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**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2009 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 8

SOUTHWEST POWER POOL REGIONAL ENTITY

PROPOSED 2009 BUSINESS PLAN AND BUDGET

2009 Business Plan and Budget

June 24, 2008

Southwest Power Pool Regional Entity

Approved by: SPP Regional Entity Trustees

Date: June 24, 2008

Table of Contents

Introduction	3
Background	3
Planning Cycle	4
2009 Primary Objectives —	4
Major 2009 Cost Impacts	4
Detailed Business Plans and Budgets by Program	5
Section A — 2009 Business Plan	6
Reliability Standards Program	6
Compliance Monitoring and Enforcement and Organization Registration and Certification Program	11
Reliability Readiness Evaluation and Improvement Program	17
Training, Education, and Operator Certification Program	21
Reliability Assessment and Performance Analysis Program	27
Situation Awareness and Infrastructure Security Program	32
Administrative Services	37
Section B — 2009 Budget	57
2008 Budget and Projection and 2009 Budget Comparisons	57
Personnel Analysis	58
2008 Organizational Chart	59
2009 Organizational Chart	60
Reserve Balance	61
Regional Entity Assessment Analysis	62
Assessments by Country	62
Breakdown by Statement of Activity Sections	63
Section C — 2009 RE Non-Statutory Business Plan and Budget	70
Background	70
Membership and Governance (for non-statutory activities)	70
Planning Cycle	72
2009 Primary Objectives —	73
Major 2009 Cost Impacts	73
2008 Budget and Projection and 2009 Budget Comparisons	73
Personnel Analysis	73
2008 Organizational Chart	73
2009 Organizational Chart	73
Reserve Analysis — 2008–2009	73

Introduction

Total RE Resources (in whole dollars)				
	2009 Budget	U.S.	Canada	Mexico
Statutory FTEs	17.2 ¹			
Non-statutory FTEs	0			
Total FTEs	17.2			
Statutory Funding	\$7,123,827	\$7,123,827		
Non-statutory Funding	0	0		
Total Funding	\$7,123,827	\$7,123,827		
NEL	204,154,984	204,154,984		
NEL %	100%	100%		

Background

Southwest Power Pool, Inc. (SPP) operates as the NERC Regional Entity (RE) over an eight state area within the Eastern Interconnection. This business plan outlines the tasks that the SPP RE portion of the Southwest Power Pool, Inc. performs to fulfill its duties per the FERC approved Regional Entity Delegation Agreement². SPP also provides non-RE related functions for entities operating within the SPP footprint; those activities and related funding amounts are not included as part of this Business Plan.

Membership and Governance

Members' Forums

SPP provides forums for registered entities within its footprint to discuss and share reliability concerns. This includes SPP committees, subcommittees, working groups, and task forces that are grouped by technical areas.

The SPP RE also conducts a minimum of two public workshops per year where registered entities are able to interact with SPP RE staff and NERC staff and discuss reliability issues.

Members' Forums Objectives

- Provide input on ERO and RE issues, including but not limited to the NERC Members Representative Committee and other NERC standing committees
- Provide technical forums to act as standards-drafting teams in development of SPP Regional Reliability Standards.

Governance

¹ There are additional 2.0 FTEs that are provided through contractor services for the Compliance Monitoring and Enforcement Program

² FERC Order R07-6-000 - April 19, 2007

The SPP RE is governed by three independent Regional Entity Trustees. The RE Trustees have autonomy over decisions in fund allocation and approval of the SPP RE Budget, as well as decisions on regional standards, reliability assessments, compliance enforcement actions, and penalties.

Statutory Functional Scope

As the RE for the Southwest Power Pool region, the SPP RE will administer the following programs:

- Regional Reliability Standards Program
- Compliance Monitoring and Enforcement Program
- Organization Registration and Certification
- Training and Education Programs
- Reliability Assessment and Performance Analysis Program
- Situation Awareness and Infrastructure Security Program

The SPP RE co-sponsors the NERC Readiness Evaluation and Improvement Program with NERC staff.

Planning Cycle

The SPP RE will begin its annual budget process in March of each calendar year to allow for sufficient time to develop and present the budget to the SPP Regional Entity Trustees prior to the July 9 NERC submission deadline.

The SPP RE will prepare the business plan and budget for carrying out the delegated functions with supporting materials and sufficient detail to justify the requested funding collection and budget expenditures.

2009 Primary Objectives —

- Meet the compliance audit and readiness review schedule for 2009
- Develop any SPP Regional Reliability Standards to meet NERC continent-wide requirements
- Provide training for registered entities in the SPP RE footprint to meet reliability objectives and maintain operator certification requirements
- Enhance reliability assessments and performance analysis
- Support NERC efforts in Situational Awareness and Infrastructure Security
- Provide legal and regulatory support for the RE
- Provide general and administrative support for the RE

Major 2009 Cost Impacts

Increased activity and responsibilities in the Compliance and Enforcement area over 2008, the first full year of operation as an RE, has resulted in cost increases attributed to additional FTEs to

support this area. Additional RE staff will ensure SPP, Inc. meets its requirements under the Regional Delegation Agreement and provides the prerequisite level of independence and separation from its non-statutory duties. Regional standards activities began late in 2008 and 2009 will be the first full year for activities in this program area. Reliability Assessments funding has increased mainly to an additional dedicated full-time RE staff person to participate in this program and in the shared allocation of model development costs amongst all Eastern Interconnection Regional Entities. Situation Awareness and Infrastructure Security costs have increased due to more definitive tasks to coordinate with NERC activities in this area. The General and Administrative costs have increased to reflect the mid-year 2007 addition of a RE Legal Counsel, and a full-time RE staff person to provide exclusive administrative support for RE staff and their activities.

Detailed Business Plans and Budgets by Program

Details of the planning, operation, review, and adjustment for each program area are included in Section A. The corresponding budget details are shown in Section B.

Section A — 2009 Business Plan

Reliability Standards Program

Reliability Standards Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	0.5 FTE	0.5 FTE	1 FTE
Total Direct Funding	<u>Salary \$50,694</u> Total \$50,694	<u>Salary \$50,694</u> Total \$50,694	<u>Salary \$103,400</u> Total \$103,400
Total Indirect Funding ³	\$103,419	\$103,419	\$189,880
Total Funding	\$154,113	\$154,113	\$293,280

Background

SPP RE will coordinate with NERC to develop and approve technically sound, fair, and balanced reliability standards to ensure the reliability of the bulk power systems in North America. SPP RE will also develop any regional reliability standards per the guideline as defined in the delegation agreement. NERC will submit such standards to FERC and to the appropriate Canadian governmental authorities for adoption as mandatory for bulk power system owners, operators, and users in the United States, and to applicable authorities in Canada for similar status.

The foregoing activities of persons engaged in the reliability standards development process (i.e. Standard Drafting Team) will be conducted, to the extent possible, by conference calls and e-mail, website postings and other means of electronic communications. If face-to-face meetings of participants are needed, those meetings will be announced on the SPP website calendar.

In addition, SPP shared staff will coordinate any reliability standards work through their working groups such as the Transmission Working Group for TPL standards, System Protection and Control Working Group for PRC standards, etc.

Based on the portion of professional/technical staff time and other resources devoted to reliability standards development, SPP estimates 1 FTE on this activity.

Program Description and Functions Performed

³ Total Indirect Funding represents an allocation of SPP overhead costs to statutory activities. The allocation is calculated using a standard rate multiplied by the number of SPP full time equivalents (FTE) directly performing statutory activities. Overhead costs include services provided by SPP Inc. to support statutory and non-statutory activities such as payroll and accounts payable processing, human resources and benefits management, accounting, information technology, executive leadership, corporate affairs and communications, office costs and other support services and expenditures. Further explanation of this allocation can be found in SPP's Amended and Restated Delegation Agreement, Exhibit E - Funding, Sec.5, Docket No.RR07-6-002, Compliance Filing of the North American Electric Reliability Corporation in response to March 21, 2008 Order filed July 21, 2008.

SPP RE continues to utilize shared staff to facilitate the development of standards to implement the SPP RE Standards Procedure.

2009 Goals and Objectives

Goals

- Meet directives of ERO governmental authorities regarding standards development and procedures
- Meet stated targets in the regional “fill-in-the-blank” standards work plan
- Maintain consistency and quality of regional reliability standards
- Communicate with stakeholders and regulators regarding standards development
- Complete and assist NERC with “fill-in-the-blank” standards

Objectives

- Develop regional reliability standards to fulfill the NERC reliability standards that require a region to develop region specific requirements.
- Develop regional reliability standards as needed for SPP to meet NERC standards requirements. Primary emphasis for 2009 in the area of regional “fill-in-the-blank” standards.
- Also development of any regional differences to NERC standards as required

Section 215 Regional Entity Reliability Standards Development

SPP RE will follow the standards process as defined in their delegation agreement for any new regional standards or any update in the existing regional standard. SPP’s reliability standards development process will have an advisory vote by the Markets and Operations Policy Committee (MOPC), which will be responsible for ensuring that all stakeholder interests are fairly represented in the development of standards. The MOPC has broad representation. Standards will be voted on through a ballot body. The ballot body consists of multiple, defined segments, and no entity may have more than one vote. SPP Regional Entity Trustees will have ultimate authority to recommend NERC to approve this standard, remand to Standard Drafting Team through MOPC or determine there is no need for standard and terminate the activity.

The SPP Regional Standards Development Procedure provides the basis for SPP to propose and develop regional reliability standards. That Procedure is consistent with a NERC standard format for all RE standards procedures and has been approved by FERC in the SPP RE Order.

The SPP Standards Process will provide an open, balanced, and inclusive stakeholder process in which any interested party may provide input and vote on any proposed regional reliability standard.

Funding Requirements — Explanation of Increase (Decrease)

The funding requirement is expected to increase from 0.5 to 1.0 FTE for 2009 Budget. Increased activities for the development of regional standards are scheduled and anticipated for 2009.

Staffing Needs

Hiring Plans

SPP plans to use existing shared staff to support this function in 2009.

Shared Employees

The additional 0.5 FTE will be provided by SPP shared staff who will participate in reliability standards development.

Contractors

No contractors are currently involved in the reliability standard development effort.

Reliability Standards Program

Funding sources and related expenses for the reliability standards section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Reliability Standards					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 154,113	\$ 154,113	\$ -	\$ 293,280	\$ 139,167
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 154,113	\$ 154,113	\$ -	\$ 293,280	\$ 139,167
Expenses					
Personnel Expenses					
Salaries	\$ 41,069	\$ 41,069	\$ -	\$ 85,339	\$ 44,271
Payroll Taxes	3,446	3,446	-	6,528	3,082
Benefits	6,179	6,179	-	8,118	1,939
Retirement Costs	-	-	-	3,414	3,414
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ 50,694	\$ 50,694	\$ -	\$ 103,400	\$ 52,706
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ 103,419	\$ 103,419	\$ -	\$ 189,880	\$ 86,461
Total Expenses	\$ 154,113	\$ 154,113	\$ -	\$ 293,280	\$ 139,167
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 Projection and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- An increase of 0.5 FTE over the 2008 amount for increased activity in the continuing development of one regional reliability standard.

Meeting Expenses

- No meeting expenses are projected for 2008 or budgeted to support this function in 2009.

