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TO: SPP Regional Entity Trustees

FROM: Stacy Dochoda, RE General Manager

DATE : June 12, 2011

SUBJECT: SPP RE General Manager Report

Staffing

Bob Reynolds started working for the RE as a Lead Compliance Engineer in the Enforcement Group in April 2011. Bob previously worked at the City of North Little Rock municipal utility. This is a position we have been working to fill since the beginning of 2010. Steven Keller began working as a Senior Compliance Specialist in the CIP Compliance Monitoring group on May 16, 2011. Steven worked previously for FIS, a banking services company. Our open Training position will be filled July 14 by Emily Pennel who will be transferring from her current position as Communications Manager for SPP. We have two remaining open positions. One of the open positions was originally structured for reliability standards. However, with the creation of a reliability standards group within SPP, Inc. we now plan to add the standards position in the Compliance group to assist with investigations. Our plan is to enlist subject matter expert support for the RE vote on NERC Reliability Standards from the Compliance and Event Analysis staff with the Training person as the standard coordinator for the RE. The other open position is a Compliance Enforcement CIP Specialist assigned to the Enforcement group.

NERC and Regional Entity Meeting with FERC on 2012 Budget

Representatives from NERC and the eight regional entities met with FERC staff from the budgeting group, Office of Enforcement and Office of Electric Reliability and Legal. There were only a few questions from FERC staff. These focused on ensuring sufficient CIP resources especially for reviewing the TFEs. FERC staff asked for a breakdown in the RE budgets of FTEs for 693 Audits, CIP Audits, Enforcement, Investigation and Event Analysis.

FERC staff also asked how we considered increased efficiencies in our budgets. I explained that we are assuming our enforcement team processes a higher number of violations per FTE than in past years since they are more seasoned now.

FERC staff asked how we would be incorporating performance auditing into our plans.

Mitigation Plan Submittal

As of May 31, 2011, NERC reports that there were 88 violations without mitigation plans submitted in the SPP RE region. We continue to encourage the submission of mitigation plans as quickly as possible.

FERC Audit

On November 2, 2010, FERC notified SPP that it is beginning its follow-up audit of SPP in accordance with its order on the 2008 Audit. SPP received the first interrogatory of 60 questions. FERC conducted its on-site audit the week of January 31, 2011. FERC staff informed us that they were comfortable with the issues of sufficient separation between SPP RE and the rest of SPP. SPP RE received a second data request focusing on CMEP processes with responses due March 23. The week of May 16, SPP RE responded to informal follow-up from FERC staff regarding questions on mitigation plan reviews.

Nebraska Entities' Registration

NERC proposed to include a process for a registered entity to seek to transfer its registration from one Regional Entity to another Regional Entity in a proposed revision to the NERC Rules of Procedure. The NERC Board of Trustees approved the proposed process at the May 12 meeting. NERC filed the revised rules of procedure with FERC on June 9.

NERC requested a filing from MRO and SPP RE to address the request of certain Nebraska entities to transfer registration from MRO to SPP RE. Our response was filed at NERC on August 16 and a reply to MRO's filing was filed at NERC on September 20.

NERC BOT voted 6-5 not to approve the transfer at its February 17, 2011 meeting. NPPD filed an appeal on March 18, 2011. SPP RE filed an appeal with FERC on April 4. Hastings Utilities and City of Grand Island asked to be included in our appeal. OPPD informed us it did not want to continue to pursue registration change. Interventions and protests were filed by MRO, Basin Electric Power Cooperative, Inc, WAPA and Lincoln Electric System on April 21, 2011. NERC filed a motion to remand the proceeding back to NERC. On May 6, SPP RE filed an answer to the protests.

Transmission Forum

The Transmission Forum invited leaders from each Regional Entity to participate on a panel on Compliance Programs and Compliance Culture at the Transmission Forum May 25, 2011 meeting in Detroit, Michigan. Attached are copies of the presentations from the Regional Entities.

GM CIP Audit Observation

I participated as an observer in a CIP audit for an entity registered in SPP RE, RFC and Texas RE. RFC led the audit with team members from SPP RE and Texas RE. The audit was conducted by two teams each focusing on specific CIP standards. The audit was conducted with two weeks of pre-audit review of evidence and one week on-site. It was instructive to observe an audit led by another region to see differences in approach. All three regional entities benefited from the collaboration.