



**Southwest Power Pool**  
**FINANCE COMMITTEE MEETING**  
**February 19, 2013**  
**Dallas, Texas**

**• Summary of Action Items •**

1. Approved rates, terms and conditions for renewal and increase of revolving line of credit.
2. Approved directive to SPP staff to prepare and release a Request for Proposal for discretionary investment management of SPP's defined benefit pension plan assets within the structure of a 3(38) ERISA fiduciary and advising on creation and modification of an Investment Policy Statement for the defined benefit pension plan assets.

**• Schedule of Follow-up Items •**

1. Impact of depreciation schedules on property taxes and balance sheet
2. Establish a scorecard for presentation to MOPC, SPC, and BOD indicating costs associated with member required projects/services



**Southwest Power Pool  
FINANCE COMMITTEE MEETING**

**February 19, 2013**

**Dallas, Texas**

**• M I N U T E S •**

**Agenda Item 1 – Administrative Items**

SPP Chair Harry Skilton called the meeting to order at 10:00 a.m. The following members of the Finance Committee were in attendance:

Harry Skilton	SPP Director
Larry Altenbaumer	SPP Director
Sandra Bennett	Southwestern Power Company
Kelly Harrison	Westar Energy
Coleen Wells	Kansas Electric Power Coop
Mike Wise	Golden Spread Electric Coop
Tom Dunn	SPP

Others attending included:

Nick Brown	SPP
Bruce Cude (telephone)	SPS
Craig Westbrook	Overbey, Strigel, Boyd & Westbrook
Larry Middleton	Stephens Capital Management
Debbie Prater (telephone)	Oklahoma Corporation Commission

**Administrative Items**

Minutes from the December 10, 2012 meeting were reviewed. Kelly Harrison motioned to approve the minutes. The motion was seconded by Coleen Wells and approved by unanimous voice vote.

**Pension Fund Management**

Craig Westbrook discussed fiduciary roles utilized in the oversight and administration of an ERISA qualified plan and the responsibilities and liabilities associated with performing as a fiduciary. Considerable attention was focused on the differences between an investment manager fiduciary under section 3(38) of ERISA versus an investment advisor fiduciary under 3(21) of ERISA.

Larry Middleton discussed a proposed investment management approach which utilized a core holding consisting of Exchange Traded Funds with satellite holdings using active investment management. This approach demonstrated the ability of the fund to obtain slightly higher long-term returns with lower volatility in returns. Using this approach, SPP would engage a firm like Stephens to serve as a 3(21) fiduciary who would make recommendations on the core ETF investments and on the investment managers charged with actively managing in the satellite investments. The Committee would retain decision authority on the recommendations. Stephens would also facilitate meetings with the investment managers, periodic reporting, and construction and modification of the investment policy statement.

Following discussion of the process used by SPP's members, Mike Wise made a motion to issue a RFP for a 3(38) ERISA fiduciary to oversee management of the entire pension fund investment process. The motion was seconded by Sandra Bennett and approved by unanimous voice vote. Staff was asked to complete the RFP process prior to the April 9, 2013 meeting of the Finance Committee.

**2013 Corporate Liability Insurance Review**

SPP staff provided a brief analysis of why SPP only utilizes insurance underwriters ranked "Secure" by A.M. Best.

### **Line of Credit Renewal**

SPP presented quotes from two banking institutions to provide SPP with a \$30MM revolving credit facility. Following review of the terms, a motion was made by Larry Altenbaumer to select Bank A as recommended by SPP staff due to the lower cost of financing expected based on SPP's cash forecast. The motion was seconded by Kelly Harrison and approved by unanimous voice vote.

### **Committee Effectiveness Review**

Harry Skilton led a discussion of the results of SPP's Committee Effectiveness exercise published during 4Q'2012. The Finance Committee has delivered consistent improvement in effectiveness and was noted as being tied for the most effective group in the 2012 results. An area for continued improvement was to identify items subject to a vote prior to the meeting (perhaps in the agenda or at the immediately prior meeting). Harry also noted that the Credit Practices Working Group scored reasonably high for group effectiveness and he would send a note to CPWG chair Terri Wendlandt recognizing the good work performed by the CPWG in 2012.

### **Written Reports**

SPP staff addressed questions regarding SPP's unaudited 2012 financial results. A question regarding a prior year revenue recognition adjustment of \$573,000 was left unanswered during the meeting. Following are the details:

SPP performs engineering studies for utility customers. Given that these studies can take up to 12-36 months to complete, SPP recognizes revenues as the studies are being performed so that revenues are recorded in the appropriate year. Several studies were completed in 2011 and 2012, at which time revenue was recognized for the entire study without adjusting for revenue previously recognized (as the studies were being performed, prior to 2012). The adjustment for prior year revenue recognition cleared out the double counting of revenue associated with these studies.

### **Strategic Discussion**

Beginning immediately, each meeting of the Finance Committee will allocate time to discuss strategic issues the Committee may need to address. The items discussed were as follows:

FERC Order 1000 – Status of SPP's preparations. SPP is waiting on a FERC order on SPP's compliance filing. SPP is building process to meet intraregional transmission project competitive bidding process. SPP is not incurring incremental cost to prepare the process. Incremental costs, when incurred, will be tracked for recovery from bidding entities (if allowed by FERC).

Member Withdrawal Obligations – Corporate Governance Committee is evaluating the obligations associated with regionally allocated transmission expansion costs. SPP must be careful to identify these costs separately from SPP, Inc. withdrawal obligations associated with SPP, Inc.'s long-term corporate obligations.

Transaction Fees for Virtual Bids – SPP's Integrated Marketplace systems are built to accommodate charging fees to virtual bidders. The Finance Committee agrees that the setting of the fee level (or recommending the fee level to the SPP Board) is more appropriately within the oversight of the Market Working Group.

BPI Metrics – SPP's members, regulators, etc. continue to struggle to know whether or not SPP is performing above expectations, as expected, or below expectations when looking at the costs for SPP's services versus the value of SPP's services. SPP currently submits a detailed metrics report to FERC along with each of the other FERC jurisdictional RTOs. More comparison

Finance Committee  
February 19, 2013

between RTOs was indicated as a starting point to help determine how to assess the performance of SPP.

Aircraft Acquisition – SPP staff distributed a preliminary analysis looking at the acquisition of an aircraft to facilitate corporate travel needs. The analysis indicates potential cost savings due to increased efficiency in travel. The discussion identified safety and perceptions on aircraft as additional areas which must be addressed prior to a formal recommendation.

**Future Meetings**

The next meeting of the SPP Finance Committee is scheduled for April 9, 2013 beginning at 8:30 am central time and finishing at 3:30 pm central. This meeting will be held in Dallas, TX.

There being no further business, Harry Skilton adjourned the meeting at 2:00 p.m.

Respectfully Submitted,

Thomas P. Dunn  
Secretary



Southwest Power Pool, Inc.  
FINANCE COMMITTEE MEETING

February 19, 2013

DFW-Hyatt Regency  
Dallas, Texas

• A G E N D A •

10:00 p.m. – 3:00 p.m.

- 1. Administrative Items (5 minutes) ..... Harry Skilton
- 2. Pension Fund Management (45 minutes) ..... Tom Dunn
  - a. ERISA Obligations
  - b. ERISA Fiduciaries – differences between 3(21), 3(38), RIA
  - c. Path Forward
- 3. Strategic Discussion (120 minutes)..... Harry Skilton
  - a. FERC Order 1000
  - b. Member withdrawal obligations
  - c. Transaction fees for virtual and TCR
  - d. BPI Metrics – what should they be?
- 4. 2013 Corporate Liability Insurance Review (30 minutes)..... Tom Dunn
  - a. Use of underwriters rated “Vulnerable” by A.M. Best
- 5. Line of Credit Renewal (10 minutes) ..... Tom Dunn
- 6. Committee Effectiveness Review ..... Harry Skilton
- 7. Future Meetings..... All
- 8. Written Reports:
  - a. December 2012 Financials
  - b. CPWG Activities
- 9. Adjourn ..... Harry Skilton

*Relationship-Based • Member-Driven • Independence Through Diversity  
Evolutionary vs. Revolutionary • Reliability & Economics Inseparable*



**Southwest Power Pool**  
**FINANCE COMMITTEE MEETING**  
**December 10, 2012**  
**Dallas, Texas**

**• Summary of Action Items •**

1. Approved issuance of \$30MM revolving credit facility to replace \$20MM facility expiring in June 2013.

**• Schedule of Follow-up Items •**

1. Impact of depreciation schedules on property taxes and balance sheet
2. Establish a scorecard for presentation to MOPC, SPC, and BOD indicating costs associated with member required projects/services
3. Send report on contract services staffing to each member of the Finance Committee



**Southwest Power Pool  
FINANCE COMMITTEE MEETING**

**December 10, 2012**

**Dallas, Texas**

**• M I N U T E S •**

**Agenda Item 1 – Administrative Items**

SPP Chair Harry Skilton called the meeting to order at 2:00 p.m. The following members of the Finance Committee were in attendance:

Harry Skilton	SPP Director
Larry Altenbaumer	SPP Director
Sandra Bennett	Southwestern Power Company
Kelly Harrison (telephone)	Westar Energy
Coleen Wells (telephone)	Kansas Electric Power Coop
Mike Wise	Golden Spread Electric Coop
Tom Dunn	SPP

Others attending included:

Scott Noble	SPP
Nick Brown	SPP
Carl Monroe	SPP
Stacy Duckett	SPP
Lauren Krigbaum	SPP
Bruce Cude	SPS
Jim Eckelberger	SPP Director
Phyllis Bernard	SPP Director
Kevin McBride	Stephens Insurance, LLC
Sean Barry	PWC
Andy Hicks	PWC

**Administrative Items**

SPP had prepared a written report describing the build-up and transition of employees supporting the contracts for service with Entergy and LG&E. Harry Skilton requested the report be delivered to each member of the Finance Committee.

Minutes from the October 11, 2012 meeting were reviewed. A request was made to document in greater detail the dialogue surrounding SPP staff levels in the 2013 budget discussion. This addition will be made and the minutes will be re-posted and will wait for approval until the next scheduled meeting of the Finance Committee.

**Business Process Improvement**

SPP staff led a 2 hour in-depth discussion surrounding the Company's program to obtain greater efficiency in its operations. The discussion first outlined the program's objectives and the selection of the LEAN methodology to implement.

The implementation is being accomplished in three phases:

- Phase I – Communicate and track existing process improvement and cost reduction initiatives
  - Has been ongoing since 2011.
  - Reports being provided to Finance Committee quarterly
  - Implemented tracking sunset provisions
  - Tracked nearly \$12 million in capital and operating cost reductions
- Phase II – Evolutionary LEAN Implementation

- Roll-out through pilot programs to areas of SPP not intimately involved in Integrated Marketplace
- Six initiatives already in some stage of implementation
- 106 staff participated in some aspect of LEAN during 2012
- ICCP initiative case study
- Phase III – LEAN Transition
  - Beginning in 3Q'2014
  - Line organizations assume primary responsibility
  - Organizational performance metrics and incentives in place

Success of the program relies on staff being enabled with the required skills and capabilities and staff is empowered to own their work processes. LEAN must not be labeled or positioned as a “cost control” program. SPP leadership must champion and be held accountable for results.

### **2013 Corporate Liability Insurance Review**

Kevin McBride of Stephens Insurance, LLC provided an overview of the property & casualty, professional liability and Director & Officer insurance markets. In general, the marketplace is firming which results in underwriters being able to implement premium increases across the board. Stephens indicated SPP could expect a 5% premium increase in its general and excess liability policies and a 10% increase in its D&O premiums. Stephens expects SPP's existing underwriters to all be interested in continuing to offer coverage and all of SPP's underwriters are ranked “Secure” by A.M. Best. SPP continues to work with Stephens to identify coverage available to mitigate cyber liability exposure.