Operating Expenses

- No operating expenses are projected for 2008 or budgeted to support this function in 2009.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	3.5 FTE ⁴	4.5 FTE ⁴	6 FTE ⁴
Total Direct Funding	Travel \$69,000 Continuing Education \$15,000 Consulting \$296,000 <u>Salary \$427,884</u> Total \$807,884	Travel \$69,000 Continuing Education \$15,000 Consulting \$296,000 <u>Salary \$489,010</u> Total \$869,010	Travel \$94,000 Continuing Education \$25,000 Consulting \$330,000 <u>Salary \$834,653</u> Total \$1,283,653
Total Indirect Funding	\$723,935	\$827,354	\$1,139,280
Total Funding	\$1,531,819	\$1,696,364	\$2,422,933

Background

As a Regional Entity, the SPP RE has the delegated authority and responsibility to enforce compliance with approved reliability standards by users, owners, and operators of bulk power systems throughout the SPP footprint. To facilitate the SPP RE's compliance enforcement activities, all users, owners, and operators of the bulk power system that operate in the SPP RE footprint are identified and registered in the NERC Compliance Registry.

Program Description and Functions Performed

According to the SPP RE Compliance Monitoring and Enforcement Program, there are eight compliance monitoring processes: self report, self certification, audit report, investigation, exception report, spot check, complaint, or data submittal.

SPP RE Compliance staff will conduct compliance monitoring and investigate alleged violations of reliability standards, with the assistance of certified independent auditors. SPP shared staff will be used to collect reporting data and along with occasional volunteers from the electric industry may be utilized primarily to provide industry expertise to compliance staff, provide

⁴ There are an additional 2.0 FTEs provided through contractor services for the Compliance Monitoring and Enforcement Program that are not included in this count

technical advice, and make recommendations to compliance staff. Consulting represents the equivalent of approximately 2 FTEs.

SPP RE compliance enforcement activities will be conducted at its headquarters in Little Rock, Arkansas, and at the locations of owners, operators, and users of the bulk power system registered in the SPP RE portion of the NERC Compliance Registry.

The SPP RE will strive to maintain a high level of reliable bulk power system operation through a program of monitoring, audits, event analysis and investigations; mitigation activities; and the imposition of penalties and sanctions for noncompliance with reliability standards.

2009 Goals and Objectives

- Seven to nine on-site compliance audits of registered RC, BA, and TOP entities
- Fifteen to twenty on-site (or other approved methods) of compliance audits of other registered entities
- Continuous compliance monitoring of SPP's modeling processes and regional planning processes
- Perform reporting and analysis of Control Performance Standard [CPS] performance and independent analysis and reporting of Disturbance Control Standard [DCS] performance
- Quarterly compliance surveys of specific reliability standards
- Annual self-certification program
- Monitoring of periodic data submittals
- Compliance Investigations, as necessary
- Calculations and imposition of financial penalties or non-monetary sanctions for non-compliance findings
- Participate in Regional Hearing Process, as necessary
- Two compliance workshops for registered entities⁵

Funding Requirements — Explanation of Increase (Decrease)

Funding requirements are expected to increase for the 2009 Budget. The major contributor to this increase is the expansion to the SPP RE compliance staff required to perform the duties outlined in the CMEP. Compliance workshop meeting expense is accounted for in the Technical Committees and Member Forums budget.

⁵ Compliance workshop expenses are budgeted in the Administrative section under Technical Committees and Member Forums

Staffing Needs

Hiring Plans

The majority of the 2009 compliance staff will be employed during 2008 with one proposed addition for 2009 (two were proposed before a mid year 2008 out of budget addition – see Personnel Expenses). This position is presently planned to be an engineer or specialist at the senior or lead level, as defined by the SPP RE job descriptions.

Shared Employees

A number of factors define how many shared employees are used in any of the delegated responsibilities. In the compliance and enforcement area, shared staff are used in the regional hearing process as possible technical experts or as witnesses. There are not any FTEs directly budgeted for in this purpose in 2009 as this is an unpredictable variable.

The SPP Operations staff will assist the RE with conducting reporting and analysis of Control Performance Standard [CPS] performance and independent analysis and reporting of Disturbance Control Standard [DCS] performance. The amount of time charged to this activity is variable depending on the number of disturbances reported in the SPP RE footprint. Historically the number of man-hours reported for these tasks is nominal and is absorbed into the allocated FTE numbers.

Contractors

The SPP RE uses contractors to supplement the permanent staff in the areas of on-site compliance audits, off-site compliance audits, event analysis, and as technical experts. The contractors are retained and used on an ad-hoc basis. Presently the SPP RE has relationships with two consulting/contactor firms with access to approximately 10 consultants. Consulting represents the equivalent of approximately 2 FTEs. These are not included in the FTE count for this program as they are not permanent employees.

Organization Registration and Certification

The number of entities in the SPP RE registration program has remained stable at approximately 124 registered entities since the end of 2007. It is our expectation that this registration will remain stable in 2009 absent any new initiatives in functional registration or organizational certification.

SPP RE Compliance staff will make additions, removals, and changes to the existing registry. Challenges to entries in the registry by either registrants or SPP RE Compliance staff will be conducted through the approved Regional Entity hearing process.

SPP RE will follow the certification procedures approved by NERC. It is anticipated that Reliability Coordinators, Transmission Operators, and Balancing Authorities will require organizational certification. A timetable to complete this item has yet to be established but is expected to begin in 2008 and be completed in 2009.

The SPP RE anticipates that the equivalent of .5 FTE is required to maintain and expand the Compliance Registry Database on an on-going basis. The SPP RE anticipates that there will be an increase in activity in 2009 due to an increased emphasis on Joint Registrations and possibly a change to the basis of registration from functions to registration by requirements.

Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Compliance and Organization Registration and Certification					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 1,691,819	\$ 1,691,819	\$ -	\$ 2,422,933	\$ 731,114
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 1,691,819	\$ 1,691,819	\$ -	\$ 2,422,933	\$ 731,114
Expenses					
Personnel Expenses					
Salaries	\$ 346,640	\$ 396,160	\$ 49,520	\$ 698,218	\$ 302,059
Payroll Taxes	29,088	33,243	4,155	53,414	20,171
Benefits	52,157	59,608	7,451	80,092	20,484
Retirement Costs	-	-	-	2,929	2,929
Continuing Education	15,000	15,000	-	25,000	10,000
Total Personnel Expenses	\$ 442,884	\$ 504,010	\$ 61,126	\$ 859,653	\$ 355,642
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	69,000	69,000	-	94,000	25,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 69,000	\$ 69,000	\$ -	\$ 94,000	\$ 25,000
Operating Expenses					
Consultants	\$ 296,000	\$ 296,000	\$ -	\$ 330,000	\$ 34,000
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ 296,000	\$ 296,000	\$ -	\$ 330,000	\$ 34,000
Other Non-Operating Expenses	\$ 723,935	\$ 827,354	\$ 103,419	\$ 1,139,280	\$ 311,926
Total Expenses	\$ 1,531,819	\$ 1,696,365	\$ 164,546	\$ 2,422,933	\$ 726,568
Change in Assets	\$ 160,000	\$ (4,546)	\$ (164,546)	\$ -	\$ 4,546

Summary of 2008 projection and 2009 budgeted funding and expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- One additional SPP RE staff is proposed for 2009 (one added mid year 2008 as an out of budget expense). This position is presently planned to be an engineer or specialist at the senior or lead level, as defined by the SPP RE job descriptions.

Meeting Expenses

- The SPP RE compliance enforcement activities will be conducted at its headquarters in Little Rock, Arkansas, and at the locations of owners, operators, and users of the bulk power system registered in the SPP RE portion of the NERC Compliance Registry. Compliance Workshops are held at various locations within the SPP RE footprint.

Operating Expenses

- The SPP RE has one distinctive operating expense. The SPP RE leases the rights to the Compliance Data Management System [CDMS] from the Midwest Reliability Organization [MRO]. The SPP RE pays a monthly fee for this lease and also shares in any unusual expenses associated with upgrades to the CDMS due to changes in requirements of the NERC CMEP or with changes to the interface with the NERC Compliance Database.

Reliability Readiness Evaluation and Improvement Program

Reliability Readiness Evaluation and Improvement Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	0.5 FTE	0.5 FTE	0.5 FTE
Total Direct Funding	Salary \$61,126 <u>Travel \$15,000</u> Total \$76,126	Salary \$61,126 <u>Travel \$15,000</u> Total \$76,126	Salary \$51,700 <u>Travel \$18,000</u> Total \$69,700
Total Indirect Funding	\$103,419	\$103,419	\$94,940
Total Funding	\$179,545	\$179,545	\$164,640

Background/ Program Description and Functions Performed

In its 2009 business plan, developed after approval of this plan by SPP, NERC has eliminated the Reliability Readiness Evaluation and Improvement Program. In the NERC approved plan, 2009 will be a transition year, during which open Readiness recommendations in the Region will be monitored to their completion and a reduced set of Evaluations will take place. Due to the uncertainty associated with the final disposition of the NERC program and the expectations delegated to SPP at the time this plan was developed and finalized, the potential for an under run of 2009 expenditures compared to budget exists, but is difficult to quantify at this time.

SPP RE and shared staff support the NERC Reliability Readiness Evaluation and Improvement Program by acting as the Senior Regional Representative on all Readiness Evaluations performed in the SPP RE footprint. SPP RE staff also schedules all of the required evaluations and solicits internal volunteers. The SPP RE staff monitors the progress of recommendations that evolve from the final Readiness Evaluation reports and updates this progress to NERC at least quarterly.

2009 Goals and Objectives

In 2009, SPP RE and shared staff expect to schedule and participate in seven to nine NERC Readiness Evaluations. SPP RE staff also participate in one or two non-SPP Readiness Evaluations annually as team volunteers.

Funding Requirements — Explanation of Increase (Decrease)

The required funding for this activity consists of the salaries of the staff volunteers plus related travel expenses. The decrease in staff expenses results from staff expected to complete these functions in 2009 having less seniority than previously identified for the 2008 budget.

Staffing Needs

Hiring Plans

SPP plans to use existing shared staff to support this function in 2009.

Shared Employees

It is anticipated that NERC desires all Senior Regional Representatives on NERC Readiness Evaluations be shared staff rather than SPP RE compliance staff. Therefore, there is a shift in 2009 from 100% dedicated SPP RE staff to 100% shared staff for the on-site portion of the Readiness Evaluation program. The dedicated SPP RE staff will continue to provide administrative services such as scheduling, volunteer procurement, and tracking of reported recommendations. However, there is no change in the total FTE count for this delegated responsibility.

Contractors

In the rare instances where a dedicated SPP RE staff, a shared staff, or an internal volunteer must drop out of the evaluation team and a substitute cannot be found, the SPP RE will engage the services of a qualified contractor to act on behalf of the SPP RE. No allowances have been made in the funding request for this service.

