Stacy Dochoda
Regional Entity General Manager
sdochoda@spp.org

Southwest Power Pool Regional Entity
16101 La Grande, Ste 103
Little Rock, AR 72233
P 501-688-1730
F 501.821.8726

TO: SPP Regional Entity Trustees

FROM: Stacy Dochoda, RE General Manager

DATE : June 14, 2011

SUBJECT: SPP RE 2012 Business Plan & Budget

Background

Attached are a summary presentation and the proposed SPP RE 2012 Business Plan & Budget. The SPP RE has served as a regional entity under a delegation agreement with NERC for four years. At the beginning of the program, SPP RE expected to record about fifty reliability standard violations a year. However, in 2009 and 2010 SPP RE recorded 132 and 254 violations respectively. About half of the violations, in each year, were self-reports or self-certifications. In 2010, SPP RE verified 224 mitigation plans as complete. The level of activity has risen by a staggering amount each year. Looking forward to 2012, and beyond, emerging issues such as the increasing number of investigations, greater expectations from NERC and FERC for situational awareness and event analysis and the implementation of a new BES definition and exception process will add to the current demands on the SPP RE Staff. The major 2011 initiatives, which will continue into 2012 and beyond, include reducing the enforcement violation backlog from about three years to one year and ensuring adequate staffing for monitoring all forty-three CIP requirements. SPP RE proposes to increase its 2012 Budgeted FTEs by 3.83 and to increase expenses by $1.6 million or 16%. The expense increase is composed of $1 million direct and $0.6 million indirect. Due to a budget under-run in 2011 and considering penalties collected through June 2011, LSE assessments would increase by $0.8 million or 8%.

The SPP RE draft 2012 Business Plan & Budget was posted for comment on the SPP website on April 13 and on the NERC website on May 11, 2011. We have received no comments to-date. The BP&B was presented for discussion at the SPP RE Trustee Meeting on April 25, 2011.

Recommendation

I recommend the Trustees approve the attached SPP RE 2012 Business Plan & Budget in substantially the form presented and authorize me to make all non-substantive changes as necessary to finalize the draft for filing with NERC.

Next Steps

The NERC Finance and Audit Committee and the NERC Board of Trustees are scheduled to approve the NERC and Regional Entity 2012 Business Plan and Budget on August 3 and August 4, 2011 respectively.