Southwest Power Pool
Regional Entity

Southwest Power Pool, Inc.

REGIONAL ENTITY TRUSTEE MEETING

Embassy Suites Downtown/Old Market – Omaha, NE

July 26, 2010

• M I N U T E S •

SPP RE Trustee Chairman, John Meyer, called the meeting to order at 8:30 a.m. The following Trustees were also in attendance: Gerry Burrows, Dave Christiano. Others attending the meeting were: Alice Wright (SPP RE); Joe Gertsch (SPP RE); Sheila Scott (SPP RE); Bill Dowling (Midwest Energy); Bryan Kauffman (Xcel Energy); Doug Curry (Lincoln Electric System); Fred Meyer (The Empire District Electric Company); Harry Skilton (Southwest Power Pool- Board of Directors Vice Chairman); Michael Desselle (Southwest Power Pool); Mike Wise (Golden Spread Electric Cooperative); Noman Williams (Sunflower Electric Company); Raj Rana (American Electric Power). Those attending by teleconference were: Ron Ciesiel (SPP RE); Alison Hayes (SPP RE); Ashley Stringer (Southwest Power Pool); Bary Warren (The Empire District Electric Company); Bo Jones (Westar Energy); David Kelley (Southwest Power Pool); Jennifer Flandermeyer (Kansas City Power & Light); John Allen (City Utilities of Springfield, MO); Louis Guidry (Cleco Power LLC); and Tracey Stewart (Southwestern Power Administration).

Revised Agenda Item 1 – Antitrust Guidelines

Alice Wright presented the Antitrust Guidelines for meeting participants to review.

Revised Agenda Item 2 –Administrative Items

Corrected Minutes from the June 24, 2010 Trustee Meeting were presented for approval.

Gerry Burrows moved to approve the Corrected Minutes as presented and Dave Christiano seconded. The Motion passed unanimously. **(Attachment 1)**

Revised Agenda Item 3 – Review of Past Action Items

Alice Wright reported on the status of past action items. Two of the nine items are pending: 1) Stacy Dochoda and staff will design a training program using industry volunteer presenters on reliability; and, 2) Stacy Dochoda will develop and implement a communication plan regarding the issue of TOP-002 R11 compliance monitoring. **(Attachment 2)** Mr. Fred Meyers (The Empire District Electric Company), along with representatives from other entities, requested that the RE to provide a more formal and/or official response regarding TOP-002a R11, including the

date the RE determined that TOPs' reliance on studies performed by the SPP RC was insufficient evidence of compliance.

Revised Agenda Item 4 – General Manager's Report

Alice Wright presented the General Manager's Report. The report, which was prepared by RE General Manager Stacy Dochoda, outlined seven issues. **(Attachment 3)** Ms. Wright highlighted the following items:

1. NERC Audit- SPP RE submitted its response to NERC's Final Audit Report; The next step is for the audit report to be presented to NERC's BOTCC; Once approved, NERC will post the Final Report on its website.

2. FERC Audit- FERC is scheduled to visit SPP on August 17 to review our implementation of the FERC's recommendations from the 2008 audit report.

3. Nebraska Entities' Registration- NERC submitted a letter to the SPP and MRO directing the two regions to submit a written evaluation of the Nebraska entities' request to transfer from MRO to SPP RE.

Revised Agenda Item 5 –Revised Delegation Agreement and SPP-SERC CMEP Agreement

Alison Hayes reported on the July 12, 2010 FERC Order conditionally accepting the SPP-SERC Compliance Monitoring and Enforcement Program (CMEP) Agreement and related Revised SPP-NERC Delegation Agreement (RDA). **(Attachment 4)** In its order, FERC directed NERC to file, within 90 days, amended CMEP and RDA agreements to:

1. Reflect that SERC will receive any monies from penalties against SPP and that there will be no offset to SPP RE's assessments from such penalty payments; and
2. Remove the automatic renewal provisions, subject to FERC's re-evaluation and re-approval following the initial term, which is scheduled to end on December 31, 2012.

Gerry Burrows made a Motion to approve the revisions to the SPP-SERC CMEP Agreement and SPP RE Revised Delegation Agreement as directed in FERC Order, issued July 12, 2010, and to authorize Stacy Dochoda to modify the agreements to reflect said revisions, with the review of SPP, Inc, Legal Department.

John Meyer seconded the Motion.

The Motion was unanimously approved.

Revised Agenda Item 6– Financial Report Year-to-Date June 2010

Alice Wright reported on the Year-to-Date financials for SPP RE. The RE is currently under-spending its budget by approximately $916,000. **(Attachment 5)** The 2011 budget reflects cost under-spend for the full-year 2010 of approximately $178,000. The cost under-spend is driven by lower than expected personnel and consulting costs.

Revised Agenda Item 7 – 2010 SPP Long Term Reliability Assessment

Mak Nagle reviewed the SPP 2010 NERC Long Term Reliability Assessment. **(Attachment 6)** Mr. Nagle had previously presented a draft of the report at the June 24 Trustee meeting. The changes that were made to the previously presented report were limited to "wordsmithing" and updates to the data tables located on pages six through nine of the report.

Gerry Burrows made a Motion to accept the LTRA report.

John Meyer seconded the Motion.

The Motion was unanimously approved.

Revised Agenda Item 8– Planning Committee Update

Noman Williams reported on the issues discussed during the June 15-16 NERC Planning Committee meeting. Mr. Williams reported that the more significant discussions during the meeting centered on Event Analysis and Investigation Process.

Revised Agenda Item 9– Compliance Report

Ron Ciesiel made the Compliance Report. Mr. Ciesiel reported that the percentage of violations discovered by the SPP RE via self-reports were less than the national percentage, and he emphasized the importance of self-reporting. Mr. Ciesiel also reviewed the applicability and main components and requirements of TOP-002-2a R11, VAR-001-1 R1, and PRC-005-1. **(Attachment 7)**

Revised Agenda Item 10 – Enforcement Report

Joe Gertsch made the Enforcement Report. **(Attachment 8)** Mr. Gertsch also discussed how self-reporting could influence the SPP RE's penalty determination.

Revised Agenda Item 11 – New Action Items

Alice Wright identified the following new action items:

1. Stacy Dochoda will consider and determine the appropriate manner in which to respond to the request made by multiple entities that the RE prepare and provide a more formal and/or official document regarding TOP-002a R11.

2. Ron Ciesiel will post a copy of the Event Analysis and Investigation Procedures to the SPP RE webpage.

3. RE will add Event Analysis and Investigation Procedures as a topic to its Fall 2010 workshop agenda if said procedures have been adequately developed prior to the scheduled workshop.

4. Ron Ciesiel will modify the Compliance Report to include data regarding: a) the number of SPP RE registered entities with post-June 18, 2007 reportable violations, and b) the trend of reportable violations.

Revised Agenda Item 12 – Future Meetings

a. October 25 (Monday) SPP RE Trustee Meeting – Kansas City, MO
b. January 24 (Monday) SPP RE Trustee Meeting- TBD
c. April 25 (Monday) SPP RE Trustee Meeting- Tulsa, OK

With no further business, the meeting was adjourned at 12:15 p.m. to Executive Session where the Trustees discussed confidential Compliance and Enforcement issues.

Respectfully Submitted,

Alice D. Wright
RE Trustee Secretary