2014 Business Plan and Budget

Southwest Power Pool Regional Entity

Approved by SPP Regional Entity Trustees

June XX, 2013

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Introduction

TOTAL RESOURCES (in whole dollars)	2014 Budget	U.S.	Canada	Mexico
Statutory FTEs	34.25			
Non-statutory FTEs	-			
Total FTEs	34.25			
Statutory Expenses	$ 11,805,360			
Non-Statutory Expenses	$ -			
Total Expenses	$ 11,805,360			
Statutory Inc(Dec) in Fixed Assets	$ -			
Non-Statutory Inc(Dec) in Fixed Assets	$ -			
Total Inc(Dec) in Fixed Assets	$ -			
Statutory Working Capital Requirement Adjustment	$ (2,189,107)			
Non-Statutory Working Capital Requirement	$ -			
Total Working Capital Requirement	$ (2,189,107)			
Total Statutory Funding Requirement	$ 9,616,253			
Total Non-Statutory Funding Requirement	$ -			
Total Funding Requirement	$ 9,616,253			
Statutory Funding Assessments	$ 9,616,253	$ 9,616,253		
Non-Statutory Fees	$ -	$ -		
NEL		-		
NEL%	100%	100%		

Organizational Overview

Southwest Power Pool, Inc. (SPP), founded in 1941 and based in Little Rock, Arkansas, is a nonprofit organization whose primary mission is maintaining electric reliability. SPP is one of nine Federal Energy Regulatory Commission (FERC) approved Independent System Operators/Regional Transmission Organizations and one of eight North American Electric Reliability Corporation (NERC) Regional Entities.

Southwest Power Pool Regional Entity (SPP RE), an independent and functionally separate division of SPP, was created to fulfill the functions and duties specified in the SPP Regional Delegation Agreement with NERC approved by FERC in 2008 and again in October 2010. As a NERC Regional Entity, SPP RE promotes and works to improve the reliability of the bulk power system (BPS). Specifically, SPP RE is responsible for developing regional reliability standards, monitoring and enforcing registered entity compliance with reliability standards, and assessing and evaluating BPS reliability. SPP RE provides technical expertise and assistance to BPS owners, operators and users, in particular to the approximately 140 registered entities located within the SPP RE's footprint, an eight-state area that includes Arkansas, Kansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, and Texas.

Sections A and B of this business plan and budget (BP&B) details the programs and costs for the activities the SPP RE performs to fulfill the duties specified in the Regional Entity Delegation Agreement between SPP and NERC.

The SPP's RTO activities, which are listed in Section C of this BP&B, are non-statutory, and as such, are not included in the SPP RE's BP&B.

Membership and Governance

Pursuant to the SPP bylaws, SPP RE is governed by three independent Regional Entity Trustees, who are not on the SPP Board and operate separately from the SPP Board. The SPP RE Trustees have autonomy over decisions in fund allocation and approval of the SPP RE budget, as well as oversight of SPP RE decisions on regional standards, compliance enforcement actions, and penalties. The SPP RE's General Manager reports directly to the SPP RE Trustees. Only the SPP RE Trustees and certain direct SPP RE Staff members have the authority to make compliance and enforcement decisions. SPP RE direct staff is independent of all BPS users, owners, and operators.

To avoid the appearance of any conflicts of interest, SPP RE has engaged SERC Reliability Corporation to serve as the compliance enforcement authority for SPP's registered functions in the SPP RE region.

SPP RE's governance, which has been approved by NERC and FERC, meets the requirements of the Energy Policy Act of 2005.

Statutory Functional Scope

SPP RE performs various activities in the execution of its delegated functions and in support of NERC's responsibilities as the electric reliability organization (ERO). These activities include:

- Reliability Standard Development
- Compliance Enforcement
- Organization Registration and Certification
- Reliability Assessment and Performance Analysis
- Training and Education
- Situation Awareness and Infrastructure Security

2014 Key Assumptions

The key assumptions underlying the SPP RE 2014 Business Plan and Budget (BP&B) are consistent with ERO BP&B Assumptions as found in NERC's 2014 BP&B. The assumptions that are of particular importance to the SPP RE's 2014 BP&B include the expectation that:

1. NERC and the Regional Entities will continue to work collaboratively to promote and improve the reliability of the BPS.