### **2012 SSAE Audit Report**

Sean Barry and Andy Hicks of PWC briefed the Committee on the results of SPP's SSAE 16 Controls Audit completed as of October 31, 2012 covering the period November 1, 2011 through October 31, 2012. The audit will be issued with an unqualified opinion and absent any noted exceptions. PWC did highlight three findings identified during the audit where SPP's mitigating controls were adequate to ensure achievement of the control objectives.

### **Line of Credit Renewal**

SPP's \$20MM revolving credit facility with Region's Bank expires June 2013. SPP's liquidity need just to support its 6 month payment reserve for its term debt issuances will approach \$19 million in mid-2014. SPP staff recommends renewing the existing facility with a credit limit of \$30MM with all other terms remaining essentially unchanged. Kelly Harrison motioned to approve the issuance of an unsecured \$30MM revolving credit facility to replace the expiring unsecured \$20MM facility with a maturity of up to three years and pricing similar to the expiring facility using a pricing grid based on SPP's issuer rating from Fitch Ratings. The motion was seconded by Larry Altenbaumer and approved by unanimous voice vote.

### **Future Meetings**

The next meeting of the SPP Finance Committee is scheduled for February 19, 2013 beginning at 10:00 am central time and finishing at 3:30 pm central. This meeting will be held at in Dallas, TX.

There being no further business, Harry Skilton adjourned the meeting at 5:59 p.m.

Respectfully Submitted,

Thomas P. Dunn  
Secretary



# Pension Fund Investment Management

February 19, 2013

Tom Dunn



Helping our members  
work together to  
keep the lights on...  
today and in the future

## Pension Fund Management

### Finance Committee Duties:

- Review annually, the Investment Policy Statements for the Company's retirement plan, 401(k) plan, post-retirement healthcare plan, and all other similar plans, to ensure the Investment Policy Statements continue to be appropriate for the goals of the plans.
- Engage and monitor the performance of Investment Managers who have discretionary investment powers for any of the Company's ERISA and non-ERISA plans.

# Pension Fund Management

## ERISA Requirements

- Finance Committee and its members are fiduciaries
- Fiduciaries must discharge duties solely in the interest of participants and beneficiaries and:
  - For the exclusive purpose of providing benefits and defraying reasonable administrative expenses of the plan
  - With the skill, care, prudence and diligence of a Prudent Man
  - While minimizing risk of large losses
  - All in accordance with the plan document

# Pension Fund Management

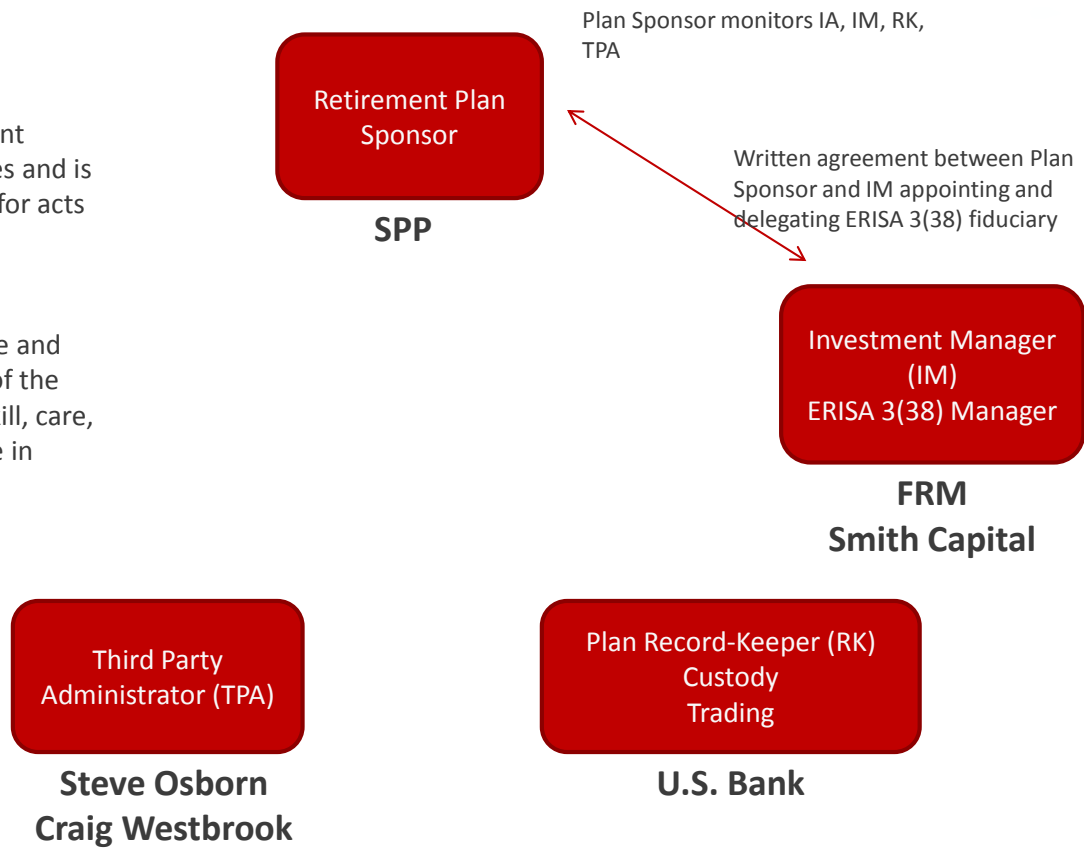
## ERISA Requirements

- Fiduciaries will be personally liable to make good to the plan any losses to the plan resulting from the breach of fiduciary duty
- Fiduciaries may allocate or designate others to perform fiduciary responsibilities and will not thereafter be liable for an act or omission of such person in carrying out the responsibility

### SPP Pension Management – Current Structure

SPP has delegated its investment management fiduciary responsibilities and is not liable under ERISA for acts or omissions of the IM.

SPP retains fiduciary responsibility to engage and monitor the activities of the IM and demonstrate skill, care, prudence and diligence in doing so.



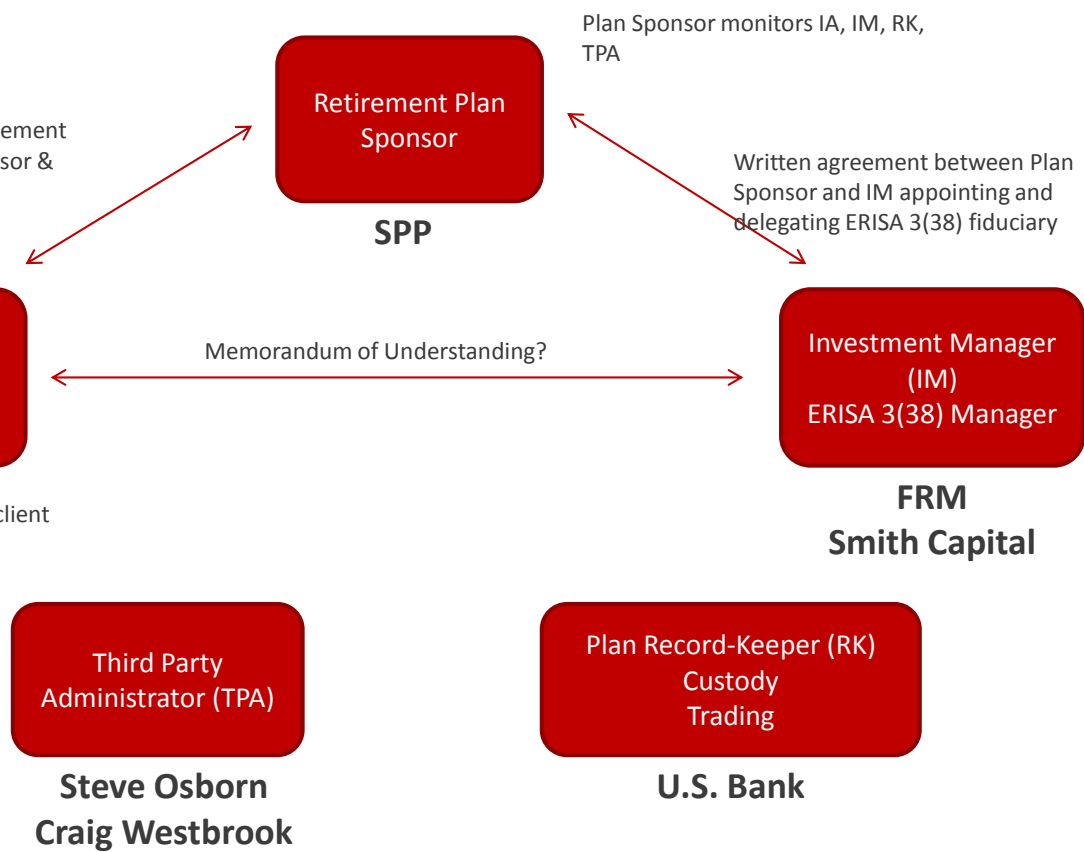
### SPP Fiduciary Outsourcing Model

Investment Advisory Agreement between Investment Advisor & Plan Sponsor

Investment Advisor (IA)  
ERISA 3(21) Fiduciary

Client advisor and advocate, client relationship manager

**To Be Determined**



# Pension Fund Management

## Investment Consultant

### Services:

- Assist Committee in evaluating costs and performance of investment managers
- Assist Committee in evaluating qualifications of investment managers
- Advise Committee in determining investment policy statement and asset allocation
- Report to Committee on portfolio performance, investment manager performance, benchmark performance and costs

# Pension Fund Management

## Investment Consultant

### WILL NOT:

- Exercise discretion in the selection of investment managers or individual investments
- Serve as custodian of the assets in the investment portfolio
- Receive fees or other compensation from recommended or selected investment advisors
- Receive fees from any mutual fund transactions (12b-1 fees)

# Pension Fund Management

## Fiduciary Outsource Model

### PROS

- Provides experience to Committee where experience may be lacking
- Provides expert strategy to assist Plan in meeting its long-term objectives
- Protects plan fiduciaries for services offered
- Assists plan fiduciaries in management of investment managers and documenting decision process

### CONS

- Adds costs to the plan
- No performance “track record”
- Not liable, as a fiduciary, for decisions made by the Committee

# Pension Fund Management

## Fiduciary Outsource Model – Next Steps

- Committee determine if this is the route SPP should follow, if so then:
  - Issue RFP to qualified investment advisors
  - Review responses
  - Schedule Committee meeting to interview advisors
  - Select and engage advisor
  - Initial evaluation of IPS and portfolio
  - Receive recommendations and act on those recommendations

## Insurance Ratings

February 19, 2013

Tom Dunn



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today and in the future

## A.M. Best Ratings

- A.M. Best is a credit rating organization dedicated to the insurance industry
- A.M. Best's Financial Strength Ratio represent an assessment of an insurer's ability to meet its obligations to policyholders.
- Two Categories:
  - Secure: A++, A+, A, A-, B++, B+
  - Vulnerable: B, B-, C++, C+, C, C-, D, E, F, S

## A.M. Best Ratings

### Are A.M. Best Ratings Good Predictors of Impairment?

- **Impairment:** Company ranked as impaired upon the first official regulatory action taken by an insurance regulator against a company

- Supervision
- Rehabilitation
- Receivership
- Conservatorship
- Cease and Desist
- Suspension
- License Revocation
- Administrative Order

## A.M. Best Ratings

### Are A.M. Best Ratings Good Predictors of Impairment?

### Best's Cumulative Average Impairment Rates

U.S. Life/health and property/casualty data from 1977 to 2011

<u>Rating</u>	1-Year	2-Year	3-Year	4-Year	5-Year	10-Year	14-Year
Secure	0.24	0.63	1.07	1.57	2.1	4.69	6.61
Vulnerable	3.73	6.68	9.57	12.21	14.81	26.4	32.97

**Southwest Power Pool, Inc.**  
**FINANCE COMMITTEE**  
**Recommendation from SPP Staff**  
**February 19, 2013**  
**Revolving Line of Credit**

**Organizational Roster**

The following persons are members of the Finance Committee:

Harry Skilton	Director
Larry Altenbaumer	Director
Sandra Bennett	American Electric Power
Kelly Harrison	Westar Energy
Coleen Wells	Kansas Electric Power Coop
Mike Wise	Golden Spread Electric Coop

**Background**

SPP has a \$20 million unsecured revolving line of credit maturing June 2013. The line is used to support a 6 month debt service reserve requirement in SPP's term credit agreements and to provide a temporary liquidity resource for the Company. No draws against the revolving line have occurred since September 2010. Pricing of the draws is variable based on SPP's issuer rating by Fitch Ratings. Currently any draws under the revolving facility would be priced at LIBOR + 1.50%. SPP pays a 25bp per year unused commitment fee on this facility.

