Southwest Power Pool
Regional Entity

Southwest Power Pool, Inc.

REGIONAL ENTITY TRUSTEE MEETING

Kansas City Marriott Downtown – Kansas City, Missouri

October 25, 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. Special Guest David Goulding (North American Electric Reliability Corporation (NERC) Board of Trustees Member) was also in attendance. Others attending the meeting were: Stacy Dochoda (SPP RE General Manager); Alice Wright (SPP RE); Ron Ciesiel (SPP RE); Joe Gertsch (SPP RE); Sheila Scott (SPP RE); Bary Warren (The Empire District Electric Company); Bo Jones (Westar Energy); Brett Kruse (Calpine Energy Services, Inc.); David Kelley (Southwest Power Pool); David Hodges (Southwest Power Pool); Jennifer Flandermeyer (Kansas City Power & Light); Earl Watkins (Sunflower Electric Power Company); Michael DeLoach (American Electric Power Company); Michael Desselle (Southwest Power Pool); Michael Gammon (Kansas City Power & Light); Noman Williams (Sunflower Electric Power Company); Robert McClanahan (Arkansas Electric Cooperative Corporation): Raj Rana (American Electric Power). Attending by teleconference was: John Allen (City Utilities of Springfield, MO).

Agenda Item 1 – Antitrust Guidelines

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

Agenda Item 2 –Administrative Items

Minutes from the July 26, 2010 Trustee Meeting were presented for approval. One correction was noted, the "s" at the end of Mr. Fred Meyer's name was removed.

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

Agenda Item 3 – Review of Past Action Items

Alice Wright reported on the status of past action items. All items have either been completed or are ongoing. **(Attachment 2)**

Agenda Item 4 – Planning Committee Report

Noman Williams presented the NERC Planning Committee Report **(Attachment 3)**, which included among other things, the proposed action regarding High Impact Low Frequency (HILF)

Event Risks. Mr. Williams highlighted the Planning Committee's concerns regarding the lack of clarity of the HILF project and its potential cost. Many of the meeting attendees echoed the Planning Committee's concerns.

Agenda Item 5 – Critical Infrastructure Protection Committee Report

Robert McClanahan presented the NERC Critical Infrastructure Protection (CIP) Committee Report **(Attachment 4)**, which included among other things, an update on the Electric Sub-Sector Coordinating Council (ESCC), changes in the NERC CIP Program, and recent CIP-related NERC Alert Advisories. Regarding the changes in the NERC CIP Program, Mr. McClanahan reported that NERC's new Chief Security Officer, Mark Weatherford, indicated he will stress "reliability through security." Mr. McClanahan also reported that Mr. Weatherford would consider suggestions to separate CIP compliance from rest of CIP Program to encourage open dialogue with industry.

Agenda Item 6 – Reliability Assessment Report

David Kelley presented an overview of the 2010 NERC Long-Term Reliability Assessment Report, which was released on October 20. The NERC report concluded that the electric industry has prepared adequate plans for the ten-year period 2010-2019 to provide reliable service across North America. **(Attachment 5)**

Agenda Item 7 – Under Frequency Load Shedding Regional Standard Update

David Kelley presented an update on the status of the Under Frequency Load Shedding (UFLS) Regional Standard **(Attachment 6)**. Mr. Kelley reported that the regional standard is scheduled to be posted for balloting in December. Mr. Noman Williams requested that Mr. Kelley review the proposed standard with the Markets and Operations Policy Committee (MOPC) during its December 2010 meeting.

Agenda Item 8 – General Manager's Report

Stacy Dochoda reported on 11 issues outlined in her General Manager's Report **(Attachment 7)**. Ms. Dochoda highlighted the following items:

1. Mitigation Plan Submittal- As of September, 2010, there were 148 violations without mitigation plans submitted in the SPP RE region. The SPP RE strongly encourages entities to submit mitigation plans as soon as possible.

2. Revised Regional Delegation Agreements- The revised agreements were approved by the NERC Board of Trustees in May, filed with FERC in June, and were recently approved by FERC at its open agenda meeting on October 21.