2. NERC and the Regional Entities will continue to work under the regulatory framework governing the establishment and enforcement of reliability standards for the BPS established by Energy Policy Act of 2005.

3. SPP RE's delegated authorities and responsibilities will remain relatively constant.

4. NERC and the Regional Entities will work collaboratively to identify additional ways to improve efficiency and leverage overall ERO resources.

5. Cyber and critical asset security will continue to be a priority in the United States, with significant oversight by applicable government authorities.

6. Through efficiency gains and limited additional resources, NERC and Regions will strive to achieve and maintain a 12-month total average processing time for alleged violations over the planning period.

7. It is assumed that a uniform BES definition will be implemented in the third quarter 2013 and it will result in increased workload for the Regions as they deal with exclusion requests in 2013 and 2014.

8. Cost pressures may affect stakeholder resources available to participate in NERC and Regional Entity activities. NERC and the Regional Entities business plans, budgets, and resource requirements will continue to be established based upon the assumption of continued industry participation in support of key program areas, including but not limited to event analysis, reliability assessments, and standards development.

In addition to the above assumptions, which are shared among NERC and the Regional Entities, assumptions that are unique to SPP RE include:

1. SPP RE continues to operate as an independent and functionally separate division of SPP.

2. SPP RE continues to utilize SPP Shared staff to conduct certain activities in the SPP RE's Reliability Assessment and Performance Analysis program.

3. SPP RE will continue to engage SERC to perform the compliance enforcement authority activities for the SPP registered functions that would otherwise be performed by SPP RE.

Key assumptions specific to individual programs are provided in Section A of this BP&B.

Goals and Key Deliverables

As part of the implementation of the Electric Reliability Organization Strategic Goals through 2015 (ERO Strategic Plan)[1], NERC and the Regional Entities developed a set of Common Assumptions[2] that are now used to guide budget resource projections for each regional entity and the ERO overall. In addition to the ERO Strategic Goals, the SPP RE Strategic Plan – 2012-2015[3], which was developed in a collaborative manner, seeking input from RE staff, RTO staff,

[1] https://www.nerc.com/docs/bot/finance/2013%20NERC%20Business%20Plan%20and%20Budget/ERO%20Enterprise%20Strategic%20Plan%202012-2015%20FINAL%20(02%202012)%20(2).pdf

[2] See NERC Business Plan and Budget, Appendix A

[3] http://www.spp.org/publications/RE_Strategy_2012_2015%20Clean.pdf

stakeholders, RE Trustees, the SPP Board, and the SPP Strategic Planning Committee, also serves as a guide for SPP RE's planning processes and ongoing actions.

SPP RE-specific goals and deliverables include:

- Effectively and efficiently perform the delegated functions of registration, compliance monitoring and enforcement, reliability assessments, performance analysis, and situational awareness with independence, without conflict of interest, with objectivity and fairness.
- Conduct outreach activities, including compliance workshops, training seminars and videos, and newsletters, that facilitate a learning environment and promote a strong culture of reliability excellence and compliance.
- Identify current "gap" areas for reliability and grid security improvement and pursue implementation through new or revised reliability standards and other SPP RE or NERC processes.
- Participate in NERC-sponsored ERO compliance auditor and enforcement staff training.

2014 Overview of Cost Impacts

The $11.8 million operating budget reflects an approximate $291 thousand increase or 2.5%. Funding assessments increased by $633 thousands or 7%, from $ 8.53 million to $9.16 million. A summary of the funding by program area is shown in the chart below.