Reliability Readiness Evaluations and Improvement Program

Funding sources and related expenses for the reliability readiness audits and improvement section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Reliability Readiness Evaluation and Improvement					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 179,545	\$ 179,545	\$ -	\$ 164,640	\$ (14,905)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 179,545	\$ 179,545	\$ -	\$ 164,640	\$ (14,905)
Expenses					
Personnel Expenses					
Salaries	\$ 49,520	\$ 49,520	\$ -	\$ 42,670	\$ (6,850)
Payroll Taxes	4,155	4,155	-	3,264	(891)
Benefits	7,451	7,451	-	4,059	(3,392)
Retirement Costs	-	-	-	1,707	1,707
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ 61,126	\$ 61,126	\$ -	\$ 51,700	\$ (9,426)
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	15,000	15,000	-	18,000	3,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 15,000	\$ 15,000	\$ -	\$ 18,000	\$ 3,000
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ 103,419	\$ 103,419	\$ -	\$ 94,940	\$ (8,479)
Total Expenses	\$ 179,545	\$ 179,545	\$ -	\$ 164,640	\$ (14,905)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 projection and 2009 budgeted funding and expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- There is no expected increase in FTEs over the 2008 amount.

Meeting Expenses

- Travel expenses are estimated to increase from \$15,000 for 2008 to \$18,000 for 2009.

Operating Expenses

- No operating expenses are projected for 2008 or budgeted to support this function in 2009.

Training, Education, and Operator Certification Program

Training, Education, and Operator Certification Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	4.0 FTE	4.0 FTE	3.0 FTE
Total Direct Funding	Travel \$21,000 Meeting \$54,670 Contracts: Online Testing Services \$13,400 CEH Application Fees \$6,100 <u>Salaries \$391,410</u> Total \$486,580	Travel \$21,000 Meeting \$54,670 Contracts: Online Testing Services \$13,400 CEH Application Fees \$6,100 <u>Salaries \$391,410</u> Total \$486,580	Travel \$21,000 Meeting \$153,800 ⁶ Contracts: Online Testing Services \$3,960 CEH Application Fees \$5,700 <u>Salaries \$361,712</u> Total \$546,172
Total Indirect Funding	\$827,354	\$827,354	\$569,640
Total Funding	\$1,313,934	\$1,313,934	\$1,115,812

Background

The SPP Training department provides opportunities to develop individuals, teams, and the organization in a manner that promotes a clear line of sight from individual goals to the corporate strategy, being mindful that compliance with NERC, FERC, and NAESB standards is essential, and competent performance among all registered entities is a necessity.

Personnel participating in the SPP training program include registered entity system operations, operations support (EMS engineering, Operations engineering, and Information Technology), supervisors and managers, and others directly responsible for complying with reliability standards who, through their actions or inactions, may impact the real-time or day-ahead reliability of the bulk power system.

The SPP Training Department:

- Designs, develops, implements, assesses, and maintains a training and education program to provide continuing education (i.e., emergency operations, simulations, and standards) for system operations personnel
- Designs training programs that are aimed at minimizing proficiency gaps in knowledge and performance
- Conducts operations procedure analyses and job task analyses for system operations personnel to ensure that the training program content is properly aligned to the job tasks performed by those personnel

⁶ Meeting expense includes \$86,300 for WebEx cost and 67,500 general meeting costs. See narrative for "Meeting, Net Conference, and Travel Expenses" within this program for further explanation of these costs.

- Develops and maintains training program curricular requirements based on job task analyses and needs analyses
- Periodically conducts performance needs analyses to identify areas for further training development and improvement
- Administers individual assessments of knowledge, skills, and abilities
- Administers course, trainer, and program evaluations

Program Description and Functions Performed

Training Program Overview

On a yearly basis, the SPP training program offers to registered entities within the SPP RE footprint the following training opportunities:

1. Two System Operations Conferences (20 hours each)
2. Two Regional Restoration Drills (24 hours each)
3. Eight Subregional Restoration Drills (16 hours each)
4. 24 Regional Emergency Operations Net Conferences (2 hours each)
5. Three Train-the-Trainer sessions (12 hours each)

2009 Goals and Objectives

Overall Goals

Competent operating ability is the goal of Training, and competent operating performance is the goal of Operations. Training uses these performance specifications as measures of successful achievement of performance capability.

Overall Training Objectives

The Training department will:

- Assess current and future training needs
- Maintain accurate job task documents
- Assess and improve the training offered as a part of the SPP RE function
- Develop and submit Individual Learning Applications for all training events
- Maintain training database to track and report all continuing education activities sponsored by SPP RE
- Develop online and computer-based learning activities and materials for the training and education function
- Develop and maintain seamless online registration, assessment, and reporting functions
- Develop authentic assessments to accurately measure knowledge and performance gains achieved from training events
- Develop and deliver training for system operations personnel including:
 - Regional and Subregional System Restoration Drills
 - Regional Emergency Operations and Systems Operations (net conference and in-person)
 - Professional Development (Train-the-Trainer session)
 - Systems Operations Conferences

The SPP Training department anticipates that the majority of the RE training and education will take place onsite at the SPP offices in Little Rock and via net conferencing. It is also estimated that approximately thirty percent of its resources will be dedicated to RE training activities in 2009.

Funding Requirements — Explanation of Increase (Decrease)

Overall, Training will see a decrease of 1 FTE from 2008 in the 2009 Budget. One additional FTE was budgeted in 2008 for time needed to assist newly hired training staff to become familiar with the training courses. Salary expenses will decrease accordingly with the decrease of 1 FTE.

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 3.0 FTEs for the 2008 projection and 3.0 FTEs for the 2009 budget. The 3.0 FTEs for 2009 include: 1.0 FTE responsible for regional and subregional system restoration drills, 1.0 FTE responsible for regional emergency operations and systems operations training, and 1.0 FTE responsible for support in instructional design and computer-based training.

Meeting, Net Conference, and Travel Expenses

- Meeting, staff travel, net conference, and teleconference expenses in support of the training program are estimated for 2009 at \$174,800. This total includes an increase of \$86,300 due to a portion of net conferencing services cost now directly accounted to the RE and expensed to the Training department. These costs were not directly assigned to this program in the 2008 budget and were accounted for under the 2008 indirect cost adder. This change provides more transparency and separation of statutory costs from non-statutory funding.

Online Testing Fees

- In order to provide online testing associated with net conference and online training, SPP will utilize the services of TestCraft. Due to carryover of e-assessments, the estimated cost of this service is expected to decrease substantially. The cost of the online testing service for 2009 is approximately \$3,960.

CEH Application Fees

- For every hour of continuing education provided as a part of the RE function, SPP is assessed a \$30.00 fee. With approximately 190 hours to be offered in 2009, the CEH application fee for 2009 is expected to be \$5,700.

Staffing Needs

Hiring Plans

The SPP Training department plans to use existing shared staff to support this function in 2009.

Shared Employees

The SPP Training department will continue to utilize shared staff.

Contractors

Currently there are no contractors involved with the RE training function, and SPP Training does not plan to engage contract staff in 2009 to support this function.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Training and Education					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 1,313,934	\$ 1,313,934	\$ -	\$ 1,115,812	\$ (198,122)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 1,313,934	\$ 1,313,934	\$ -	\$ 1,115,812	\$ (198,122)
Expenses					
Personnel Expenses					
Salaries	\$ 317,091	\$ 317,091	\$ -	\$ 299,694	\$ (17,398)
Payroll Taxes	26,608	26,608	-	22,927	(3,682)
Benefits	47,711	47,711	-	27,104	(20,606)
Retirement Costs	-	-	-	11,988	11,988
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ 391,410	\$ 391,410	\$ -	\$ 361,712	\$ (29,698)
Meeting Expenses					
Meetings	\$ 54,670	\$ 54,670	\$ -	\$ 153,800	\$ 99,130
Travel	21,000	21,000	-	21,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 75,670	\$ 75,670	\$ -	\$ 174,800	\$ 99,130
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	19,500	19,500	-	9,660	(9,840)
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ 19,500	\$ 19,500	\$ -	\$ 9,660	\$ (9,840)
Other Non-Operating Expenses	\$ 827,354	\$ 827,354	\$ -	\$ 569,640	\$ (257,714)
Total Expenses	\$ 1,313,934	\$ 1,313,934	\$ -	\$ 1,115,812	\$ (198,122)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- There is a decrease of 1.0 FTE from the 2008 budget primarily due to the elimination of time needed to train one new shared staff person hired in 2008 to perform RE related training.

Meeting Expenses

- Meeting, staff travel, net conference, and teleconference expenses in support of the training program are estimated for 2009 at \$174,800. The increase in this line item is due to an additional \$86,300 for net conferencing services.

Operating Expenses

- Operating expenses needed to support the Training program are expected to decrease in 2009 by 50%. This expense is accounted for under contracts and includes \$3,960 for Online Testing Fees and \$5,700 for CEH Application Fees.

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	2.4 FTE	2.4 FTE	3.4 FTE
Total Direct Funding	Salary \$243,331 Total \$243,331	Salary \$243,331 Total \$243,331	Salary \$351,558 Travel \$25,000 <u>Consulting \$56,000⁷</u> Total \$432,558
Total Indirect Funding	\$496,413	\$496,413	\$645,592
Total Funding	\$739,744	\$739,744	\$1,078,150

Background

In the United States, SPP as a NERC RE is required to “conduct periodic assessments of the reliability and adequacy of the bulk-power system in North America.” (FPA, § 215(g); 16 C.F.R. § 39.11.) In accordance with this responsibility and SPP’s responsibility to support the reliability of the North American bulk power system, SPP intends to support NERC’s three reliability assessments each year: a long-term reliability assessment report, a summer assessment report, and a winter assessment report. These reports will analyze electricity demand and the Reliability and Adequacy Assessment Objectives adequacy of supply throughout the North American bulk power system, as well as examine the adequacy of the transmission system. SPP will also conduct inter-regional studies and other planning studies to comply with NERC’s various TPL standards.

The SPP RE is responsible for conducting Event Analyses on major reliability events within the SPP RE footprint. This analysis may be conducted by the entity involved in the event, an assigned SPP Working Group/Committee, a technical team comprised of industry experts or may be conducted by the RE, NERC or FERC staff. The SPP RE is responsible for producing a final technical report on each incident. Any issues that surface which may lead to standards compliance questions will be handled through the Compliance Monitoring & Enforcement Program portion of this Business Plan.

Program Description and Functions Performed

Reliability and adequacy assessments of the bulk power system will be conducted by teams comprised NERC’s and RE professional and technical staff, along with volunteers from the electric industry, government, and academia who possess appropriate technical competencies. Except when site visits are necessary to conduct analyses, these teams’ work will be conducted through conference calls, e-mail, website postings, other means of electronic communications, and meetings. Meetings may be held at NERC’s headquarters or at meeting locations around the United States and Canada selected for

⁷ Consulting cost includes \$36,000 for consultants and \$20,000 for model development consulting services.
2009 Regional Entity Business Plan and Budget
Approved by Board of Trustees: June 24, 2008

proximity to and ease of access by team members.

SPP shared staff will conduct inter-regional studies or other planning studies in coordination with its members. The work of these teams will be conducted through conference calls, e-mail, website postings, other means of electronic communications, and meetings at SPP's headquarters or at locations around the United States selected for proximity to and ease of access by team members. SPP RE staff will act as the RE liaison with the SPP shared staff in supporting the analysis and publication of the annual NERC assessments.