3. Registered Entity Survey- The 2010 survey results show a downward trend in the entities' reported satisfaction with the RE's processes and customer service. The trend is not overly surprising given the significant upward trend in the number of violations. The RE plans to perform a follow-up survey to try to identify the cause of the declines in specific areas. Many of the meeting attendees offered suggestions on

how to improve the RE's processes and services and offered explanations for the significant increase in the number of violations. Suggestions on how to improve the RE's process and services included: training for RE auditors in auditing practices and audit techniques; training entities in how to "prove" and/or "demonstrate" compliance; providing more timely feedback regarding lessons learned, both good and bad examples; increasing the frequency of the RE newsletters; and allowing the RE staff members to participate in a SPP Compliance Reliability Working Group, the formation of which was discussed at the October MOPC meeting. Explanations for the significant increase in the number of violations included: the entities' failure to pay attention during the standard development process; the lack of a readiness program to assist with the rollout of the CIP standards; and an emphasis by the entities in performing internal assessments, which in turn has lead to an increase in the number of self reports.

Agenda Item 9– Financial Report- YTD September 2010 Statement of Activities

Alice Wright reported on the Year-to-Date financials for the SPP RE **(Attachment 8)**. The RE is currently under-spending its budget by approximately $1.3 million. The 2010 full-year projection reflects an under-spend of approximately $1.1 million. The cost under-spend is driven by lower than expected personnel and consulting costs.

Agenda Item 10 – Enforcement Report

Joe Gertsch presented the Enforcement Report. **(Attachment 9)**

Agenda Item 10 – Requested Trustee Action- Staffing

Joe Gertsch presented information regarding the 2010 SPP RE Enforcement Staffing and 2011 Violation Projections **(Attachment 10a)**. The violation backlog is projected to exceed 300 violations by December 31, 2011. In light of the significant increase in active violations discovered by and/or reported to the SPP RE between July and September 2010 and the projected backlog as shown in Mr. Gertsch's Enforcement Staffing presentation, Ms. Dochoda requested approval to advance hiring of the budgeted June 2011 Enforcement Attorney position to January 2011 and approval to employ up to an additional 1.25 FTEs as part-time temporary Law Clerks in 2011 as an unbudgeted expense. **(Attachment 10b)**

John Meyer moved to approve Ms. Dochoda's requests: 1) to advance hiring of the budgeted June 2011 Enforcement Attorney position to January 2011 and 2) to employ up to an additional 1.25 FTEs as part-time temporary Law Clerks in 2011 as an unbudgeted expense and Gerry Burrows seconded. The Motion passed unanimously.

Agenda Item 12– Compliance Report

Ron Ciesiel made the Compliance Report, which included standard reviews of EOP-002-2.1 Capacity and Energy Emergencies and PRC-001-1 System Protection Coordination and discussed the currently outstanding NERC Alerts. **(Attachment 11)**

Agenda Item 13– 2011 Metrics Discussion

Stacy Dochoda presented for discussion the SPP RE's Draft 2011 Performance Goals, which included six metrics. **(Attachment 12)** The Proposed 2011 Performance Goals will be presented to the Trustees for approval during the January 2011 meeting. Mr. Raj Rana suggested that the goals be modified to include a metric for Outreach Communication, e.g., six webinars/workshops per year.

Agenda Item 13 – New Action Items

Alice Wright identified the following new action items:

1. Stacy Dochoda, along with her staff, will further explore ways to improve the SPP RE processes and services.

2. Ron Ciesiel will explore other venues (in addition to RE workshops, SPP working group meetings, and trustee meetings) to communicate to registered entities the expectations regarding EOP-002-2.1 Capacity and Energy Emergencies.

3. The RE will notify the registered entities of NERC's initiation of "field-testing" of its enhanced Event Analysis Program. The field-testing and/or trail period, which began on October 25, 2010, is expected to continue through at least the end of the year and possibly into 2011.

4. Ron Ciesiel will assess the data retention requirements for processing Technical Feasibility Exception (TFE) requests, specifically whether the data should be retained at the entity's location or at the RE offices.

Agenda Item 14 – Future Meetings

January 24 (Monday) SPP RE Trustee Meeting- New Orleans, LA

With no further business, the meeting was adjourned at 2:40 p.m. to Executive Session where the Trustees discussed confidential Compliance and Enforcement issues.

Respectfully Submitted,

Alice D. Wright
RE Trustee Secretary