On December 10, 2012 SPP's Finance Committee approved the issuance of a \$30 million revolving credit facility to replace the existing \$20 million facility upon its maturity in June 2013. The new facility would have a maturity of up to three years with grid pricing based on SPP's issuer rating from Fitch Ratings. This recommendation was also approved by SPP's Board of Directors on January 29, 2013.

**Analysis**

Subsequent to the Finance Committee approval on December 10, 2012, Staff solicited offers from two banks given the approved criteria. Bank A represents the bank in which the current facility is placed. Bank B represents a local, privately-owned bank in which SPP has no previous business relationship. *Actual names will not be used to ensure their anonymity in this public document.* Both banks are well capitalized and pose minimal financial risk of default to SPP. A table with a comparison of their final proposals is below:

Terms of Proposal (\$000)	Bank A	Bank B
Facility Amount	\$30,000	\$30,000
Maturity Date	3 years	5 years
Interest Rate	LIBOR + 125bp	LIBOR + 115bp
Origination Fee Terms	25bp on \$10MM	25bp on \$30MM
Origination Fee Amount	\$25	\$75
Unused Fee	20bp	25bp
Unused Fee Annualized	\$60	\$75



Other terms and conditions of each proposal are relatively similar. Both proposals are unsecured and do not have financial covenants in which SPP must comply. Administrative and legal fees for both proposals are similar and relatively small.

Using similar time horizons (36 months), Bank A's proposal is more cost effective than Bank B's proposal under most plausible scenarios. Below are two likely scenarios and the expected costs to SPP for each bank's proposals. Scenario #1 assumes SPP does not need to draw from the line over the 36 month term. SPP would spend less using Bank A's proposed facility.

Scenario #1: No Draws Through Term (\$000)

Year	Bank A	Bank B	Diff
2013	\$55	\$112	\$57
2014	\$60	\$75	\$15
2015	\$60	\$75	\$15
2016	\$30	\$37	\$7
Total	\$205	\$300	\$95

Scenario #2 assumes SPP has two draws for \$8 million held for four months each in 2014 and 2016.

Scenario #2: Two \$8MM Draws for 4 Months Each (\$000)

Year	Bank A	Bank B	Diff
2013	\$55	\$113	\$58
2014	\$82	\$91	\$9
2015	\$60	\$75	\$15
2016	\$61	\$64	\$3
Total	\$258	\$343	\$85

Clearly, the defining financial difference in each of the two proposals is the amount of the origination fees. Bank A's proposal requires SPP to only pay origination fees on the amount of new principal, \$10 million, since SPP had paid origination fees on the existing principal when that agreement was signed in 2011. Without the effect of origination fee costs and using Scenario #2's parameters, This indicates that although Bank B proposes a lower interest spread, Bank A's proposal of lower unused fee is more desirable in most scenarios. Furthermore, Bank A has indicated it would not seek additional origination fees upon a renewal for up to the proposed \$30 million principal.

SPP certainly desires to expand its relationships with other local businesses. Cultivating these relationships can lead to continued success and new opportunities for SPP. At the same time, SPP has a fiduciary duty to its membership to accomplish their goals in the most effective and efficient manner possible. With that in mind, it is clear that SPP's membership would be better served by continuing its lending relationship with Bank A.

**Recommendation**

Approve the Staff's recommendation to select Bank A's proposal as described above and authorize SPP to seek regulatory approval to issue revolving debt in 2013.

**Action Requested:** Approve Recommendation

## 2012 Organizational Group Survey Analysis

Overview
Respondents were asked to select a score from 1 - 5 with 1 being a strong disagreement to the statement and 5 being a strong agreement with statement.
Table below shows overall response rates and overall effectiveness scores by Organizational Group in alphabetical order.
PCWG was included for the first time
The Finance and Oversight Committees tied for highest overall effectiveness. The lowest effectiveness score was the HR Committee.
Every score across all groups and questions was 3.0 or higher.




Group	Response rate				Overall effectiveness			
	2012	2011	2010	2009	2012	2011	2010	*2009
Business Practices Working Group	64%	64%	82%	n/a	3.9	4.3	4.6	3.8
Change Working Group	61%	44%	65%	38%	3.9	4.3	4.2	3.3
Corporate Governance Committee	88%	88%	75%	43%	4.7	4.4	4.5	3.2
Cost Allocation Working Group	67%	50%	33%	27%	4.3	3.8	4.0	3.3
Credit Practices Working Group	80%	67%	n/a	n/a	4.5	4.0	n/a	n/a
Critical Infrastructure Protection Working Group	71%	75%	69%	27%	4.3	4.6	4.6	4.3
Economic Studies Working Group	81%	67%	71%	38%	4.2	3.5	3.9	4.3
Finance Committee	86%	86%	86%	30%	4.8	4.5	4.2	3.7
Generation Working Group	60%	22%	50%	38%	4.4	3.5	4.2	2.8
Human Resources Committee	71%	100%	86%	40%	3.6	3.7	4.3	3.3
Market Working Group	41%	63%	81%	38%	4.1	4.3	4.2	3.2
Markets and Operations Policy Committee	46%	48%	47%	33%	3.8	3.7	3.9	3.2
Model Development Working Group	77%	100%	92%	48%	4.0	3.9	3.9	2.8
Project Cost Working Group	63%	N/a	N/a	N/a	4.5	N/a	N/a	N/a
Operating Reliability Working Group	94%	87%	77%	38%	4.2	4.2	4.2	3.6
Operations Training Working Group	92%	83%	92%	45%	4.5	4.6	4.7	3.7
Oversight Committee	100%	100%	100%	100%	4.8	4.8	4.8	3.5
Project Cost Working Group	63%	n/a	n/a	n/a	4.5	n/a	n/a	n/a
Regional Tariff Working Group	52%	71%	67%	43%	3.7	4.2	4.2	3.5
Strategic Planning Committee	92%	100%	92%	43%	4.4	4.3	4.2	3.1
Systems Protection and Control Working Group	69%	77%	77%	38%	3.9	4.5	3.5	3.6
Transmission Working Group	82%	79%	67%	41%	3.9	3.7	4.0	3.4
<b>Average</b>	73%	74%	74%	42%	4.2	4.1	4.2	3.5

*\* Note: Overall effectiveness was measured in a different way in 2009*



Finance Committee	2012	2011	2010
Number of members	7	7	7
Number of responses	6	6	6
Response rate	86%	86%	86%
Overall effectiveness score	4.8	4.5	4.2
Lowest score			
Highest score			




Question	Average score		
	2012	2011	2010
The agenda reflects the actions to be taken during the meeting.	4.8	4.7	4.5
Meeting materials are provided in a timely manner.	4.0	4.2	4.2
The information provided prior to the meeting is utilized during the meeting.	4.5	4.3	4.0
The information presented in meetings is clear.	4.7	n/a	n/a
Meeting minutes are an accurate reflection of the meeting.	4.7	4.7	4.2
<b>Additional comments:</b>			
Staff could still improve on accuracy of information provided.			
Meeting effectiveness has improved without an erosion in participation of the members visiting directors and members are made to feel welcomed and participate in a positive manner			
Over the course of the past two years, the quality of these meetings has significantly improved- particularly related to the annual budget review process.			
Membership represents the diversity of the SPP organization.	4.2	4.3	4.2
Membership has the necessary expertise and/or skills to accomplish its goals.	4.3	4.3	4.5
Members come prepared to meetings.	4.3	4.0	3.8
Members are committed to participate and accomplish the group's goals.	4.8	4.5	4.0
Members are supportive and respectful of the individual needs and differences of group members.	4.5	4.7	4.2
<b>Additional comments:</b>			
The membership and participation is very good; good representation of differing perspectives; good receptivity to the views of others.			
Members are engaged during the meeting.	4.8	4.3	4.2
Decisions are identified and action is recommended.	4.7	4.7	4.0
Facilitation is sufficient to guide discussion.	4.7	4.3	4.0
Dissenting voices are heard.	4.8	4.6	4.5
I depart with a feeling that we have accomplished something.	4.8	4.2	4.0
<b>Additional comments:</b>			
Meetings have become more focused over the past year- better structure, better preparedness of materials, better scheduling and sequencing of meetings			
The chair seeks input, and organizational group members are able to influence key decisions and plans.	4.8	4.7	4.7
The chair is supportive and respectful of the individual needs and differences of group members.	4.8	4.8	4.7
The chair keeps the group on task to achieve appropriate outcomes.	4.3	3.7	3.5
The chair ensures follow-through on questions and commitments.	4.7	4.6	4.2
<b>Additional comments:</b>			
The chair is very interested in the views of all those who attend and insures that differing perspectives are given appropriate attention.			
chair has improved in keeping the committee on task without stifling discussion while allowing all points of view to be covered			
<b>Please provide three or more recommendations for improvement of this particular group and/or SPP's overall organizational group structure</b>			
more timely dissemination of agenda member input on agenda items budgetary consequences of member requests and input are not being tracked .There is a disconnect between the spending budget and member requests			
I have no specific recommendations at this time regarding group structure. I think it would be good to conduct an overall review of the scope and alignment of responsibilities of key organizational groups (Finance, HRC, Oversight, Strategic Planning) to insure that the defined scope has evolved sufficiently to keep pace with the dramatic changes in SPP's overall responsibilities and activities and with industry standards			
<b>Other comments</b>			
meeting effectiveness has improved			
Recent realignment of certain functions between the Finance Committee and the HR Committee represented a better allocation of responsibilities			



# Finance Committee - 2012 Organizational Effectiveness Survey

My position on this organizational group is that of a...		Response Percent	Response Total
Member		66.67%	4
Chair		16.67%	1
Secretary		16.67%	1
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			

## Please rate the group's MEETING PREPARATION:

The agenda reflects the actions to be taken during the meeting.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		16.67%	1
Strongly Agree		83.33%	5
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			

Meeting materials are provided in a timely manner.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		16.67%	1
Agree		66.67%	4
Strongly Agree		16.67%	1
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			

The information provided prior to the meeting is utilized during the meeting.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		50%	3
Strongly Agree		50%	3
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			

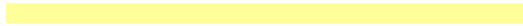

The information presented in meetings is clear.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		33.33%	2
Strongly Agree		66.67%	4
			Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.

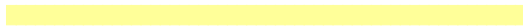

Meeting minutes are an accurate reflection of the meeting.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		33.33%	2
Strongly Agree		66.67%	4
			Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.

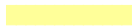

Additional comments:	Response Total	
	3	
		Total # of respondents 6. Statistics based on 3 respondents; 0 filtered; 3 skipped.

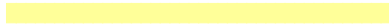

Please rate the group's MEMBERSHIP:

Membership represents the diversity of the SPP organization.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		16.67%	1
Agree		50%	3
Strongly Agree		33.33%	2
			Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.