2009 Goals and Objectives

Reliability and Adequacy Assessment Objectives

- Maintain and host a library of solved power flow models, a system dynamics database, and dynamics simulation cases for use by regional reliability organizations and their registered entities to assist with planning and evaluating future systems and current operating conditions
- Provide regional input to NERC's three reliability assessments each year: a long-term reliability assessment report, a summer assessment report, and a winter assessment report
- Participate in NERC meetings to discuss reliability assessment and analyses of the impact of these assessments
- Conduct inter-regional and other planning studies to comply with NERC's TPL standards, including participation in the Eastern Interconnection Reliability Assessment Group
- Investigate, assess, and report on the potential impacts of new and evolving electricity market practices, new or proposed regulatory procedures, and new or proposed legislation (e.g., environmental requirements) on the adequacy and operating reliability of the bulk power system
- Maintain a working dialog on bulk power system reliability and adequacy issues with SPP members

Events Analysis and Information Exchange Objectives

- Provide NERC with information on disturbances and other bulk power system off-normal events for their Events Database that was created in 2006 (in conjunction with Situational Awareness and Infrastructure Security Program). Participate in NERC-level analyses as needed, of large-scale outages, disturbances, and near misses to determine root causes and lessons learned.
- Provide regional evaluations, and analyses, as determined by the SPP RE staff, NERC, or other responsible parties.
- Maintain and enhance NERC's Blackout and Disturbance Response Procedures (in conjunction with Situation Awareness and Infrastructure Security Program)

- Analyze frequency performance of the interconnections using data from appropriate measurement systems
- Coordinate with NERC to establish a clear set of criteria for sorting reported disturbances and other bulk power system off-normal events into categories; decide what level of evaluation, or analysis is needed; and determine who will undertake such evaluations, or analyses (triage function)
- Communicate to the industry root causes of events that may be precursors of potentially more serious events and other “lessons learned” from evaluations, and analyses
- Analyze and identify improvements to the interaction of the transmission system with nuclear power plants, especially related to minimum voltages required by the plants

Funding Requirements — Explanation of Increase (Decrease)

The funding requirement is expected to increase from 2.4 to 3.4 FTE for the 2009 Budget due to the addition of 1 FTE. Salary, travel and consulting expenses will increase for the 2009 Budget due to the increase of 1 FTE.

Staffing Needs

Hiring Plans

SPP plans to hire 1 SPP RE staff to report directly to the Executive Director of Compliance and Enforcement. This RE staff will act as the Regional Entity lead in all Event Analyses performed in the SPP RE footprint. In addition, this RE staff will act as the RE liaison with SPP shared staff in support of the analysis and publication of annual NERC assessments. This person accounts for the increase in 1.0 FTE over 2008 in this program.

Shared Employees

SPP shared staff will continue to provide 2.4 FTE support for this function.

Contractors

Currently there is one contractor involved to support SPP RE staff in this effort and expected to continue the same for 2009.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Reliability Assessment and Performance Analysis					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 739,744	\$ 739,744	\$ -	\$ 1,078,150	\$ 338,406
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 739,744	\$ 739,744	\$ -	\$ 1,078,150	\$ 338,406
Expenses					
Personnel Expenses					
Salaries	\$ 197,129	\$ 197,129	\$ -	\$ 290,153	\$ 93,025
Payroll Taxes	16,542	16,542	-	22,197	5,655
Benefits	29,661	29,661	-	27,602	(2,058)
Retirement Costs	-	-	-	11,606	11,606
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ 243,331	\$ 243,331	\$ -	\$ 351,558	\$ 108,227
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	25,000	25,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ 56,000	\$ 56,000
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ 56,000	\$ 56,000
Other Non-Operating Expenses	\$ 496,413	\$ 496,413	\$ -	\$ 645,592	\$ 149,179
Total Expenses	\$ 739,744	\$ 739,744	\$ -	\$ 1,078,150	\$ 338,406
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- SPP shared staff will continue to support 2.4 FTE for this function.
- 1 dedicated SPP RE staff FTE will act as the Regional Entity lead in all Event Analyses performed in the SPP RE footprint. This personnel will also act as the RE liaison with the SPP shared staff in support of the analysis and publication of the annual NERC assessments.

Meeting Expenses

- Due to the increase of 1 FTE, \$25,000 for travel expenses are budgeted to support this function in 2009. There were no expenses projected for 2008.

Operating Expenses

- Operating expenses budgeted to support this function in 2009 include \$36,000 and \$20,000 for consulting costs. There were no operating expenses projected for 2008.

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	**	**	0.75
Total Direct Funding	CIPC rep travel expense reimbursement \$18,000 CIPWG Secretary travel expense \$4,000 Total \$22,000	CIPC rep travel expense reimbursement \$18,000 Total \$18,000	CIPC rep travel expense reimbursement \$18,000 Salary \$82,893 Total \$100,893
Total Indirect Funding			\$142,410
Total Funding	\$22,000	\$18,000	\$243,303

Background

SPP RE actively participates in NERC critical infrastructure protection activities and serves as an information conduit between NERC and SPP RE registered entities. NERC coordinates electric industry activities to promote critical infrastructure protection of the bulk power system in North America. NERC has a leadership role in the critical infrastructure protection of the electricity sector to reduce vulnerability and improve mitigation and protection of the electricity sector's critical infrastructure. NERC acts as the electricity sector's Sector Coordinator and operates its Information Sharing and Analysis Center to gather and communicate information about security-related threats within the sector, United States and Canadian governmental authorities, and other critical infrastructure sectors. NERC also performs security planning activities focused on the critical infrastructure protection of the electricity sector, including sharing sensitive or classified information with federal, state, and provincial governmental authorities.

SPP RE also participates in the development of the "Morning Report" for NERC and FERC which provides daily bulk power system status. SPP RE will also work in cooperation with NERC and other Regional Entities to implement a Situation Awareness Tool being developed by NERC and to define the scope of responsibility for the RE in Situation Awareness.

Program Description and Functions Performed

SPP RE is represented on the NERC Critical Infrastructure Protection Committee by three SPP RE registered entity company representatives who represent the physical, cyber, and operations disciplines. SPP RE reimburses the registered entity representatives for travel expenses incurred while performing CIPC responsibilities.

2009 Goals and Objectives

- Provide assistance to NERC as Liaison with the U.S. Department of Homeland Security and state emergency management offices
- Work with NERC to implement Situation Awareness Tools (new activities for 2009)
- Assist in development of Morning Reports
- Participate in NERC/RE Situation Awareness Communications Team
- Exchange SAIS information and foster collaboration with information sharing partners
- Work with NERC to further clarify SAIS roles and responsibilities

Funding Requirements — Explanation of Increase (Decrease)

In 2008, this program consisted primarily of the CIPWG secretary duties and 0 FTEs were directly budgeted for (and no indirect costs). For 2009, to provide further separation of statutory functions from non-statutory functions, the CIPWG activities have been removed. These activities will continue as a non-statutory activity that is funded by the SPP non-statutory budget. In 2008, no FTEs were allocated to perform the CIPWG functions. There were some travel expenses for shared staff to attend CIPWG meetings. These CIPWG expenses have been excluded from the 2009 RE Budget. However, the funding requirements for this program are expected to increase to 0.75 FTE for the 2009 Budget. This is due to the addition of .5 FTE to support the development activities for SAIS and 0.25 FTE to support in the development and dissemination of the daily Morning Reports. Salary expense will increase accordingly for the 2009 budget with the addition of the 0.75 FTE.

Meeting and Travel Expenses

Meeting expenses for SPP registered entity representatives attending quarterly CIPC meetings will total approximately \$18,000.

Staffing Needs

The SPP shared staff will assist the RE with conducting Situational Awareness and Infrastructure Security activities as needed. This assistance is 0.5 FTE of the total 0.75 FTE for this program.

The SPP shared staff will assist the RE with conducting Situational Awareness and Infrastructure Security activities as needed. Specifically, SPP shared staff will work to develop the Morning Report and to implement the Situation Awareness Tool. This assistance is 0.25 FTE of the total 0.75 FTE for this program.

Hiring Plans

No additional staff is planned for 2009. SPP plans to use existing shared staff to support this function.

Shared Employees

The additional 0.75 FTE in 2009 will be provided by SPP shared staff whom will assist with non-compliance security-related activities.

Contractors

No contractors are planned for this activity.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Situational Awareness and Infrastructure Security					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 22,000	\$ 22,000	\$ -	\$ 243,303	\$ 221,303
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 22,000	\$ 22,000	\$ -	\$ 243,303	\$ 221,303
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ 69,508	\$ 69,508
Payroll Taxes	-	-	-	5,317	5,317
Benefits	-	-	-	5,287	5,287
Retirement Costs	-	-	-	2,780	2,780
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ 82,893	\$ 82,893
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	22,000	18,000	(4,000)	18,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 22,000	\$ 18,000	\$ (4,000)	\$ 18,000	\$ -
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 142,410	\$ 142,410
Total Expenses	\$ 22,000	\$ 18,000	\$ (4,000)	\$ 243,303	\$ 225,303
Change in Assets	\$ -	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- An increase of 0.75 FTE over the 2008 amount for increased activity in the continuing development of the Situational Awareness program.

Meeting Expenses

- Meeting expenses for SPP registered entity representatives attending quarterly CIPC meetings will total approximately \$18,000.

Operating Expenses

- No operating expenses were budgeted to support this function in 2008 or 2009.

Administrative Services

Administrative Services			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	1.5 FTE	2.0 FTE	2.5 FTE
Total Direct Funding	\$564,509	\$595,073	\$688,219
Total Indirect Funding	\$103,419	\$116,346	\$1,117,491 ¹
Total Funding	\$667,928	\$711,419	\$1,805,710

¹ Includes \$474,700 in overhead allocation and \$642,791 in additional assessments due to underfunding of SPP RE's 2007 activities and expected underfunding of 2008 activities

Technical Committees and Members' Forums

Background

SPP Regional Entity provides forums for registered entities within its footprint to discuss and share reliability concerns. This includes SPP committees, subcommittees, working groups, and task forces that are grouped by technical areas.

The SPP Regional Entity also conducts a minimum of two public workshops per year where registered entities are able to interact with SPP RE staff and NERC staff and discuss reliability issues.

Program Description and Functions Performed

2009 Goals and Objectives

Provide input on ERO and RE issues, including but not limited to the NERC Members Representative Committee and other NERC standing committees.

Provide technical committee forums to act as standards-drafting teams in development of SPP regional reliability standards.

Funding Requirements — Explanation of Increase (Decrease)

There will be a decrease in Operating expense in 2009 due to the SPP RE Trustees expense now being accounted for in the General and Administrative budget. Meeting expense will increase by \$25,000 for 2009 due to compliance workshop cost. This cost was accounted for in the Compliance Monitoring and Enforcement and Organization Registration and Certification Program budget in 2008.

Staffing Needs

Hiring Plans

No additional staff is planned for 2009. SPP plans to use existing shared staff to support this function.

Shared Employees

The SPP RE plans to use existing dedicated staff to support the annual RE public workshops.

SPP RE will use existing shared staff to support SPP forums, as listed above, in 2009.

Contractors

No contractors are expected for 2009 to support this function.

Technical Committees and Member Forums

Funding sources and related expenses for the Members' Forums section of the 2009 business plan are shown in the table below.

