the Potter Anderson & Corroon law firm. In 2005 he joined the firm’s Business Practices Group, which focuses on telecommunications and public utility issues.

Larry Altenbaumer 
Elected 2005; Member, Finance Committee, Human Resources Committee 
Larry provides business advisory and consulting services to the energy industry. He retired in 2004 as President of Illinois Power and Executuve Vice President, Regulated Energy Delivery of Dynegy, Inc.

Phyllis Bernard 
Elected 2003; Chair, Human Resources Committee; Member, Oversight Committee 
Phyllis is a Robert S. Kerr Jr. Distinguished Professor of Law and founding Director of the Center on Alternative Dispute Resolution at the Oklahoma University School of Law.
> 2009 MEMBERS COMMITTEE

Kevin Easley  
General Manager and Chief Executive Officer, Grand River Dam Authority

Trudy Harper  
President, Tenaska Power Services

Kelly Harrison  
Vice President Transmission Operations and Environmental, Westar Energy

Cindy Holman  
General Manager, Oklahoma Municipal Power Authority

Rob Janssen  
President, Dogwood Energy

Jeff Knottek  
Assistant Manager of Transmission Planning, City Utilities of Springfield, Missouri

Brett Kruse  
Vice President, Governmental and Regulatory Affairs, Calpine Energy Services

Steve Parr  
Executive Vice President and CEO, Kansas Electric Power Cooperative

Mel Perkins  
Vice President of Power Delivery, OG&E Electric Services

Pat Pope  
Vice President and Chief Operating Officer, Nebraska Public Power District

Gary Roulet  
Chief Executive Officer, Western Farmers Electric Cooperative

Stuart Solomon  
President, Public Service Company of Oklahoma

Richard Spring  
Senior Vice President of Transmission, Kansas City Power & Light Company

Richard M. Tyler  
General Manager, Northeast Texas Electric Cooperative

Gary Voigt  
Chief Executive Officer, Arkansas Electric Cooperative Corporation

> 2009 REGIONAL STATE COMMITTEE

1. Jeff Davis, President  
   Missouri Public Service Commission

2. Jeff Cloud  
   Oklahoma Corporation Commission

3. David King  
   New Mexico Public Regulation Commission

4. Michael Moffet  
   Kansas Corporation Commission

5. Michael Siedschlag  
   Nebraska Power Review Board

6. Barry Smitherman  
   Public Utilities Commission of Texas

7. Paul Suskie  
   Arkansas Public Service Commission
> FINANCIAL HIGHLIGHTS

> **Balance Sheet***

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$55,910</td>
<td>$42,119</td>
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<tr>
<td>Other Current Assets</td>
<td>18,702</td>
<td>13,901</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>38,477</td>
<td>41,272</td>
</tr>
<tr>
<td>Other Assets</td>
<td>1,066</td>
<td>277</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$114,155</td>
<td>$97,569</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>$19,740</td>
<td>$17,777</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>47,703</td>
<td>36,265</td>
</tr>
<tr>
<td>Long Term Debt</td>
<td>60,369</td>
<td>39,574</td>
</tr>
<tr>
<td>Other Long Term Liabilities</td>
<td>5,649</td>
<td>11,494</td>
</tr>
<tr>
<td>Members’ Equity</td>
<td>(19,306)</td>
<td>(7,541)</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>$114,155</td>
<td>$97,569</td>
</tr>
<tr>
<td><strong>Statement of Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$101,619</td>
<td>$92,045</td>
</tr>
<tr>
<td>Salary and Benefits</td>
<td>50,140</td>
<td>41,880</td>
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<tr>
<td>Other Expenses</td>
<td>63,244</td>
<td>66,589</td>
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<tr>
<td>Net Loss</td>
<td>(11,765)</td>
<td>(16,424)</td>
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</tbody>
</table>

* All figures in thousands