Membership has the necessary expertise and/or skills to accomplish its goals.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		66.67%	4
Strongly Agree		33.33%	2
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			

Members come prepared to meetings.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		66.67%	4
Strongly Agree		33.33%	2
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			

Members are committed to participate and accomplish the group's goals.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		16.67%	1
Strongly Agree		83.33%	5
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			

Members are supportive and respectful of the individual needs and differences of group members.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		50%	3
Strongly Agree		50%	3
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			



Additional comments:		Response Total
		1
Total # of respondents 6. Statistics based on 1 respondents; 0 filtered; 5 skipped.		



Please rate the group's MEETING CONDUCT:

Members are engaged during the meeting.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		16.67%	1
Strongly Agree		83.33%	5
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			



Decisions are identified and action is recommended.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		33.33%	2
Strongly Agree		66.67%	4
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			

Facilitation is sufficient to guide discussion.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		33.33%	2
Strongly Agree		66.67%	4
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			

Dissenting voices are heard.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		16.67%	1
Strongly Agree		83.33%	5
			Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.

I depart with a feeling that we have accomplished something.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		16.67%	1
Strongly Agree		83.33%	5
			Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.

Additional comments:		Response Total	
		1	
			Total # of respondents 6. Statistics based on 1 respondents; 0 filtered; 5 skipped.

Please rate the group's CHAIR:			
The chair seeks input, and organizational group members are able to influence key decisions and plans.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		16.67%	1
Strongly Agree		83.33%	5
			Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.



The chair is supportive and respectful of the individual needs and differences of group members.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		16.67%	1
Strongly Agree		83.33%	5
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			

The chair keeps the group on task to achieve appropriate outcomes.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		16.67%	1
Agree		33.33%	2
Strongly Agree		50%	3
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			

The chair ensures follow-through on questions and commitments.		Response Percent	Response Total
Strongly Disagree		0%	0
Disagree		0%	0
Neutral		0%	0
Agree		33.33%	2
Strongly Agree		66.67%	4
Total # of respondents 6. Statistics based on 6 respondents; 0 filtered; 0 skipped.			

Additional comments:		Response Total
		2
Total # of respondents 6. Statistics based on 2 respondents; 0 filtered; 4 skipped.		

Please indicate other organizational groups whose meetings you regularly attend. Choose all that apply.	Response Percent	Response Total
Business Practices Working Group	0%	0
Change Working Group	0%	0
Corporate Governance Committee	0%	0
Cost Allocation Working Group	0%	0
Critical Infrastructure Protection Working Group	0%	0
Economic Studies Working Group	0%	0
Finance Committee	60%	3
Generation Working Group	0%	0
Human Resources Committee	40%	2
Market Working Group	0%	0
Markets and Operations Policy Committee	60%	3
Model Development Working Group	0%	0
Operating Reliability Working Group	0%	0
Operations Training Working Group	0%	0
Oversight Committee	20%	1
Regional State Committee	60%	3
Regional Tariff Working Group	0%	0
Strategic Planning Committee	60%	3
System Protection and Control Working Group	0%	0
Transmission Working Group	0%	0

Total # of respondents 6.  
 Statistics based on 5 respondents; 0 filtered; 1 skipped.

Please provide three or more recommendations for improvement of this particular group and/or SPP's overall organizational group structure.	Response Total
--	----------------

2

Total # of respondents 6.  
 Statistics based on 2 respondents; 0 filtered; 4 skipped.

Please rate the overall effectiveness of this group:		Response Percent	Response Total
Very Ineffective		0%	0
Ineffective		0%	0
Neutral		0%	0
Effective		16.67%	1
Very Effective		83.33%	5
			Total # of respondents <b>6</b> . Statistics based on <b>6</b> respondents; <b>0</b> filtered; <b>0</b> skipped.

Please share any additional comments about the organizational group's effectiveness:		Response Total
		2
		Total # of respondents <b>6</b> . Statistics based on <b>2</b> respondents; <b>0</b> filtered; <b>4</b> skipped.



# Memorandum

To: **Finance Committee Members**  
From: **Tom Dunn**  
CC: **Cheryl Robertson**  
Date: **February 12, 2013**  
Re: **2013 Meeting Schedule**

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Detailed below is a schedule for face-to-face meetings of the Finance Committee for 2011/12 along with suggested agenda items to be covered at the meetings.

<u>Meeting Date</u>	<u>Time</u>	<u>Meeting Location</u>	<u>Major Agenda Items</u>
Feb 19, 2013	10:00	Dallas, TX	Pension Mgmt Reports Strategic Discussion Insurance Placement Update IM Transaction Fees BPI Metrics
April 9, 2013	8:30	Dallas, TX	Financial Audit Review
July 23, 2013	8:30	Dallas, TX	BPI Review Mid Year Review Budget Process Review
Sept 24, 2013	8:30	Dallas, TX	2014 Budget Review Internal Audit Report Auditor Engagements
Oct 10, 2013	9:30	Dallas, TX	2014 Budget Review
Dec 9, 2013	2:00	Dallas, TX	SSAE-16 Audit Report Corp Ins Review



# Memorandum

To: SPP Officers / Directors / Managers  
From: Sheri Dunn / Cindy Goodwin  
Date: January 22, 2013  
RE: December 2012 Financials

Attached are the **UNAUDITED** December 2012 monthly financial reports.

	Page
1). <b>Financial Commentary:</b> Full Year Actual to Budget Variances	1
2). <b>Financial Forecast Overview:</b> Full Year Actuals by Month vs. Budget vs. Prior Year	3
3). <b>Income Statement Actual Results Overview:</b> Current Month Actual vs. Forecast, YTD Actual vs Budget, YTD Actual vs. Prior	4
4). <b>Balance Sheet:</b> Current Month vs. Ending Prior Year	5
5). <b>Integrated Marketplace Project:</b> Overview of current status of project	6
6). <b>Capital Projects Summary:</b> Project to Date and Current Year/Future Projections Compared to Budget	7
7). <b>Headcount Analysis:</b> Current Month - Actual vs. Budget and Full Year - Forecast vs. Budget	9
8). <b>Job Tracker:</b> List of Current Open Positions as Tracked by Human Resources	10

**2012 Financial Commentary**  
**As of December 2012**  
*(in thousands)*  
**Unaudited**

<b>Summary</b>				
	2012 FY Actual	2012 FY Budget	Fav/(Unfav) Variance	
Revenues	\$146,835	\$146,415	\$420	0.3%
Expenses	144,729	151,953	7,224	4.8%
Net Income/(Loss)	<u>\$2,106</u>	<u>(\$5,539)</u>	<u>\$7,644</u>	138.0%

<b>Revenue</b>				
	2012 FY Actual	2012 FY Budget	Fav/(Unfav) Variance	
Tariff Administration Service	\$92,229	\$90,131	\$2,098	2.3%
Fees & Assessments *	25,830	26,909	(1,079)	(4.0%)
Contract Services Revenue	22,643	23,759	(1,116)	(4.7%)
Miscellaneous Income	6,133	5,616	517	9.2%
Total Revenue	<u>\$146,835</u>	<u>\$146,415</u>	<u>\$420</u>	0.3%
* Breakdown of Fees & Assessments:				
Annual Non-Load Dues	\$408	\$378	\$30	7.9%
NERC ERO Regional Entity Rev	8,826	11,411	(2,585)	(22.7%)
FERC Fees & Assessments	16,596	15,120	1,476	9.8%
Total Fees & Assessments	<u>\$25,830</u>	<u>\$26,909</u>	<u>(\$1,079)</u>	

Revenue exceeds budget for Tariff Administration Services due to 2011 NITS load exceeding 2012 budget (\$2.1M), which is based on prior year.

Regional Entity revenues trail budget due to lower audit and project consulting expenditures to date (\$2.6M), contributing to the unfavorable variance in Fees & Assessments. Reductions in RE expenditures are mainly associated with the violation caseload project, and the BES definition and exception process. The unfavorable variance is partially offset by FERC assessments exceeding budget due to adjustments for recovery of prior year under collections (\$1.5M).

Contract Services Revenue represents contract revenues from ICT, OVEC, ITO and ERSC. During the 2012 budget process, the fixed price for ICT revenue was based on the 2011 ICT contract, which was lower than the final 2012 agreement. Based on this, ICT contract revenues were favorable by \$616K through November; however, the budget assumed the contract would be renewed after the November 2012 expiration and contained \$1.5M in December which was not recognized, as the contract was not renewed. The net impact is an unfavorable variance to budget related to ICT revenues of \$884K. Pass-thru consulting expense as well as SPP reimbursable resource costs were also slightly less than budget assumptions. While OVEC and ITO revenues show no material variances (\$13K), ERSC revenues trail budget by \$219K.

Miscellaneous Income primarily consists of revenues associated with billable resource time related to various studies and other non-recurring income items.

Items contributing to the overall favorable variance are as follows:

- \$1.0M FERC penalty charged against Constellation Energy Group
- \$823K AEDC workforce rebate
- \$375K Reserve sharing reimbursements
- \$323K Sales tax rebates
- \$172K Department of Energy reimbursements
- \$ 9K Map sales

The favorable variances above are offset by unfavorable variances related to studies. Studies billing trails budget due to fewer member requests (\$1.6M) and a prior-year revenue recognition adjustment (\$573K). Member requests for impact studies decreased from ten in 2011 to two in 2012. As a result, there was a decrease in billing for external consultants and internal staff.

**2012 Financial Commentary**  
**As of December 2012**  
*(in thousands)*  
**Unaudited**

<b>Expense</b>				
	2012 FY Actual	2012 FY Budget	Fav/(Unfav) Variance	
Salary & Benefits	\$71,497	\$72,222	\$725	1.0%
Assessments & Fees	14,977	15,410	433	(2.8%)
Communications & Maintenance	12,187	13,904	1,717	12.3%
Outside Services	14,627	18,700	4,073	21.8%
Depreciation & Amortization	16,573	17,317	744	4.3%
Other Expenses	14,869	14,401	(468)	(3.3%)
Total Expense	\$144,729	\$151,953	\$7,224	4.8%

Although Salaries & Benefits are favorable to budget, significant variances exist within salaries expense (favorable \$1.3M), continuing education (favorable \$156K), and benefits and taxes (unfavorable \$731K). The favorable variance in salary expense is a result of the actual vacancy rate of 9% exceeding the 4% rate assumed in the budget. Primary contributors to the unfavorable benefits variance are listed below.

- \$816K Increases in SPP self-funded health care plan expenses
- \$294K Increases to the pension funding
- (\$379K) Other miscellaneous benefit account variances

The accrual for FERC Assessments & Fees was adjusted in June after receiving the 2011 FERC invoice, which was lower than what had been expensed (accrued) in the previous year. This causes a favorable variance in 2012 since the over accrual results in a reduction to current year expense.

Communications and Maintenance expenses are favorable to budget due to the following:

- Delays in purchases due to manufacturer supply shortages of computer equipment earlier in the year have resulted in lower than expected new equipment maintenance contracts
- Favorable pricing negotiations of software maintenance and conferencing rates have resulted in lower than expected expense
- Lower than expected YTD charges for member circuits

Outside Services expenses are trailing budget due to the following:

- IT: Re-evaluation of workload causing lower-priority projects to be delayed, with focus redirected to the Integrated Marketplace efforts
- Legal and Regulatory: Originally budgeted contract work either delayed or absorbed by current staff (2013 budget reduced to reflect lower trend in costs)
- SPP Regional Entity: Consulting costs associated with delayed/eliminated projects and activities (BES definition and exception process, and violation caseload project)
- Engineering: Consulting costs for studies lower due to decrease in member requests
- Process Integrity: Delay in securing staff augmentation in Training and PMO, elimination of PMU application assessment and EIPC support, and internal staff covering BPI curriculum development and training originally planned as consulting expense
- SPP Compliance: Delay in securing staff augmentation in MMU
- Administration: Expense associated with the Entergy / MISO cost analysis study, not included in the budget (unfavorable)
- Operations: Consulting expenses for IM training development did not meet criteria to capitalize costs (originally budgeted as capital cost, actually expensed, causing unfavorable variance)

The budget assumed Depreciation on the Operations Center would begin in April. Actual depreciation did not commence until July, resulting in a favorable variance to budget.