Statement of Activities						
2008 Budget & Projection, and 2009 Budget						
Technical Committees and Member Forums						
Funding	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)	
ERO Assessments	\$ 145,000	\$ 145,000	\$ -	\$ 25,000	\$ (120,000)	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Funding	\$ 145,000	\$ 145,000	\$ -	\$ 25,000	\$ (120,000)	
Expenses						
Personnel Expenses						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	
Payroll Taxes	-	-	-	-	-	
Benefits	-	-	-	-	-	
Retirement Costs	-	-	-	-	-	
Continuing Education	-	-	-	-	-	
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Meeting Expenses						
Meetings	\$ 10,000	\$ 10,000	\$ -	\$ 25,000	\$ 15,000	
Travel	10,000	10,000	-	-	(10,000)	
Conference Calls	-	-	-	-	-	
Total Meeting Expenses	\$ 20,000	\$ 20,000	\$ -	\$ 25,000	\$ 5,000	
Operating Expenses						
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	
Contracts	-	-	-	-	-	
Office Rent	-	-	-	-	-	
Office Costs	-	-	-	-	-	
Professional Services	-	-	-	-	-	
Computer Purchase & Maintenance	-	-	-	-	-	
Board of Trustees	135,000	135,000	-	-	(135,000)	
Furniture & Equipment	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Contingency	-	-	-	-	-	
Total Operating Expenses	\$ 135,000	\$ 135,000	\$ -	\$ -	\$ (135,000)	
Other Non-Operating Expenses						
Total Expenses	\$ 155,000	\$ 155,000	\$ -	\$ 25,000	\$ (130,000)	
Change in Assets	\$ (10,000)	\$ (10,000)	\$ -	\$ -	\$ 10,000	

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- No additional staff are expected for 2009 to support this function.

Meeting Expenses

- Meeting expense will increase by \$25,000 for 2009 due to compliance workshop cost. This cost was accounted for in the Compliance Monitoring and Enforcement and Organization Registration and Certification Program budget in 2008. The change was made to provide more consistency in tracking costs to the NERC system of accounts.

Operating Expenses

- The SPP RE Trustees expense is accounted for in the General and Administrative budget for 2009. This cost was included in the Technical Committees and Member Forums budget in 2008. The change was made to provide more consistency in tracking costs to the NERC system of accounts.

General and Administrative

Functional Description

The General and Administrative function consists of support from the SPP Vice President of Process Integrity & CAO, the Executive Director of Interregional Affairs, the SPP RE Counsel and three independent Regional Entity Trustees.

The VP of Process Integrity & CAO and the Executive Director of Interregional Affairs provide executive level support through participation in meetings and conference calls with other Regional Entities and Senior NERC staff except for the Compliance Monitoring and Enforcement, Organization Registration and Certification Program and the Reliability Readiness Evaluation and Improvement Program to ensure independence and separation from SPP non-statutory activities.

The RE Trustees are independent of the SPP Board of Directors, any SPP member, SPP registered entity, industry stakeholder, or organizational group. The RE Trustees have autonomy over decisions in fund allocation and approval of the SPP RE budget, as well as decisions on regional standards, compliance enforcement actions, and penalties.

2009 Goals and Objectives

The functions and duties of the Regional Entity Trustees will include, but are not limited to the following:

- Monitor all Registered Entities in the SPP footprint for compliance with ERO/FERC requirements, including auditing and issuance of official findings,
- Administer SPP's Compliance Enforcement Program,
- Coordinate and manage third party audits to confirm that SPP is conforming to ERO policies and standards,
- Impose penalties as prescribed and approved by ERO/FERC,
- Regional Entity staff administration,
- Regional Entity budget decisions,
- Track and review Regional Standards from MOPC for submission to the ERO and FERC for approval and implementation,
- Complete a self-assessment annually to determine how effectively the Regional Entity Trustees are meeting their responsibilities, and
- Provide an annual report to the Board of Directors regarding the effectiveness of the Regional Entity function and processes.

The SPP RE Counsel provides exclusive legal support to the SPP RE.

The VP of Process Integrity & CAO and the Executive Director of Interregional Affairs will serve as general and administrative resources for the SPP RE to fulfill the

responsibilities of the RE Delegation Agreement and to provide these resources in a manner that is independent and separate from other non-RE SPP responsibilities.⁸

Funding Requirements — Explanation of Increase (Decrease)

The funding requirements are expected to increase with the addition of 1 FTE to provide administrative support in 2008. This is due to a significant increase in administrative work. 1 FTE is added to this section for the SPP RE Counsel. This position was added mid-year 2007 to provide exclusive legal counsel for the RE and mitigate any conflict of interest concerns by using SPP shared staff. Support provided by the VP of Process Integrity and the Executive Director of Interregional Affairs represents .5 FTE. The SPP RE Trustees costs were budgeted under Technical Committees and Member Forums in 2008. This cost will now be accounted for in the General and Administrative budget under Professional Services. Travel expense is expected to increase due to the increase FTEs needed to support this function.

Staffing Needs

Hiring Plans

SPP RE plans to hire 1 additional dedicated SPP RE staff in 2008 to provide administrative support for many SPP RE confidential matters including; preparation of audit files and documentation, preparation of compliance violation and preliminary event analysis documentation, assistance with expense reporting and invoice management, assistance with data requests, minor database administration, budget monitoring, on-site support for compliance workshops, and RE Trustees meeting preparations. (This position will be filled mid year 2008 as an out of budget expense)

Shared Employees

SPP shared staff are budgeted for through the SPP Indirect Costs. These shared staff provide general and administrative services in support of the SPP RE programs. If a shared staff incurs significant time and expense to support an RE activity, those may be tracked directly to the RE. SPP shared staff beyond those directly budgeted for in this section may provide administrative support and are budgeted for through the SPP indirect costs.

Contractors

No contractors are planned for 2009 to support this activity.

⁸ See 2009 SPP RE Organization Chart, the Compliance Monitoring and Enforcement and Organization Registration and Certification and the Reliability Readiness Evaluation and Improvement Programs are overseen by the Executive Director of Compliance to ensure separation from SPP non-statutory activities.
2009 Regional Entity Business Plan and Budget
Approved by Board of Trustees: June 24, 2008

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
General and Administrative					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 362,928	\$ 362,928	\$ -	\$ 1,630,710 ¹	\$ 1,267,782
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 362,928	\$ 362,928	\$ -	\$ 1,630,710	\$ 1,267,782
Expenses					
Personnel Expenses					
Salaries	\$ 198,083	\$ 222,843	\$ 24,760	\$ 289,435	\$ 66,591
Payroll Taxes	16,622	18,699	2,078	22,142	3,442
Benefits	29,804	33,530	3,726	25,065	(8,465)
Retirement Costs	-	-	-	11,577	11,577
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ 244,509	\$ 275,073	\$ 30,564	\$ 348,219	\$ 73,146
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	15,000	15,000	-	30,000	15,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 15,000	\$ 15,000	\$ -	\$ 30,000	\$ 15,000
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	135,000	135,000
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ 135,000	\$ 135,000
Other Non-Operating Expenses	\$ 103,419	\$ 116,346	\$ 12,927	\$ 474,700	\$ 358,354
Total Expenses	\$ 362,928	\$ 406,419	\$ 43,491	\$ 987,919	\$ 581,500
Change in Assets	\$ -	\$ (43,491)	\$ (43,491)	\$ 642,791	\$ 686,282

¹ Includes \$642,791 in additional assessments due to underfunding of SPP RE's 2007 activities and expected underfunding of 2008 activities

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- Due to the increased level of administrative work 1 FTE will be added in 2008 to provide administrative support. In addition, 1 FTE was added in 2008 to provide exclusive legal counsel for the RE and to mitigate any conflict of interest concerns by using SPP shared staff. Support provided by the VP of Process Integrity and the Executive Director of Interregional Affairs represents .5 FTE.

Meeting Expenses

- Travel expenses have increased due to the increase in FTE needed to support this function.

Operating Expenses

- The SPP RE Trustees professional services expense of \$135,000 is accounted for in the General and Administrative budget for 2009. This expense was accounted for in the Technical Committees and Member Forums budget in 2008. The change was made to provide more consistency in tracking costs to the NERC system of accounts.

Legal and Regulatory

Functional Description

The SPP RE has a General Counsel that provides exclusive legal support to the SPP RE.⁹ If SPP RE is required to convene hearings under the Compliance Monitoring and Enforcement Program (Exhibit C of the RE Delegation Agreement), independent hearing officers may be utilized.

2009 Goals and Objectives

- Provide Legal and Regulatory services to support regular RE activities
- Provide hearing officer if SPP RE is required to convene hearings

Funding Requirements — Explanation of Increase (Decrease)

Hearing costs were budgeted for under Compliance Monitoring and Enforcement in 2008. This same amount is carried forward in 2009 under this section and not in the Compliance Monitoring and Enforcement section. The amount is estimated to support 3 hearings in 2009.

Staffing Needs

Hiring Plans

No additional staff is planned for this area in 2009.

Shared Employees

The SPP RE may require shared staff resources in 2009 to support this function. Any time and expense by shared staff to support RE legal and regulatory activities will be tracked.

Contractors

If required, independent hearing officers will be contracted to lead hearings.

⁹ SPP RE General Counsel is accounted for in the general and administrative budget for confidentiality
2009 Regional Entity Business Plan and Budget
Approved by Board of Trustees: June 24, 2008

Legal and Regulatory

Funding sources and related expenses for the legal and regulatory section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Legal and Regulatory					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	150,000	150,000	-	150,000	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
Change in Assets	\$ (150,000)	\$ (150,000)	\$ -	\$ -	\$ 150,000

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- SPP RE Counsel is accounted for in the General and Administrative budget for purposes of confidentiality.

Meeting Expenses

- There was no meeting expenses projected for 2008 or budgeted to support this function in 2009.

Operating Expenses

- Hearing costs were budgeted for under Compliance Monitoring and Enforcement in 2008. This same amount is carried forward in 2009 under this section and not in the Compliance Monitoring and Enforcement section. The amount is estimated to support 3 hearings in 2009. The change was made to provide more consistency in tracking costs to the NERC system of accounts.

Information Technology

Functional Description

The SPP Information Technology department provides resources for the SPP RE to fulfill the responsibilities of the RE Delegation Agreement.

2009 Goals and Objectives

To provide adequate information technology support for the SPP RE to fulfill the responsibilities of the RE Delegation Agreement and to provide these resources in a manner that is independent and separate from other non-RE SPP responsibilities.

Funding Requirements — Explanation of Increase (Decrease)

The costs for IT services to support all RE program areas are accounted for within the Indirect Costs. No specific direct costs for IT services are identified for 2009.

Staffing Needs

Hiring Plans

Shared Employees

SPP shared staff used to support this function are providing support services only and are budgeted for through SPP indirect costs.

Contractors

No contractors are planned for this activity.

Information Technology

Funding sources and related expenses for the information technology section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Information Technology					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- NA

Meeting Expenses

- NA

Operating Expenses

- NA

Human Resources

Functional Description

SPP will provide Human Resources support for the SPP Regional Entity, including the hiring of any needed staff and the administration of payroll and benefits.

2009 Goals and Objectives

To provide adequate human resources services for the SPP RE to fulfill the responsibilities of the RE Delegation Agreement and to provide these resources in a manner that is independent and separate from other non-RE SPP responsibilities.

Funding Requirements — Explanation of Increase (Decrease)

The costs for HR services to support all RE program areas are accounted for within the Indirect Costs. No specific direct costs for HR services are identified for 2009.