Program	Budget 2013	Projection 2013	Budget 2014	Change 2014 Budget v 2013 Budget	% Change
Reliability Standards	391,641	79,185	78,008	(313,633)	-80.1%
Compliance Enforcement and Organization Registration	8,164,097	8,154,101	8,514,294	350,197	4.3%
Reliability Assessments and Performance Analysis	2,606,215	2,570,242	2,892,505	286,290	11.0%
Training, Education and Operator Certification	217,591	234,391	276,197	58,606	26.9%
Situation Awareness and Infrastructure Security	135,273	44,079	44,356	(90,917)	-67.2%
	11,514,817	11,081,999	11,805,360	290,543	2.5%
Working Capital Reserve	$ -	$ -	$ -	$ -	
Total Funding	11,514,817	11,081,999	11,805,360	290,543	2.5%

As shown in the chart that follows, the net decrease in budgeted FTEs is .25 and reflects the reduction in the number of SPP Shared Staff FTEs used to help coordinate and facilitate the development of regional reliability standards. Other changes in individual program FTEs are primarily due to: 1) redirecting the resources previously focused on the coordination and development of the regional reliability standards to the Training and Education and Compliance program areas, and 2) the repurposing of the Executive Director of Compliance position to a Director of Compliance and Events position.

Total FTEs by Program Area	Budget 2013	Projection 2013	Direct FTEs 2014 Budget	Shared FTEs[1] 2014 Budget	Total FTEs 2014 Budget	Change from 2013 Budget
	STATUTORY					
Operational Programs						
Reliability Standards	1.25	0.25	0.15	0.25	0.40	-0.85
Compliance and Organization Registration and Certification	22.25	22.10	22.35	0.00	22.35	0.10
Training and Education	1.00	1.00	1.25	0.00	1.25	0.25
Reliability Assessment and Performance Analysis	6.50	6.38	3.38	3.75	7.13	0.63
Situation Awareness and Infrastructure Security	0.25	0.13	0.13	0.00	0.13	-0.13
Total FTEs Operational Programs	**31.25**	**29.85**	**27.25**	**4.00**	**31.25**	**0.00**
Administrative Programs						
Technical Committees and Member Forums	0.00	0.00	0.00	0.00	0.00	0.00
General & Administrative	3.25	3.00	3.00	0.00	3.00	-0.25
Information Technology	0.00	0.00	0.00	0.00	0.00	0.00
Legal and Regulatory	0.00	0.00	0.00	0.00	0.00	0.00
Human Resources	0.00	0.00	0.00	0.00	0.00	0.00
Finance and Accounting	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs Administrative Programs	**3.25**	**3.00**	**3.00**	**0.00**	**3.00**	**-0.25**
Total FTEs	**34.50**	**32.85**	**30.25**	**4.00**	**34.25**	**-0.25**

[1]A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

Compared to the 2013 budget, the net decrease in direct expenses and the net increase in SPP, Inc. indirect expenses are approximately $206 thousands and $496 thousands, respectively. The decrease in direct expenses is principally due to a decrease in consultant costs. The increase in SPP, Inc. indirect expenses is due to an increase in the indirect expense rate.[4] Additional information regarding the changes to the SPP RE operating budget is detailed in the Statutory Statement of Activities and Capital Expenditures table on the next page.

[4] A table showing the derivation of the Indirect Expense Rate is presented in Section E.

2013 Budget and Projection and 2014 Budget Comparisons

Statement of Activities and Capital Expenditures
2013 Budget & Projection, and 2014 Budget