Other Expenses, which is composed of interest income & expense, miscellaneous income & expense, and various valuation adjustments, are unfavorable to budget largely due to budget assumptions for capitalized interest being higher than what has occurred to date. Capitalized Interest is impacted by the timing and amount of capital expenditures on significant projects. Interest Expense also exceeds budget related to new debt obtained that was not included in the 2012 budget.



**Southwest Power Pool**  
Forecast Overview  
As of December 2012  
**CONSOLIDATED TOTAL**

*(in thousands)*  
*(Unaudited)*

	Actual Jan-12	Actual Feb-12	Actual Mar-12	Actual Apr-12	Actual May-12	Actual Jun-12	Actual Jul-12	Actual Aug-12	Actual Sep-12	Actual Oct-12	Actual Nov-12	Actual Dec-12	FY 2012 Actual	FY 2012 Budget	Variance Fav/(Unfav)	FY 2011 Actuals	Variance Fav/(Unfav)
<b>Income</b>																	
Tariff Administration Service	\$7,844	\$7,340	\$7,716	\$7,616	\$7,763	\$7,543	\$7,808	\$7,768	\$7,535	\$7,757	\$7,608	\$7,931	\$92,229	\$90,131	\$2,098	\$71,702	\$20,526
Fees & Assessments	2,519	2,122	1,964	1,903	1,960	2,240	2,507	2,834	2,316	1,789	1,749	1,927	25,830	26,909	(1,079)	24,123	1,707
Contract Services Revenue	2,244	2,427	2,169	2,188	2,151	2,315	2,265	2,199	1,558	1,579	1,500	48	22,643	23,759	(1,116)	26,549	(3,905)
Miscellaneous Income	506	530	1,350	519	280	528	243	(498)	554	258	557	1,307	6,133	5,616	517	6,566	(433)
<b>Total Income</b>	<b>13,113</b>	<b>12,419</b>	<b>13,199</b>	<b>12,226</b>	<b>12,153</b>	<b>12,626</b>	<b>12,823</b>	<b>12,303</b>	<b>11,964</b>	<b>11,382</b>	<b>11,414</b>	<b>11,213</b>	<b>146,835</b>	<b>146,415</b>	<b>420</b>	<b>128,940</b>	<b>17,895</b>
<b>Expense</b>																	
Salary	3,872	3,933	3,947	3,984	3,877	4,097	4,112	4,158	4,245	4,188	4,184	4,355	48,954	50,289	1,336	44,471	(4,482)
Benefits & Taxes	1,654	2,015	1,747	1,784	1,730	1,920	1,932	1,779	1,919	1,810	1,766	1,923	21,979	21,215	(764)	19,528	(2,452)
Continuing Education	34	15	36	68	33	27	37	75	42	24	112	62	563	717	154	515	(48)
Salary & Benefits	5,560	5,963	5,730	5,836	5,640	6,044	6,081	6,012	6,206	6,022	6,062	6,340	71,497	72,222	725	64,514	(6,982)
Employee Travel	105	154	173	193	236	222	216	241	198	183	190	135	2,245	3,002	757	1,655	(590)
Administrative	303	270	347	374	324	300	363	257	552	234	240	155	3,718	4,212	494	3,003	(715)
Assessments & Fees	1,284	1,284	1,284	1,284	1,284	697	1,310	1,310	1,310	1,310	1,310	1,310	14,977	15,410	433	16,639	1,662
Meetings	53	70	93	119	80	53	64	99	62	100	90	97	981	1,445	465	838	(143)
Communications	294	379	404	374	351	380	377	354	264	254	233	275	3,939	4,592	653	3,204	(735)
Leases	158	151	158	153	155	151	381	62	86	83	79	73	1,690	1,631	(59)	1,624	(67)
Maintenance	600	629	633	667	532	673	713	767	730	728	744	831	8,248	9,312	1,064	7,308	(940)
Services	935	1,404	929	1,110	1,141	1,156	1,399	895	1,415	916	1,476	1,852	14,627	18,700	4,073	15,813	1,186
Regional State Committee	41	77	53	38	21	72	51	21	14	20	30	17	455	394	(61)	311	(144)
Depreciation & Amortization	1,173	1,162	1,117	1,008	1,289	1,058	1,561	1,674	1,565	1,524	1,523	1,920	16,573	17,317	744	13,107	(3,466)
<b>Total Expense</b>	<b>10,505</b>	<b>11,543</b>	<b>10,922</b>	<b>11,158</b>	<b>11,052</b>	<b>10,807</b>	<b>12,516</b>	<b>11,692</b>	<b>12,402</b>	<b>11,373</b>	<b>11,976</b>	<b>13,005</b>	<b>138,950</b>	<b>148,237</b>	<b>9,287</b>	<b>128,015</b>	<b>(10,935)</b>
<b>Other Income/(Expense)</b>																	
Gain (Loss) on Sale of Fixed	-	-	-	-	-	-	-	-	-	-	-	(264)	(264)	-	(264)	-	(264)
Other Income / Expense	14	43	3	(2)	(83)	46	1	14	27	1	0	(14)	50	-	50	(3,998)	4,047
Interest Income	29	25	19	5	(24)	27	17	18	19	(7)	9	13	149	-	149	157	(8)
Interest Expense	(664)	(685)	(702)	(678)	(677)	(815)	(791)	(845)	(749)	(778)	(775)	(951)	(9,111)	(7,945)	(1,165)	(8,250)	861
Capitalized Interest	-	-	995	-	-	780	-	-	539	-	-	409	2,723	4,229	(1,506)	1,943	(780)
Swap Valuation	-	-	292	-	-	3	-	-	153	-	-	226	674	-	674	183	(491)
<b>Net Other Income (Expense)</b>	<b>(621)</b>	<b>(617)</b>	<b>607</b>	<b>(675)</b>	<b>(784)</b>	<b>40</b>	<b>(773)</b>	<b>(813)</b>	<b>(11)</b>	<b>(783)</b>	<b>(766)</b>	<b>(581)</b>	<b>(5,779)</b>	<b>(3,716)</b>	<b>(2,063)</b>	<b>(9,965)</b>	<b>3,364</b>
<b>Net Income (Loss)</b>	<b>\$1,987</b>	<b>\$260</b>	<b>\$2,884</b>	<b>\$392</b>	<b>\$317</b>	<b>\$1,859</b>	<b>(\$466)</b>	<b>(\$203)</b>	<b>(\$449)</b>	<b>(\$774)</b>	<b>(\$1,328)</b>	<b>(\$2,373)</b>	<b>\$2,106</b>	<b>(\$5,539)</b>	<b>\$7,644</b>	<b>(\$9,040)</b>	<b>\$11,145</b>
2012 Headcount Actual/Fcst	518	524	526	531	528	537	546	554	555	562	563	559	559	559	*		
2012 Headcount Budget	548	561	575	579	581	585	588	588	590	590	590	590	590	590			
<b>Over / (Under) Budget</b>	<b>(30)</b>	<b>(37)</b>	<b>(49)</b>	<b>(48)</b>	<b>(53)</b>	<b>(48)</b>	<b>(42)</b>	<b>(34)</b>	<b>(35)</b>	<b>(28)</b>	<b>(27)</b>	<b>(31)</b>	<b>(31)</b>				

\* Ending staffing level excludes 22 positions pushed to 2013. Revised target for 2012 is 581.





**Southwest Power Pool**  
**Actual Results Overview**  
**For the Month Ending December 31, 2012**

(in thousands)  
(Unaudited)

	Current Month Compared to Actual			YTD	YTD	Variance Fav/(Unfav)	YTD	YTD	Variance Fav/(Unfav)
	Dec-12 Actual	Dec-12 Actual	Variance Fav/(Unfav)	Dec-12 Actual	Dec-12 Budget		Dec-12 Current Year	Dec-2011 Prior Year	
<b>Income</b>									
Tariff Administration Service	\$,7931	\$,7778	\$,153	\$92,229	\$90,131	\$,2,098	\$92,229	\$71,702	\$,20,526
Fees & Assessments	1,927	2,240	(313)	25,830	26,909	(1,079)	25,830	24,123	1,707
Contract Services Revenue	48	58	(10)	22,643	23,759	(1,116)	22,643	26,549	(3,905)
Miscellaneous Income	1,307	510	797	6,133	5,616	517	6,133	6,566	(433)
<b>Total Income</b>	<u>11,213</u>	<u>10,586</u>	<u>627</u>	<u>146,835</u>	<u>146,415</u>	<u>420</u>	<u>146,835</u>	<u>128,940</u>	<u>17,895</u>
<b>Expense</b>									
Salary	4,355	4,183	(172)	48,954	50,289	1,335	48,954	44,471	(4,482)
Benefits & Taxes	1,923	1,809	(114)	21,979	21,215	(765)	21,979	19,528	(2,452)
Continuing Education	62	41	(21)	563	717	154	563	515	(48)
Salary & Benefits	<u>6,340</u>	<u>6,032</u>	<u>(308)</u>	<u>71,497</u>	<u>72,222</u>	<u>724</u>	<u>71,497</u>	<u>64,514</u>	<u>(6,982)</u>
Employee Travel	135	180	45	2,245	3,002	757	2,245	1,655	(590)
Administrative	155	260	105	3,718	4,212	494	3,718	3,003	(715)
Assessments & Fees	1,310	1,310	(0)	14,977	15,410	433	14,977	16,639	1,662
Meetings	97	95	(2)	981	1,445	465	981	838	(143)
Communications	275	300	25	3,939	4,592	653	3,939	3,204	(735)
Leases	73	71	(2)	1,690	1,631	(60)	1,690	1,624	(67)
Maintenance	831	761	(70)	8,248	9,312	1,064	8,248	7,308	(940)
Services	1,852	1,364	(488)	14,627	18,700	4,073	14,627	15,813	1,186
Regional State Committee	17	53	36	455	394	(61)	455	311	(144)
Depreciation & Amortization	1,920	1,650	(270)	16,573	17,317	744	16,573	13,107	(3,466)
<b>Total Expense</b>	<u>13,005</u>	<u>12,075</u>	<u>(929)</u>	<u>138,950</u>	<u>148,237</u>	<u>9,286</u>	<u>138,950</u>	<u>128,015</u>	<u>(10,935)</u>
<b>Other Income/(Expense)</b>									
Gain (Loss) on Sale of Fixed Asset	(264)	-	(264)	(264)	-	(264)	264	-	(264)
Other Income / Expense	(14)	-	(14)	50	-	50	50	(3,998)	4,047
Interest Income	13	-	13	149	-	149	149	157	(8)
Interest Expense	(951)	(903)	(48)	(9,111)	(7,945)	(1,165)	(9,111)	(8,250)	(861)
Capitalized Interest	409	425	16	2,723	4,229	(1,506)	2,723	1,943	(780)
Swap Valuation	226	-	226	674	-	674	674	183	491
<b>Net Other Income (Expense)</b>	<u>(581)</u>	<u>(478)</u>	<u>(71)</u>	<u>(5,779)</u>	<u>(3,716)</u>	<u>(2,063)</u>	<u>(5,779)</u>	<u>(9,965)</u>	<u>2,625</u>
<b>Net Income (Loss)</b>	<u><u>(\$,2,373)</u></u>	<u><u>(\$,1,968)</u></u>	<u><u>(\$,405)</u></u>	<u><u>\$,2,106</u></u>	<u><u>(\$,5,539)</u></u>	<u><u>\$,7,645</u></u>	<u><u>\$,2,106</u></u>	<u><u>(\$,9,040)</u></u>	<u><u>\$,11,145</u></u>