Staffing Needs

Hiring Plans

Shared Employees

SPP shared staff are budgeted for through the SPP Indirect Costs. These shared staff provide services in support of the SPP RE programs. If a shared staff incurs significant time and expense to support an RE activity, those may be tracked directly to the RE.

Contractors

No contractors are planned for this activity.

Human Resources

Funding sources and related expenses for the human resources section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Human Resources					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- NA

Meeting Expenses

- NA

Operating Expenses

- NA

Finance and Accounting

Functional Description

The Finance and Accounting department will direct the overall financial plans and accounting practices for SPP's RE functions.

2009 Goals and Objectives

- Assist in budget development using the NERC Budget template format.
- Work with other Regional Entities through the REBG to provide consistency in budget submittals.

Funding Requirements — Explanation of Increase (Decrease)

The costs for Finance and Accounting services to support all RE program areas are accounted for within the Indirect Costs. No specific direct costs for Finance and Accounting services are identified for 2009.

Staffing Needs

Hiring Plans

Shared Employees

SPP shared staff are budgeted for through the SPP Indirect Costs. These shared staff provide services in support of the SPP RE programs. If a shared staff incurs significant time and expense to support an RE activity, those may be tracked directly to the RE.

Contractors

No contractors are planned for this activity.

Finance and Accounting

Funding sources and related expenses for the accounting and finance section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Finance and Accounting					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- NA

Meeting Expenses

- NA

Operating Expenses

- NA

Section B — 2009 Budget

2008 Budget and Projection and 2009 Budget Comparisons

Table 1

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
STATUTORY					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Funding	\$ 4,609,084	\$ 4,609,084	\$ -	\$ 7,123,827	\$ 6,600,000
Membership Dues/Non-Stat Assessments	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 4,609,084	\$ 4,609,084	\$ -	\$ 7,123,827	\$ 6,600,000
Expenses					
Personnel Expenses					
Salaries	\$ 1,149,531	\$ 1,223,811	\$ 74,280	\$ 1,775,018	\$ 551,207
Payroll Taxes	96,461	102,694	6,233	135,789	33,095
Benefits	187,963	199,139	11,176	177,328	(21,811)
Retirement Costs	-	-	-	71,000	71,000
Total Personnel Expenses	\$ 1,433,955	\$ 1,525,644	\$ 91,689	\$ 2,159,134	\$ 633,490
Meeting Expenses					
Meetings	\$ 64,670	\$ 64,670	\$ -	\$ 178,800	\$ 114,130
Travel	152,000	148,000	(4,000)	206,000	58,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 216,670	\$ 212,670	\$ (4,000)	\$ 384,800	\$ 172,130
Operating Expenses					
Consultants	\$ 296,000	\$ 296,000	\$ -	\$ 386,000	\$ 90,000
Contracts	19,500	19,500	-	9,660	(9,840)
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	285,000	285,000	-	285,000	-
Computer Purchase & Maint.	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	360,000
Total Operating Expenses	\$ 600,500	\$ 600,500	\$ -	\$ 680,660	\$ 440,160
Other Non-Operating Expenses ¹	\$ 2,357,959	\$ 2,474,306	\$ 116,347	\$ 3,256,442	\$ 782,136
Total Expenses	\$ 4,609,084	\$ 4,813,120	\$ 204,036	\$ 6,481,036	\$ 1,667,917
Change in Assets	\$ -	\$ (204,036)	\$ (204,036)	\$ 642,791	\$ 846,827

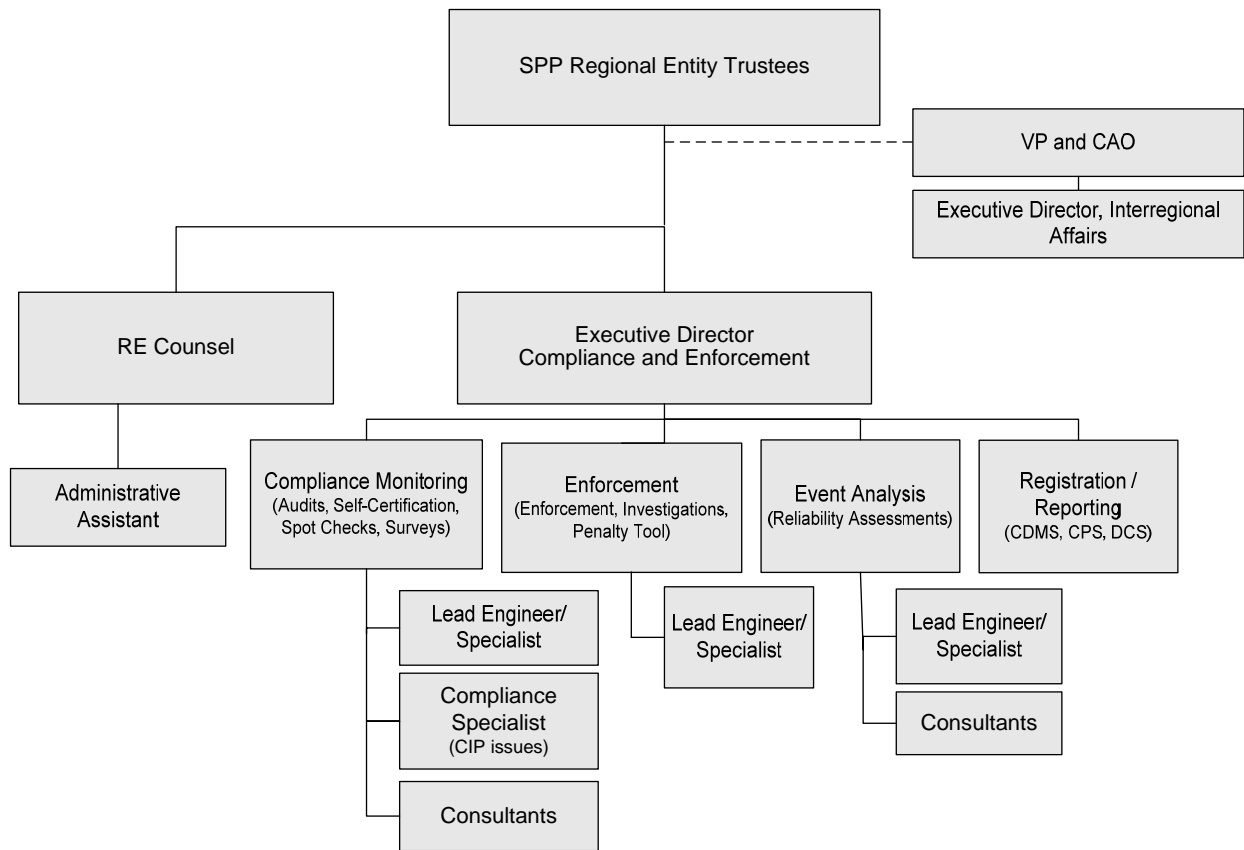
¹ Other Non-Operating Expenses consist exclusively of SPP's Indirect Rate calculation

Personnel Analysis

Table 2

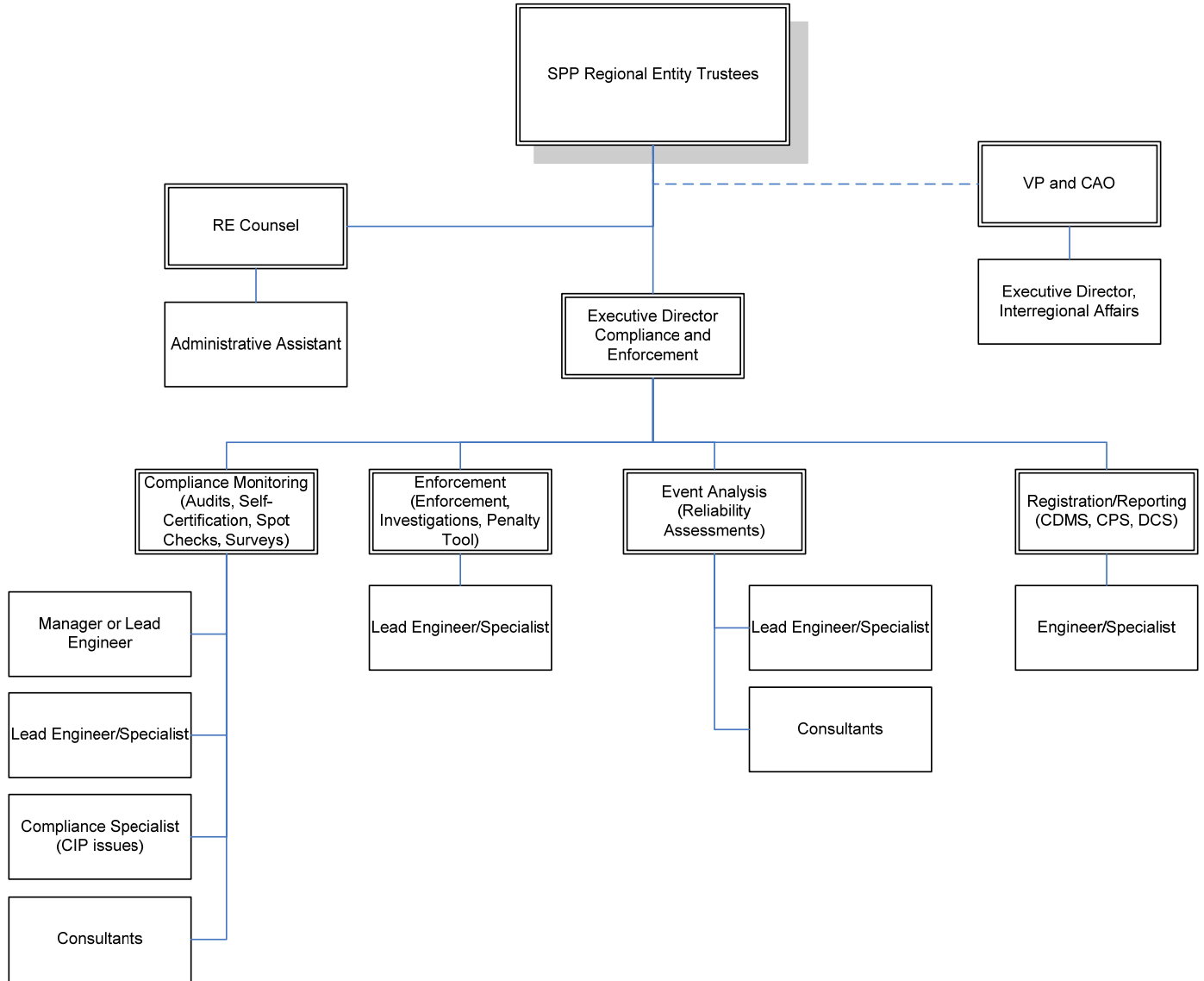
Total FTE's by Program Area	Budget 2008	Projection 2008	Budget 2009	Change from Projection
STATUTORY				
Operational Programs				
Reliability Standards	0.5	0.5	1.0	0.5
Compliance and Organization Registration and Certification	3.5	4.5	6.0	1.5
Reliability Readiness Audit and Improvement	0.5	0.5	0.5	0.0
Training and Education	4.0	4.0	3.0	-1.0
Reliability Assessment and Performance Analysis	2.4	2.4	3.4	1.0
Situational Awareness and Infrastructure Security	0.0	0.0	0.8	0.8
Total FTEs Operational Programs	10.9	11.9	14.7	2.8
Administrative Programs				
Member Forums	0.0	0.0	0.0	0.0
General & Administrative	1.5	2.0	2.5	0.5
Information Technology	0.0	0.0	0.0	0.0
Legal and Regulatory	0.0	0.0	0.0	0.0
Human Resources	0.0	0.0	0.0	0.0
Accounting	0.0	0.0	0.0	0.0
Total FTEs Administrative Programs	1.5	2.0	2.5	0.5
Total FTEs	12.4	13.9	17.2	3.3