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ 8,530,054	$ 8,530,054	$ -	$ 9,163,920	$ 633,866
Penalty Sanctions	995,020	995,020	-	452,333	(542,687)
Total SPP RE Funding	**$ 9,525,074**	**$ 9,525,074**	**$ -**	**$ 9,616,253**	**$ 91,179**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 9,525,074**	**$ 9,525,074**	**$ -**	**$ 9,616,253**	**$ 91,179**
Expenses					
Personnel Expenses					
Salaries	$ 4,072,621	$ 3,714,463	$ (358,158)	$ 4,103,334	$ 30,713
Payroll Taxes	311,555	284,156	(27,399)	313,905	2,350
Benefits	312,164	324,604	12,440	332,872	20,708
Retirement Costs	162,905	148,579	(14,326)	164,133	1,228
Total Personnel Expenses	**$ 4,859,245**	**$ 4,471,802**	**$ (387,443)**	**$ 4,914,244**	**$ 54,999**
Meeting Expenses					
Meetings	$ 86,500	$ 90,000	$ 3,500	$ 91,500	$ 5,000
Travel	499,000	486,000	(13,000)	486,000	(13,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 585,500**	**$ 576,000**	**$ (9,500)**	**$ 577,500**	**$ (8,000)**
Operating Expenses					
Consultants & Contracts	$ 1,383,150	$ 1,030,000	$ (353,150)	$ 1,125,000	$ (258,150)
Office Rent	-	-	-	-	-
Office Costs	2,500	8,000	5,500	8,000	5,500
Professional Services	316,100	310,000	(6,100)	316,100	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 1,701,750**	**$ 1,348,000**	**$ (353,750)**	**$ 1,449,100**	**$ (252,650)**
Total Direct Expenses	**$ 7,146,495**	**$ 6,395,802**	**$ (750,693)**	**$ 6,940,844**	**$ (205,651)**
SPP Inc. Indirect Expenses	$ 4,368,323	$ 4,686,197	$ 317,874	$ 4,864,516	$ 496,193
SPP RE Indirect Expenses (1)	-	-	-	-	-
Total Indirect Expenses	**$ 4,368,323**	**$ 4,686,197**	**$ 317,874**	**$ 4,864,516**	**$ 496,193**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 11,514,818**	**$ 11,081,999**	**$ (432,819)**	**$ 11,805,360**	**$ 290,542**
Change in Assets	**$ (1,989,744)**	**$ (1,556,925)**	**$ 432,819**	**$ (2,189,107)**	**$ (199,363)**
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	$ -	$ -	$ -		$ -
Inc(Dec) in Fixed Assets (C)	**-**	**-**	**-**	**-**	**-**
TOTAL BUDGET (=B + C)	**$ 11,514,818**	**$ 11,081,999**	**$ (432,819)**	**$ 11,805,360**	**$ 290,542**
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	**$ (1,989,744)**	**$ (1,556,925)**	**$ 432,819**	**$ (2,189,107)**	**$ (199,363)**

(1) SPP RE Indirect Expenses which represent direct expenses for SPP RE Administrative Services, are included in direct expenses.

Section A – Statutory Programs
2014 Business Plan and Budget

Section A — 2014 Business Plan

Reliability Standards Program

Reliability Standards Program (in whole dollars)	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	1.25	0.25	(1.00)
Direct Expenses	$ 187,263	$ 33,744	$ (153,519)
Indirect Expenses- SPP Inc.	$ 158,273	$ 35,664	$ (122,609)
Indirect Expenses- SPP RE	$ 46,105	$ 8,600	$ (37,505)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Total Funding Requirement	$ 391,641	$ 78,008	$ (313,633)

Program Scope and Functional Description

The Reliability Standards Program is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 300. The .25 FTEs in this program area reflect the time spent by the Compliance Group staff members (0.15), and SPP Shared Staff (0.10 FTE) on reliability standards development activities. Specifically, SPP RE Staff and SPP Shared Staff coordinate with NERC to develop and maintain technically sound, fair and balanced reliability standards that enable NERC and Regional Entities to measure the reliability performance of bulk power system owners, operators, and users. The staff members assigned to this program also participate in the development of regional standards. The regional standards are developed using the procedures outlined in the SPP RE Standards Development Process Manual, which has been approved by FERC and NERC.