**Southwest Power Pool**  
**Balance Sheet**  
**As of December 2012**  
*(in thousands)*  
*(Unaudited)*

	12/30/2012	12/31/2011	Variance
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Equivalents	\$93,096	\$73,763	\$19,333
Restricted Cash Deposits	46,341	34,904	11,437
Accounts Receivable (net)	17,854	15,901	1,953
Other Current Assets	7,885	6,636	1,249
<b>Total Current Assets</b>	<b>165,176</b>	<b>131,204</b>	<b>33,972</b>
Total Fixed Assets	172,952	112,188	60,764
Total Other Assets	1,844	2,141	(297)
Investments	968	775	193
<b>TOTAL ASSETS</b>	<b>\$340,940</b>	<b>\$246,307</b>	<b>\$94,633</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable (net)	\$9,644	\$17,816	(\$8,172)
Customer Deposits	46,363	34,903	11,460
Current Maturities of LT Debt	12,700	11,206	1,494
Other Current Liabilities	26,800	25,741	1,059
Deferred Revenue	7,033	7,450	(417)
<b>Total Current Liabilities</b>	<b>102,540</b>	<b>97,117</b>	<b>5,423</b>
<b>Long Term Liabilities</b>			
US Bank Floating Senior Note - 2014	5,500	11,000	(5,500)
US Bank 5.45% Senior Notes - 2016	15,000	21,000	(6,000)
US Bank Maumelle Mortgage - 2027	3,752	3,958	(206)
Campus 4.82% Senior Notes - 2042	64,006	65,000	(993)
Integrated Marketplace 3.55% Senior Note - 2024	70,000	70,000	0
Senior Notes - 2024	100,000	0	100,000
Other Long Term Liabilities	7,458	7,655	(197)
<b>Total Long Term Liabilities</b>	<b>265,716</b>	<b>178,612</b>	<b>87,103</b>
Net Income	2,106	(9,040)	11,146
Members' Equity	(29,422)	(20,382)	(9,040)
<b>Total Members' Equity</b>	<b>(27,316)</b>	<b>(29,422)</b>	<b>2,106</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$340,940</b>	<b>\$246,307</b>	<b>\$94,633</b>

<b>Integrated Marketplace</b>
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	<u>Capitalized Expense</u>
Current Projections	\$106,252
Approved Target	<u>\$105,640</u>
Over/(Under)	\$612

The IM project is currently forecasted at \$0.612 million more than the board approved target of \$105.6 million. This is an unfavorable movement of approximately \$1.39 million from the November 30th report. Significant changes from the prior month include the following:

- True up of the Alstom forecast to reflect the most updated resource plans for post FAT development work (\$1.34 million)
- Miscellaneous variances to forecast (\$0.05 million)

**SOUTHWEST POWER POOL**  
**2012 ACTUAL**  
**PROJECT OVERVIEW, DESCRIPTIONS ANALYSIS**



	Prior Year(s) Expense	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Total 2012	Future Expense	Total Project	Budget Thru 2014	Over/(Under) Budget
<b>PRPC Projects (in thousands)</b>										
Integrated Marketplace (Future Markets) thru 2014	\$29,440	\$9,161	\$9,718	\$10,947	\$11,785	\$41,612	\$32,753	\$103,805	\$101,001	\$2,805
Consolidated Balancing Authority	\$1,263	\$105	(138)	\$312	\$356	\$636	\$548	\$2,447	\$4,639	(2,192)
<b>Future Markets Initiatives Total</b>	<b>\$30,704</b>	<b>\$9,267</b>	<b>\$9,580</b>	<b>\$11,260</b>	<b>\$12,141</b>	<b>\$42,248</b>	<b>\$33,301</b>	<b>\$106,252</b>	<b>\$105,640</b>	<b>\$613</b>
<b>High Availability</b>	<b>\$2,367</b>	<b>-</b>	<b>\$47</b>	<b>\$11</b>	<b>\$8</b>	<b>\$66</b>	<b>\$215</b>	<b>\$2,648</b>	<b>\$5,120</b>	<b>(2,472)</b>
New Facilities Construction	\$47,604	\$3,217	\$4,748	\$1,598	\$4,728	\$14,291	-	\$61,895	\$61,933	(38)
Facility Migration	\$10,777	\$2,768	\$6,028	\$1,962	\$229	\$10,986	-	\$21,978	\$26,620	(4,642)
<b>New Facility Initiatives Total</b>	<b>\$58,381</b>	<b>\$5,984</b>	<b>\$10,776</b>	<b>\$3,560</b>	<b>\$4,957</b>	<b>\$25,277</b>	<b>-</b>	<b>\$83,872</b>	<b>\$88,553</b>	<b>(4,680)</b>
EMS Upgrade	\$608	\$185	\$126	\$75	\$270	\$656	-	\$1,264	\$1,265	(2)
Centralized Modeling Tool	\$337	\$318	\$546	\$523	\$413	\$1,800	\$355	\$2,492	\$1,863	\$629
EMS Enhancements-Foundation	\$67	\$10	\$15	\$22	\$0	\$48	\$250	\$365	\$469	(104)
PRR Implementation Foundation	\$100	-	-	-	\$50	\$50	\$300	\$450	\$649	(199)
Add - Remove SPP Market Entities (BAs, MPs, etc.)	\$31	\$4	\$4	\$5	-	\$12	\$125	\$168	\$215	(47)
E-terra Vision Implementation	-	-	-	-	-	-	\$100	\$100	\$193	(93)
Model Change Submission Tool	-	-	-	-	-	-	-	-	-	-
Ops Automation #1 OATI	-	-	-	-	\$15	\$15	\$150	\$165	\$210	(45)
Ops Automation #1 RTOSS-Settlements	-	-	-	-	-	-	-	-	\$113	(113)
Ops Automation #1 DC Ties	-	-	-	-	\$29	\$29	\$250	\$279	\$364	(85)
Combined Cycle	-	-	-	-	-	-	\$11,250	\$11,250	\$12,644	(1,394)
Replace OPS1 Outage Coordination Scheduler	\$300	\$33	\$33	-	-	\$65	-	\$365	\$133	\$232
<b>Operations Initiatives Total</b>	<b>\$1,444</b>	<b>\$550</b>	<b>\$724</b>	<b>\$624</b>	<b>\$777</b>	<b>\$2,675</b>	<b>\$12,780</b>	<b>\$16,899</b>	<b>\$18,119</b>	<b>(1,220)</b>
<i>ITP Data Repository **</i>	\$30	-	-	-	-	-	-	\$30	\$184	(154)
Project Tracking Database (TAGIT)	-	-	-	-	-	-	-	-	\$150	(150)
Credit Process Stack List Analysis	-	-	-	\$126	-	\$126	-	\$126	\$295	(169)
Electromagnetic Transient Program (EMTP)	-	-	-	-	-	-	-	-	\$80	(80)
Redundant EnFuzion Node and PSSE/MUST Lock	-	-	-	-	-	-	-	-	\$23	(23)
<b>Engineering Initiatives Total</b>	<b>\$30</b>	<b>-</b>	<b>-</b>	<b>\$126</b>	<b>-</b>	<b>\$126</b>	<b>-</b>	<b>\$156</b>	<b>\$732</b>	<b>(576)</b>
e-Tariff Phase II	\$383	-	-	-	-	-	-	\$383	\$950	(567)
<b>Regulatory Initiatives Total</b>	<b>\$383</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$383</b>	<b>\$950</b>	<b>(567)</b>
SPP Budgeting & Forecasting System	-	-	-	-	-	-	-	-	\$40	(40)
<b>Administration Initiatives Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$40</b>	<b>(40)</b>
Request Management System	-	-	-	-	-	-	\$182	\$182	\$273	-
<b>Process Integrity Initiatives Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$182</b>	<b>\$182</b>	<b>\$273</b>	<b>-</b>
<b>Total PRPC Managed Projects</b>	<b>\$93,308</b>	<b>\$15,801</b>	<b>\$21,127</b>	<b>\$15,581</b>	<b>\$17,883</b>	<b>\$70,392</b>	<b>\$46,478</b>	<b>\$210,392</b>	<b>\$219,426</b>	<b>(8,942)</b>

**SOUTHWEST POWER POOL  
2012 ACTUAL  
PROJECT OVERVIEW, DESCRIPTIONS ANALYSIS**



	Prior Year(s) Expense	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Total 2012	Future Expense	Total Project	Budget Thru 2014	Over/(Under) Budget
<b>Non-PRPC Projects (in thousands)</b>										
MOS Enhancements Foundation	\$120	\$2	\$1	-	\$7	\$10	\$800	\$930	\$969	(39)
OATI Enhancements	\$196	\$24	\$89	\$8	\$41	\$163	\$200	\$559	\$537	\$22
<b>Operations Initiatives Total</b>	<b>\$316</b>	<b>\$26</b>	<b>\$90</b>	<b>\$8</b>	<b>\$47</b>	<b>\$172</b>	<b>\$1,000</b>	<b>\$1,488</b>	<b>\$1,506</b>	<b>(18)</b>
<i>Stochastic Modeling Tool**</i>	-	-	-	-	-	-	-	-	\$170	(170)
<b>Engineering Initiatives Total</b>	-	-	-	-	-	-	-	-	<b>\$170</b>	<b>(170)</b>
2012 IT Apps Foundation	\$73	\$91	\$23	\$176	\$40	\$330	\$59	\$461	\$421	\$41
2012 IT Data Management Foundation	\$19	\$9	-	-	-	\$9	-	\$28	\$91	(63)
2012 IT Server Admin Foundation	\$3,200	\$881	\$174	\$412	\$70	\$1,537	\$5,167	\$9,905	\$9,493	\$412
2012 IT Service Management Foundation	\$263	\$92	\$226	\$613	\$346	\$1,278	\$1,130	\$2,671	\$3,212	(542)
2012 IT Environment Ops Foundation	\$13	\$16	-	-	-	\$16	\$160	\$190	\$376	(186)
2012 IT Tele/Network/Security Foundation	\$326	\$183	\$78	\$62	\$30	\$353	\$2,707	\$3,386	\$4,139	(753)
CIP (Ver 4) Project	\$35	\$16	-	-	-	\$16	-	\$51	-	\$51
<b>IT Initiatives Total</b>	<b>\$3,929</b>	<b>\$1,287</b>	<b>\$502</b>	<b>\$1,263</b>	<b>\$486</b>	<b>\$3,538</b>	<b>\$9,223</b>	<b>\$16,691</b>	<b>\$17,732</b>	<b>(1,042)</b>
AREVA ETS Foundation	\$250	-	-	-	-	-	\$150	\$400	\$475	(75)
<b>Administration Initiatives Total</b>	<b>\$250</b>	-	-	-	-	-	<b>\$150</b>	<b>\$400</b>	<b>\$475</b>	<b>(75)</b>
<b>Total Non-PRPC Managed Projects</b>	<b>\$4,495</b>	<b>\$1,313</b>	<b>\$592</b>	<b>\$1,271</b>	<b>\$533</b>	<b>\$3,710</b>	<b>\$10,373</b>	<b>\$18,579</b>	<b>\$19,883</b>	<b>(1,304)</b>
<b>TOTAL BUDGETED PROJECTS</b>	<b>\$97,803</b>	<b>\$17,114</b>	<b>\$21,719</b>	<b>\$16,852</b>	<b>\$18,417</b>	<b>\$74,102</b>	<b>\$56,851</b>	<b>\$228,971</b>	<b>\$239,310</b>	<b>(10,247)</b>
<b>2012 Unbudgeted</b>										
EDNA Software Replacement	-	\$1,000	-	-	-	\$1,000	-	\$1,000	-	\$1,000
Standardized Cost Estimate Reporting Template (SCERT)	-	-	\$128	\$12	-	\$140	-	\$140	-	\$140
Netezza Upgrade	-	-	-	\$519	-	\$519	\$2,400	\$2,918	\$2,918	-
EMS Marketplace Readiness	-	-	\$154	\$110	\$61	\$325	\$361	\$686	\$714	(29)
ICCP Architecture	-	-	\$64	\$120	\$43	\$226	\$311	\$537	\$665	(129)
	\$0	-	-	-	-	-	-	\$0	\$0	-
<b>2012 Unbudgeted Items</b>	<b>\$0</b>	<b>\$1,000</b>	<b>\$346</b>	<b>\$760</b>	<b>\$104</b>	<b>\$2,210</b>	<b>\$3,071</b>	<b>\$5,281</b>	<b>\$4,298</b>	<b>\$983</b>
<b>TOTAL PROJECTS</b>	<b>\$97,803</b>	<b>\$18,114</b>	<b>\$22,065</b>	<b>\$17,612</b>	<b>\$18,520</b>	<b>\$76,312</b>	<b>\$59,923</b>	<b>\$234,252</b>	<b>\$243,608</b>	<b>(9,264)</b>

\* New Facility costs include IT refresh expense which will coincide with the building move (\$1.5M data center hardware/\$1.9M Telecom/Network/Security - total \$3.4M).