2008 Organizational Chart



Last Updated: 5/8/2008

2009 Organizational Chart



Reserve Balance

Table 5

Working Capital Reserve Analysis 2008-2009	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2007	(438,754)
Plus: 2008 ERO Funding (from LSEs or designees)	4,609,083
Plus: 2008 Other funding sources (Cash basis)	
Less: '2008 Projected expenses & capital expenditures (Cash basis)	(4,813,120)
Projected Working Capital Reserve (Deficit), December 31, 2008	(642,791)
Desired Working Capital Reserve, December 31, 2009	¹ 0
Less: Projected Working Capital Reserve (Deficit), December 31, 2008	(642,791)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	642,791
2009 Assessment for Expenses and Capital Expenditures	6,481,036
Less: Other Funding Sources (Cash Basis)	
Adjustment to achieve desired Working Capital Reserve	642,791
2009 Assessment	7,123,827

¹ SPP RE does not require a working capital reserve in that on a cash basis SPP is able to fund shortfalls in its statutory (Regional Entity) funding through its operating cash balances, and also has access to liquidity through a bank credit facility. The increase in assessments represents SPP RE's underfunding of it's 2007 activities of \$438,754 and it's expected underfunding of 2008 activities of \$204,037.

Regional Entity Assessment Analysis

Assessments by Country

Table 6

NA

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of Table 1, page 54, of the 2009 RE Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Supplemental Funding

NA

Table B-1

Outside Funding Breakdown By Program (excluding ERO Assessments)	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Reliability Assessment and Performance Analysis					
pc-GAR Software				\$ -	-
GADS Services				\$ -	-
Total	\$ -	\$ -	\$ -	\$ -	-
Training and Education					
SO Test Fees				\$ -	-
PJM Test Fees				\$ -	-
CEH Fees				\$ -	-
Total	\$ -	\$ -	\$ -	\$ -	-
Situational Awareness and Infrastructure Security					
ESD Software				\$ -	-
FIST Royalties				\$ -	-
TSIN Fees				\$ -	-
Total	\$ -	\$ -	\$ -	\$ -	-
Technical Committees and Member Forums					
Transmission Owners and Operators Forum Dues				\$ -	-
Total	\$ -	\$ -	\$ -	\$ -	-
General and Administrative					
Interest Income				\$ -	-
Total	\$ -	\$ -	\$ -	\$ -	-
Total Outside Funding	\$ -	\$ -	\$ -	\$ -	-

Personnel Expenses

Table B-2

Personnel Expenses	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Salaries					
Salary	\$ 1,149,531	\$ 1,223,811	\$ 1,775,018	\$ 551,207	45.04%
Employment Agency Fees				-	
Temporary Office Services				-	
Total Salaries	\$ 1,149,531	\$ 1,223,811	\$ 1,775,018	\$ 551,207	45.04%
Payroll Taxes					
FICA	\$ 78,178	\$ 82,852	\$ 110,051	\$ 27,199	32.8%
Medicare	18,283	19,842	25,738	5,896	29.7%
SUI				-	
FUI				-	
Total Payroll Taxes	\$ 96,461	\$ 102,694	\$ 135,789	\$ 33,095	32.2%
Benefits					
Workers Compensation				\$ -	
Medical Insurance	160,747	167,453	141,570	(25,883)	-15.5%
Life-LTD Insurance	12,216	14,451	10,758	(3,693)	-25.6%
Education	15,000	17,235	25,000	7,765	45.1%
Relocation				-	
Total Benefits	\$ 187,963	\$ 199,139	\$ 177,328	\$ (21,811)	-11.0%
Retirement					
Profit Sharing Plan / SERP				\$ -	
Savings Plan			71,000	71,000	
Total Retirement	\$ -	\$ -	\$ 71,000	\$ 71,000	
Total Personnel Costs	\$ 1,433,955	\$ 1,525,644	\$ 2,159,134	\$ 633,490	41.5%

Meeting Expenses

Table B-3

Meeting Expenses

Meeting Expenses by Business Plan Category	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Reliability Standards				\$ -	
Compliance and Organization Registration and Certification				-	
Reliability Readiness Audit and Improvement				-	
Reliability Assessment and Performance Analysis				-	
Training and Education	54,670	54,670	153,800	99,130	181.32%
Situational Awareness and Infrastructure Security				-	
Committee and Member Forums	10,000	10,000	25,000	15,000	150.00%
General and Administrative				-	
Legal and Regulatory				-	
Information Technology				-	
Human Resources				-	
Accounting and Finance				-	
Total Meeting Expenses	\$ 64,670	\$ 64,670	\$ 178,800	\$ 114,130	176.48%

Travel Expenses by Business Plan Category	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Reliability Standards				\$ -	
Compliance and Organization Registration and Certification	69,000	69,000	94,000	25,000	36.23%
Reliability Readiness Audit and Improvement	15,000	15,000	18,000	3,000	20.00%
Reliability Assessment and Performance Analysis			25,000	25,000	
Training and Education	21,000	21,000	21,000	-	0.00%
Situational Awareness and Infrastructure Security	22,000	18,000	18,000	-	0.00%
Committee and Member Forums	10,000	10,000		(10,000)	-100.00%
General and Administrative	15,000	15,000	30,000	15,000	100.00%
Legal and Regulatory				-	
Information Technology				-	
Human Resources				-	
Accounting and Finance				-	
Total Travel Expenses	\$ 152,000	\$ 148,000	\$ 206,000	\$ 58,000	39.19%

Conference Call Expenses by Business Plan Category	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
General and Administrative				\$ -	
Legal and Regulatory				-	
Information Technology				-	
Human Resources				-	
Accounting and Finance				-	
Total Conference Calls	\$ -	\$ -	\$ -	\$ -	
Total Meeting Expenses	\$ 216,670	\$ 212,670	\$ 384,800	\$ 172,130	80.94%

Operating Expenses

Table B-4

Consultants	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Consultants					
Reliability Standards				\$ -	
Compliance and Organization Registration and Certification	296,000	296,000	330,000	34,000	11.49%
Reliability Assessment and Performance Analysis			56,000	56,000	
Training and Education				-	
Situational Awareness and Infrastructure Security				-	
Information Technology				-	
Member Forum Consultants				-	
Consultants Total	\$ 296,000	\$ 296,000	\$ 386,000	\$ 90,000	30.41%

Table B-5

Contracts	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Contracts - Software					
GADS Programming Support				\$ -	
Analysis Software				-	
MMWG Powerflow Contractor				-	
MMWG Dynamics Contractor				-	
Resource Adequacy Studies				-	
Dynamics Database Enhancements				-	
General Maintenance				-	
PKI Cyber Security				-	
NERCnet Maintenance				-	
NERCnet (NERC Office)				-	
NERCnet (IDC Support)				-	
Data Services Maintenance				-	
NERC ICCP Maintenance Contract				-	
NERC ICCP Backup Node				-	
RCIS Support				-	
Real-Time TagNet Displays				-	
Area Control Error (ACE) Project				-	
Inadvertent Interchange				-	
AIE Monitoring				-	
CPS1-Balancing Authority ACE Limit Monitoring				-	
Frequency Monitoring				-	
Assessment Studies				-	
TADS Development				-	
Contracts - Software Total	\$ -	\$ -	\$ -	\$ -	
Contract - IDC					
SDX Support				\$ -	
IDC Maintenance				-	
DF Support Services Contract				-	
IDC Client Contracts				-	
IDC Client Billing				-	
IDC Base Contract				-	
E-Tag Maintenance				-	
Contracts - IDC Total	\$ -	\$ -	\$ -	\$ -	
Education and Training					
System Operator Testing Expenses	\$ 6,100	\$ 6,100	\$ 3,960	\$ (2,140)	-35.08%
System Operator Examination Development				-	
Database Development				-	
Registration Costs	13,400	13,400	5,700	(7,700)	-57.46%
Education and Training Total	\$ 19,500	\$ 19,500	\$ 9,660	\$ -	-50.46%
Contracts Total	\$ 19,500	\$ 19,500	\$ 9,660	\$ -	-50.46%

Table B-6¹⁰

Office Rent	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Office Rent				\$ -	
Utilities				\$ -	
Maintenance				\$ -	
Security				\$ -	
Total Office Rent	\$ -	\$ -	\$ -	\$ -	

Table B-7¹¹

Office Costs	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Telephone				\$ -	
Internet				\$ -	
Office Supplies				\$ -	
Computer Supplies and Maintenance				\$ -	
Publications & Subscriptions				\$ -	
Dues				\$ -	
Postage				\$ -	
Express Shipping				\$ -	
Copying				\$ -	
Reports - Graphics				\$ -	
Stationary Forms				\$ -	
Equipment Repair/Service Contracts				\$ -	
Bank Charges				\$ -	
Sales & Use Taxes				\$ -	
Merchant Card Fees				\$ -	
Presentation & Publicity				\$ -	
Total Office Costs	\$ -	\$ -	\$ -	\$ -	

Table B-8

¹⁰ This is an overhead cost and is accounted for in the SPP Indirect Adder rate. Overhead costs include services provided by SPP Inc. to support statutory and non-statutory activities such as payroll and accounts payable processing, human resources and benefits management, accounting, information technology, executive leadership, corporate affairs and communications, office costs and other support services and expenditures. Further explanation of this allocation can be found in SPP RE's Delegation Agreement.

¹¹ This is an overhead cost and is accounted for in the SPP Indirect Adder rate. Overhead costs include services provided by SPP Inc. to support statutory and non-statutory activities such as payroll and accounts payable processing, human resources and benefits management, accounting, information technology, executive leadership, corporate affairs and communications, office costs and other support services and expenditures. Further explanation of this allocation can be found in SPP RE's Delegation Agreement.

Section B — 2009 Regional Entity Budget

Professional Services	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Independent Trustee Fees	\$ 135,000	\$ 135,000	\$ 135,000	\$ -	0.00%
Outside Legal	150,000	150,000	150,000	\$ -	0.00%
Accounting & Auditing Fees				\$ -	
Other Legal Fees				\$ -	
Insurance Commercial				\$ -	
Total Services	\$ 285,000	\$ 285,000	\$ 285,000	\$ -	0.00%

Table B-9¹²

Computer	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Purchase and Lease Software				\$ -	
Total Computer	\$ -	\$ -	\$ -	\$ -	

Table B-10¹³

Furniture & Equipment	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Furniture				\$ -	
Equipment				\$ -	
Leasehold Improvements				\$ -	
Total Furniture & Fixtures	\$ -	\$ -	\$ -	\$ -	

Table B-11

Other Non-Operating Expenses	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Shared Services Allocation	\$ 2,357,959	\$ 2,474,306	\$ 3,256,442	\$ 782,136	31.61%
Office Relocation				\$ -	
Cash Reserve Requirement ¹				\$ -	
Total Non-Operating Expenses	\$ 2,357,959	\$ 2,474,306	\$ 3,256,442	\$ 782,136	31.61%

¹ As per Table 5, SPP will collect \$642,791 in additional assessments due to underfunding of 2007 activities and estimated underfunding of 2008 activities. Instead of reflecting this amount as a Non-Operating Expense in Tables 1 and B-11, SPP will reflect the additional assessments in Table 5 only.