\*\* Highlighted projects are new to 2012. All other projects are carryover projects.



Southwest Power Pool  
 Headcount Analysis  
 As of December 2012

	Current Month Actual vs. Budget		
	Actual Dec-12	Budget Dec-12	Over/(Under) Budget
Administration	0	0	0
Officers	10	10	0
Accounting	10	10	0
Credit	4	4	0
Human Resources	27	25	2
Settlements	26	26	0
<b>Total Administration</b>	<b>77</b>	<b>75</b>	<b>2</b>
Inter-Regional Affairs	1	1	0
Project Management	13	13	0
Training	12	11	1
Customer Service	9	9	0
Reliability Standards	3	3	0
Process Management	1	2	(1)
Transmission Development	7	7	0
<b>Total Process Integrity</b>	<b>46</b>	<b>46</b>	<b>0</b>
SPP Compliance	12	13	(1)
Communications	3	3	0
Market Monitoring	14	14	0
Internal Audit	6	6	0
<b>Total Compliance &amp; Corporate Affairs</b>	<b>35</b>	<b>36</b>	<b>(1)</b>
<b>Total SPP Regional Entity</b>	<b>28</b>	<b>32</b>	<b>(4)</b>
<b>Total Information Technology</b>	<b>135</b>	<b>140</b>	<b>(5)</b>
<b>Total Markets</b>	<b>5</b>	<b>6</b>	<b>(1)</b>
<b>Total Operations</b>	<b>150</b>	<b>156</b>	<b>(6)</b>
<b>Total Engineering</b>	<b>45</b>	<b>55</b>	<b>(10)</b>
<b>Total Contract Services</b>	<b>17</b>	<b>21</b>	<b>(4)</b>
<b>Total Regulatory Policy &amp; General Counsel</b>	<b>21</b>	<b>23</b>	<b>(2)</b>
<b>TOTAL HEADCOUNT</b>	<b>559</b>	<b>590</b>	<b>(31)</b>

Actual vs. Budget

Original Budget	590
IT DBA position approved out of budget	1
IT eliminated 5 Part-time Svc Desk positions, replaced with 2 full-time	(3)
No backfill for Ops position promotions	(2)
Net ICT positions eliminated in Engineering	(6)
Temporary overlap of IT Budget Analyst position until mid-2013	1
2012 Total Positions	581
2012 Open positions delayed to 2013	(23)
2013 Position accelerated to 2012	1
2012 Active Headcount	559

2012 Job Tracker

<b>Req. #</b>	<b>Position</b>	<b>Dept #</b>	<b>Dept Name</b>	<b>Status</b>
12-024	Sr. Compliance Specialist	130	RE - Compliance	
12-025	Sr. Compliance Specialist	130	RE - Compliance	
12-080	IT Specialist II	510	IT Apps-Reliability	
12-126	Sr. Business Analyst	510	IT Apps-Data Mgmt	
12-088	Engineer II	440	GI Studies	
12-100	Engineer II	850	Modeling & Data Integrity	
12-105	Regulatory Analyst III	900	Regulatory	
12-108	Supervisor, Modeling & Data Integrity	850	Modeling & Data Integrity	
12-114	Compliance Analyst II	230	Compliance	
12-122	Service Desk Analyst (Part-Time)	580	IT Service Desk	
12-123	Engineer II	870	Operational Planning	
12-129	Engineer II	460	Economic Planning	
12-126	Sr. Business Analyst	510	IT Applications	
12-104	Manager	900	Regulatory	
12-116	Executive Director	130	Regional Entity	
12-125	Manager of Finance & Process Improvement	170	Regional Entity	
12-130	Sr. Engineer	410	Steady State Planning	
12-134	Supervisor, Reliability Coordination	8142	Reliability Coordination	
12-131	Operator	8142	Reliability Coordination	
12-132	Operator	820	Reliability Coordination	
12-133	Project Manager	560	Project Management	
12-135	Engineer II	420	Engineer II	
12-136	Market Design Analyst I/Engineer I	720	Market Design	

Remaining 2011 Positions in Blue: 11-xxx  
 2012 Budgeted Positions Highlighted in Grey: 12-001 thru 12-050  
 Replacement Positions Highlighted in Yellow: 12-051 thru 12-xxx

2012 YTD Budgeted Positions Filled	48
2012 YTD Replacement Positions Filled	57
2012 YTD Total Hires	105
2011 Positions Filled in 2012	25
<b>Total Positions Filled</b>	<b>130</b>

<b>Status Legend</b>	<b>2012</b>	<b>2011</b>	<b>Total</b>
Inactive	0	0	0
Active, Not Posted	10	0	10
Active, Posted	13	0	13
Filled	105	25	130

<b>Hire Legend</b>	<b>2012</b>	<b>2011</b>	<b>Total</b>
Internal	47	11	58
External	56	14	70
<b>Total</b>	<b>103</b>	<b>25</b>	<b>128</b>

<b>11/30 Ending Active Headcount</b>	564
Resignations during November	-5
December External Hires	0
<b>12/31 Ending Active Headcount</b>	<b>559</b>
2011 Open	0
2012 Open	23
2012 Positions pushed to 2013	-23
<b>2012 Year End Actual</b>	<b>559</b>

## Memorandum

**To:** Tom Dunn  
**From:** Scott Smith  
**CC:** Phil McCraw  
**Date:** 02/12/2013  
**Re:** Credit Practices Working Group Upcoming Activities

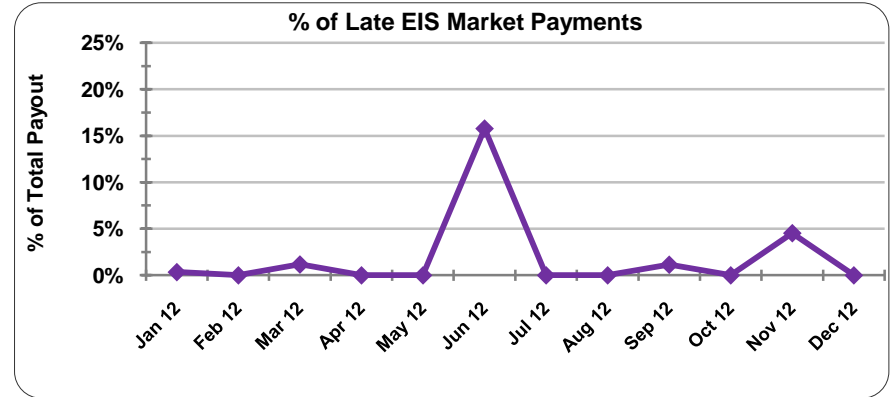
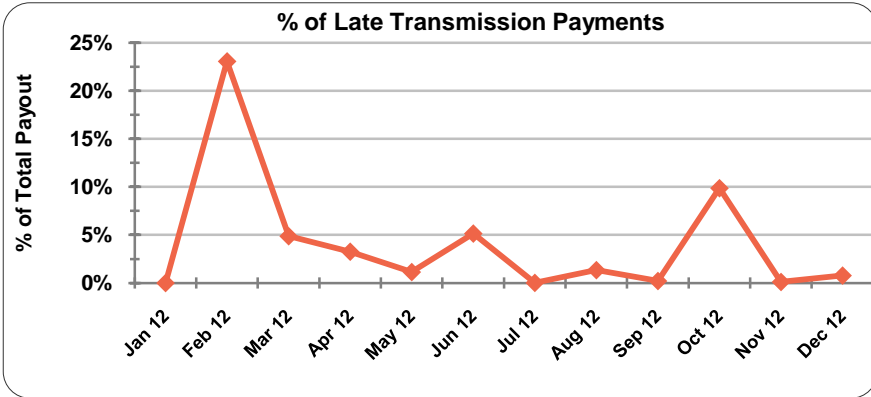
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In early 2013, the Credit Practices Working Group (CPWG) will likely address the following issues. Some of these issues may result in tariff language additions or revisions.

- Collateral Hold – This issue will address the questions of how much and how long should SPP hold collateral to satisfy resettlement exposure upon the voluntarily exit of a market participant. A strawman proposal has been presented and the CPWG is forming a drafting team to develop tariff policy language.
- Retroactive Cancellation of TCR Bids/Offers – Under certain default scenarios it is likely SPP may need to cancel previously credit-approved TCR bids/offers. This would only apply to TCR bids/offers that had not been awarded and published. Currently, the tariff does not address this situation.
- Integrated Marketplace & Participant Readiness – CPWG members have both fielded and posed a number of questions relating to Marketplace readiness and deliverables. For example: How much collateral should a participant post for TCR exposure? What data/format will be provided for credit availability and exposure? The group will likely try to catalog these questions and answers for distribution to market participants.