¹² This is an overhead cost and is accounted for in the SPP Indirect Adder rate. Overhead costs include services provided by SPP Inc. to support statutory and non-statutory activities such as payroll and accounts payable processing, human resources and benefits management, accounting, information technology, executive leadership, corporate affairs and communications, office costs and other support services and expenditures. Further explanation of this allocation can be found in SPP RE's Delegation Agreement.

¹³ This is an overhead cost and is accounted for in the SPP Indirect Adder rate. Overhead costs include services provided by SPP Inc. to support statutory and non-statutory activities such as payroll and accounts payable processing, human resources and benefits management, accounting, information technology, executive leadership, corporate affairs and communications, office costs and other support services and expenditures. Further explanation of this allocation can be found in SPP RE's Delegation Agreement.

Section C — 2009 RE Non-Statutory Business Plan and Budget

Full Member Criteria Services

SPP 2008 Budget (Includes both Statutory and Non-Statutory functions) (in thousands)	
2008 Budget	
Total FTEs	345 FTE
Total Direct Funding	\$92,961
Total Indirect Funding	\$0
Total Funding	\$92,961

Background

Southwest Power Pool, Inc. (SPP) is a Regional Transmission Organization, mandated by the Federal Energy Regulatory Commission to ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity. These activities are budgeted for separately from the SPP RE and constitute the non-statutory activities further described in this Section.

Membership and Governance (for non-statutory activities)

SPP is a relationship-based organization with member-driven processes offering independence through diversity in Organizational Group membership and recognition that reliability and economic/equity issues are inseparable. SPP strives to continuously improve and implement new concepts in a deliberate evolutionary manner.

SPP membership is voluntary and open to any electric utility, federal power marketing agency, transmission service provider, any entity engaged in the business of producing, selling and/or purchasing electric energy for resale, and any entity willing to meet the membership requirements, including execution of the Membership Agreement. Membership is also open to entities eligible to take service under the SPP Open Access Transmission Tariff (OATT). SPP offers its Members greater efficiency and service reliability through better coordination.

SPP members serve over 4.5 million customers across eight states: Arkansas, Kansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, and Texas.

SPP is governed in accordance with its Bylaws by an independent Board of Directors consisting of seven directors independent of any SPP Member. The Board of Directors works to ensure equity to all Members and acts in the best interest of SPP through its management, control and direction of the general business of SPP.

Non-Statutory Functional Scope

SPP is mandated by the Federal Energy Regulatory Commission (Commission) to ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity.

SPP provides the following primary services to our members and customers:

Tariff Administration: Independent administration of the Open Access Transmission Tariff that provides one-stop shopping for regional transmission service with consistent rates and terms.

Reliability Coordination: SPP monitors power flow throughout our footprint. We anticipate problems and take preemptive action to mitigate operating limit violations. SPP coordinates regional response in emergency situations or blackouts.

Regional Scheduling: SPP ensures that the amount of power sent is coordinated and matched with power received. SPP's regional scheduling service reduces the number of entities with which SPP members and customers have to coordinate.

Market Operations: SPP administers an Energy Imbalance Marketplace, monitors resource/load balance and ensures that less expensive power is used to serve load before expensive power, all while ensuring system reliability is met.

Expansion Planning: SPP's planning process seeks to identify system limitations and develop transmission upgrades for increased capacity.

Contract Services: SPP provides reliability, tariff administration, and scheduling for non-members on a contract basis.

Finally, as a Public Utility under the Federal Power Act, SPP is required to submit its budget to the Commission. The Commission already has approved SPP's activities and has ordered that SPP's budgets be filed with the Commission.¹⁴

¹⁴ See Sw. Power Pool, Inc., 109 FERC ¶ 61,010, at P 98 (2004) (requiring SPP to file its operating budget on an annual basis). See also Sw. Power Pool, Inc., 109 FERC ¶ 61,009, at PP 3-5 (2004), order on reh'g, 110 FERC ¶ 61,137 (2005) (describing history of SPP RTO application, including approval and revision of SPP Bylaws); see also, generally, Sw. Power Pool, Inc., 108 FERC ¶ 61,003 (2004), order on reh'g, 110 FERC ¶ 61,138 (2005); Sw. Power Pool, Inc., 106 FERC ¶ 61,110 (2004).

Schedule for Preparation and Approval of SPP Inc.'s Overall Annual Budget

SPP's overall annual budget is prepared on a budget cycle to be approved by its independent Board of Directors annually at its October meeting. Because of this timing difference with the NERC budget process; SPP is unable to provide an accurate 2009 SPP budget for non-statutory activities at this time. The process begins during the second quarter when the SPP staff develops preliminary non-statutory budgets. During the third quarter the Finance Committee of SPP initially reviews and evaluates the budget prepared by SPP staff. Once the budget is approved by the Finance Committee, it is presented to the Board of Directors for their review and approval at its quarterly meeting held in October. The SPP overall annual budget is then submitted to FERC for approval.

Below is an excerpt of SPP's 2008 budget submission filing to FERC. This excerpt includes both statutory and non-statutory financials:



SOUTHWEST POWER POOL 2008 BUDGET

	2008 BUDGET
Ordinary Income/Expense	
Income	
Tariff Administration Service	\$59,644
Fees & Assessments	13,609
Contract Services Revenue	17,153
Miscellaneous Income	2,555
Total Income	92,961
Expense	
Salary & Benefits	44,049
Employee Travel	1,268
Administrative	1,789
Assessments & Fees	9,000
Meetings	518
Communications	2,813
Leases	1,006
Maintenance	4,255
Services	15,524
Regional State Committee	703
Depreciation & Amortization	18,540
Total Expense	99,465
Net Ordinary Income	(6,504)
Interest Income	(1,000)
Interest Expense	2,919
Total Other Expense	1,919
Net Income (Loss)	(8,423)
Debt Repayment	12,206
MW/h Forecast	312,496
Net Revenue Requirement	61,462
Calculated Admin Fee / MWh	\$0.197
Recommended Admin Fee / MWh	\$0.190
Capital Expense	23,859
Headcount (EOY)	345

SPP 2009 STATEMENT OF ACTIVITIES

Statement of Activities 2009 Budget	Total	Statutory Total	Non-Statutory Total	Functions in Delegation Agreement												Non-Statutory Total	
				Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Readiness Audit and Improvement (Section 700)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situational Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources		Accounting and Finance
Funding																	
ERO Assessments	7,123,827	7,123,827	-	7,123,827	293,280	2,422,933	164,640	1,078,150	1,115,812	243,303	25,000	1,630,710	150,000				
Membership Dues/Non-Statutory Fu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding	7,123,827	7,123,827	-	7,123,827	293,280	2,422,933	164,640	1,078,150	1,115,812	243,303	25,000	1,630,710	150,000	-	-	-	-
Expenses																	
Personnel Expenses																	
Salaries	1,775,017	1,775,017	-	1,775,017	85,339	698,218	42,670	290,153	299,694	69,508	-	289,435					
Payroll Taxes	135,789	135,789	-	135,789	6,528	53,414	3,264	22,197	22,927	5,317	-	22,142					
Benefits	177,328	177,328	-	177,328	8,118	80,092	4,059	27,602	27,104	5,287	-	25,065					
Retirement Costs	71,001	71,001	-	71,001	3,414	27,929	1,707	11,606	11,988	2,780	-	11,577					
Total Personnel Expenses	2,159,134	2,159,134	-	2,159,134	103,400	859,653	51,700	351,558	361,712	82,893	-	348,219	-	-	-	-	-
Meeting Expenses																	
Meetings	178,800	178,800	-	178,800					153,800		25,000						
Travel	206,000	206,000	-	206,000		94,000	18,000	25,000	21,000	18,000		30,000					
Conference Calls	-	-	-	-													
Total Meeting Expenses	384,800	384,800	-	384,800	-	94,000	18,000	25,000	174,800	18,000	25,000	30,000	-	-	-	-	-
Operating Expenses																	
Consultants	386,000	386,000	-	386,000		330,000		56,000									
Contracts	9,660	9,660	-	9,660					9,660								
Office Rent	-	-	-	-													
Office Costs	-	-	-	-													
Professional Services	285,000	285,000	-	285,000								135,000	150,000				
Computer Purchase & Maint.	-	-	-	-													
Furniture and Equipment	-	-	-	-													
Miscellaneous	-	-	-	-													
Contingency	-	-	-	-													
Total Operating Expenses	680,660	680,660	-	680,660	-	330,000	-	56,000	9,660	-	-	135,000	150,000	-	-	-	-
Other Non-Operating Expenses¹	3,256,442	3,256,442	-	3,256,442	189,880	1,139,280	94,940	645,592	569,640	142,410	-	474,700	-	-	-	-	-
Total Expenses	6,481,036	6,481,036	-	6,481,036	293,280	2,422,933	164,640	1,078,150	1,115,812	243,303	25,000	987,919	150,000	-	-	-	-
Change in Assets	642,791	642,791	-	642,791	-	-	-	-	-	-	-	642,791	-	-	-	-	-
Allocation of Overhead																	
Direct Costs	5,318,118	5,318,118	-	5,318,118	293,280	2,422,933	164,640	1,078,150	1,115,812	243,303							
Indirect Costs Allocation ²	1,162,919	1,162,919	-	1,162,919	79,380	476,281	39,690	269,892	238,140	59,535							
	6,481,036	6,481,036	-	6,481,036	372,660	2,899,213	204,330	1,348,043	1,353,952	302,838	-	-	-	-	-	-	-
FTE's	17.2	17.2	-	17.2	1.0	6.0	0.5	3.4	3.0	0.75	-	2.5	-	-	-	-	-

¹ Total Indirect Funding represents an allocation of SPP overhead costs to statutory activities. The allocation is calculated using a standard rate multiplied by the number of SPP full time equivalents (FTE) directly performing statutory activities. Overhead costs include services provided by SPP Inc. to support statutory and non-statutory activities such as payroll and accounts payable processing, human resources and benefits management, accounting, information technology, executive leadership, corporate affairs and communications, office costs and other support services and expenditures. For the 2009 budget, the standard rate used is \$101 per hour based upon 1,880 annual hours of resource availability. This rate could change in future years. Further explanation of this allocation can be found in SPP's Amended and Restated Delegation Agreement, Exhibit E - Funding, Sec.5, Docket No.RR07-6-004, Compliance Filing of the North American Electric Reliability Corporation in response to March 21, 2008 Order filed July 21, 2008.

² In its Business Plan and Budget, SPP has not included the allocation of indirect costs associated with Committee and Member Forums, General and Administrative, and Legal and Regulatory in the Total Funding requirements for the Statutory Programs. The Allocation of Overhead presented here is to show consistency with other Regions and with the Analysis of Administrative (Indirect) Costs presented in Attachment 15. Refer to Footnote 1 above for further explanation of SPP's Total Indirect Funding allocation.