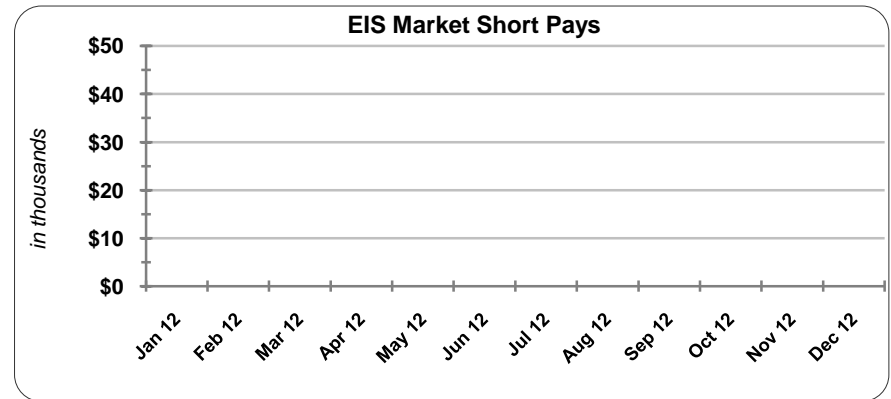
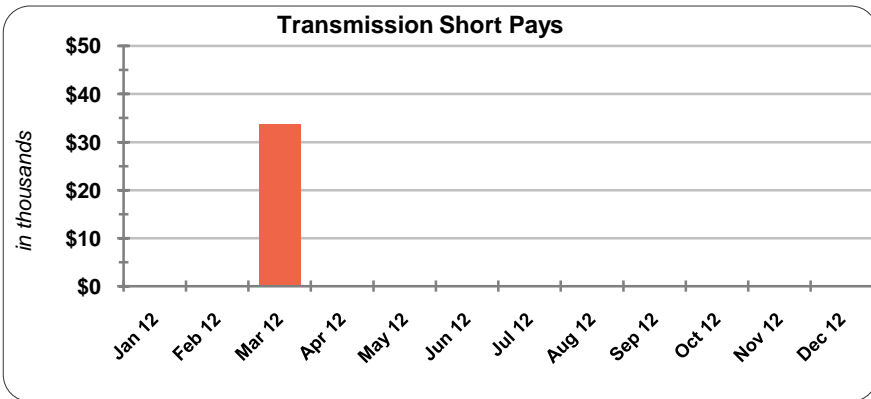


### 9. Financial Settlement Index



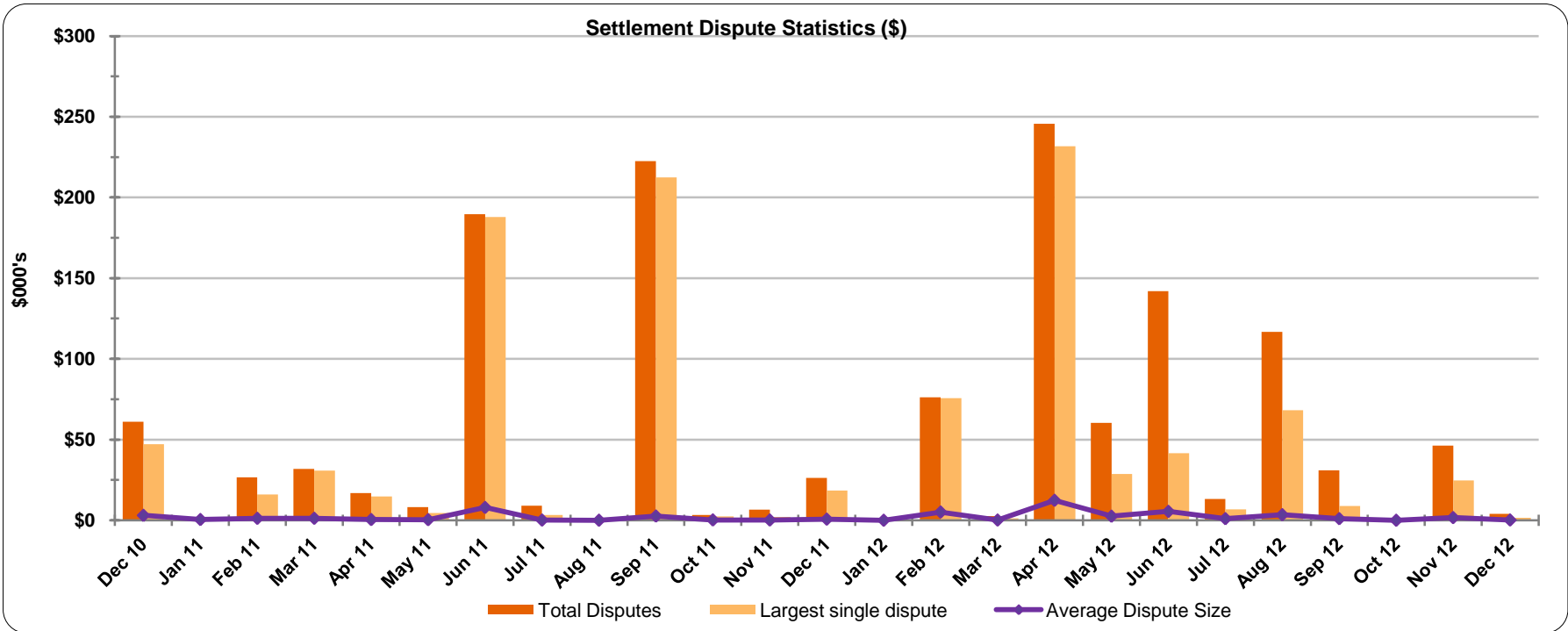
<i>in thousands</i>	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	2012
Late Transmission Payments	\$0	\$4,758	\$1,026	\$701	\$256	\$1,248	\$4	\$322	\$55	\$2,551	\$26	\$177	\$11,124
Total Transmission Payments	\$18,331	\$20,624	\$21,050	\$21,501	\$22,399	\$24,237	\$24,734	\$23,984	\$25,954	\$25,850	\$23,643	\$22,800	\$275,107
% Late Payments	0%	23%	5%	3%	1%	5%	0%	1%	0%	10%	0%	1%	4%

<i>in thousands</i>	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	2012
Late EIS Market Payments	\$53	\$0	\$292	\$0	\$0	\$2,781	\$0	\$0	\$187	\$0	\$760	\$0	\$4,073
Total EIS Market Payments	\$15,307	\$17,975	\$25,033	\$16,078	\$18,626	\$17,621	\$22,546	\$25,453	\$16,362	\$13,082	\$16,749	\$14,633	\$219,465
% Late Payments	0%	0%	1%	0%	0%	16%	0%	0%	1%	0%	5%	0%	2%

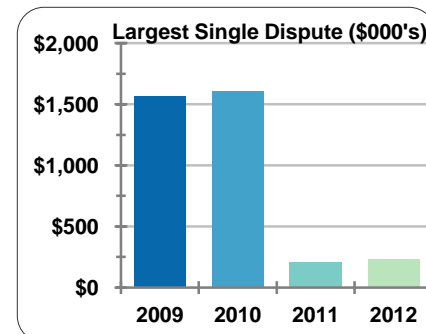
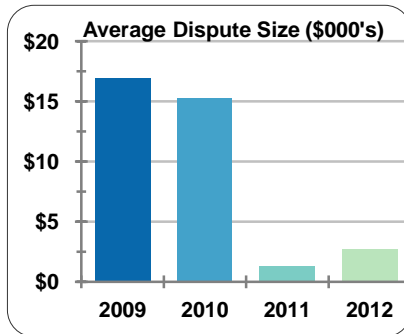
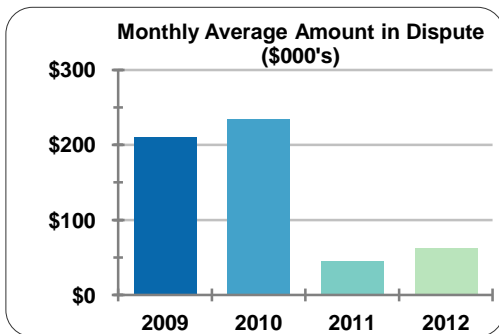


<i>in thousands</i>	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	2012
Transmission Short Pays	\$0	\$0	\$34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34
EIS Market Short Pays	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

10a. Financial Disputes Index - \$

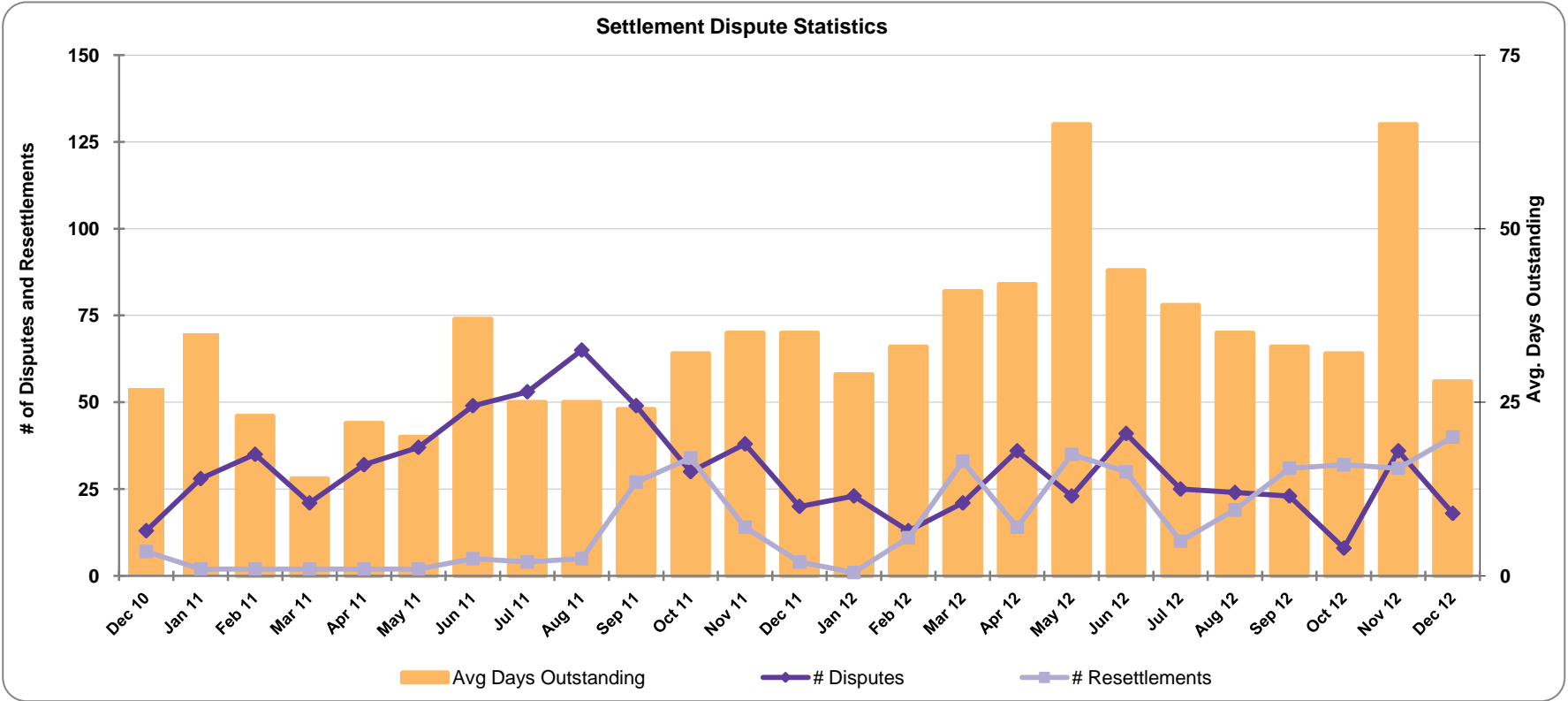


(Figures in \$000's)	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	2009	2010	2011	2012
Total Disputes	\$3.3	\$6.5	\$26.2	\$0.4	\$76.1	\$2.5	\$245.6	\$60.4	\$142.0	\$13.1	\$116.8	\$30.9	\$0.2	\$46.3	\$3.9	\$ 210.3	\$ 234.2	\$ 45.2	\$ 61.5
Avg. Dispute Size	\$0.2	\$0.2	\$0.7	\$0.0	\$5.1	\$0.1	\$12.3	\$2.5	\$5.5	\$1.0	\$3.4	\$1.0	\$0.0	\$1.7	\$0.2	\$ 16.9	\$ 15.2	\$ 1.3	\$ 2.7
Largest single dispute	\$2.3	\$2.1	\$18.5	\$0.1	\$75.6	\$1.3	\$231.8	\$28.7	\$41.5	\$6.8	\$68.2	\$8.9	\$0.0	\$24.6	\$1.5	\$ 1567.2	\$ 1611.3	\$ 212.4	\$ 231.8 *
<b>Monthly Average</b>																			



\* Annual maximum

10b. Financial Disputes Index



(Figures in \$000's)	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12
# Disputes	20	23	13	21	36	23	41	25	24	23	8	36	18
# Resettlements	4	1	11	33	14	35	30	10	19	31	32	31	40
Avg Days Outstanding	35	29	33	41	42	65	44	39	35	33	32	65	28

2009	2010	2011	2012
40.1	17.8	38.1	24.3
22.5	11.7	8.6	23.9
33.2	27.4	27.3	40.5

**Monthly Average**