2014 Key Assumptions

The key assumptions concerning the SPP RE's Reliability Standards Program are consistent with the assumptions contained in ERO BP&B Assumptions.

2014 Goals and Key Deliverables

- Meet directives of ERO governmental authorities regarding standards development and procedures;
- Communicate with stakeholders and regulators regarding standards development;
- Participate and represent SPP region in NERC standard development activities that may have significant influence on the planning and business practices of the entities registered with SPP RE.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

-

Meeting Expenses

-

Operating Expenses

-

Indirect Expenses

-

- SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Reliability Standards Program

Funding sources and related expenses for the reliability standards section of the 2014 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2013 Budget & Projection, and 2014 Budget
Reliability Standards

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ 351,841	$ 351,841	$ -	$ 74,372	$ (277,469)
Penalty Sanctions	39,801	39,801	-	$ 3,636	(36,165)
Total SPP RE Funding	**$ 391,641**	**$ 391,642**	**$ -**	**$ 78,008**	**$ (313,634)**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 391,641**	**$ 391,642**	**$ -**	**$ 78,008**	**$ (313,634)**
Expenses					
Personnel Expenses					
Salaries	$ 154,835	$ 29,167	$ (125,668)	$ 28,372	$ (126,463)
Payroll Taxes	11,845	2,231	(9,614)	2,170	(9,675)
Benefits	9,390	2,067	(7,323)	2,067	(7,323)
Retirement Costs	6,193	1,167	(5,026)	1,135	(5,058)
Total Personnel Expenses	**$ 182,263**	**$ 34,632**	**$ (147,631)**	**$ 33,744**	**$ (148,519)**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	5,000	-	(5,000)	-	(5,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 5,000**	**$ -**	**$ (5,000)**	**$ -**	**$ (5,000)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Direct Expenses	**$ 187,263**	**$ 34,632**	**$ (152,631)**	**$ 33,744**	**$ (153,519)**
SPP Inc. Indirect Expenses	$ 158,273	$ 35,664	$ (122,609)	$ 35,664	$ (122,609)
SPP RE Indirect Expenses	46,105	8,889	(37,216)	8,600	(37,505)
Total Indirect Expenses	**$ 204,378**	**$ 44,553**	**$ (159,825)**	**$ 44,264**	**$ (160,114)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 391,641**	**$ 79,185**	**$ (312,456)**	**$ 78,008**	**$ (313,633)**
Change in Assets	**$ -**	**$ 312,457**	**$ 312,456**	**$ -**	**$ -**
Fixed Assets	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-
					-
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ 391,641	$ 79,185	$ (312,456)	$ 78,008	$ (313,633)
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ 312,457	$ 312,456	$ -	$ -
FTEs	1.25	0.25	-1.00	0.25	-1.00

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	22.25	22.35	0.10
Direct Expenses*	$ 4,290,513	$ 4,244,284	$ (46,229)
Indirect Expenses- SPP Inc.	$ 2,817,251	$ 3,188,326	$ 371,075
Indirect Expenses- SPP RE	$ 1,056,333	$ 1,081,684	$ 25,351
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Total Funding Requirement	$ 8,164,097	$ 8,514,294	$ 350,197

* Includes Personnel Expenses of 1 FTE from Training and Education Program to maintain confidentiality

Program Scope and Functional Description

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program (CMEP) is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 400. There are approximately 140 registered entities with a combined total of approximately 400 registered functions located within the SPP RE's footprint. The SPP RE CMEP is administered by the SPP RE Staff. Only the SPP RE Trustees and certain SPP RE Staff members have the authority to make compliance and enforcement decisions.

To avoid the appearance of any conflicts of interest, SPP RE has engaged SERC Reliability Corporation to serve as the compliance enforcement authority for SPP's registered functions in the SPP RE region. In accordance with the terms of the agreement between SERC and SPP, SPP RE has included $X in its budget to compensate SERC for performing the CMEP activities for SPP's registered functions in the SPP RE region.

SPP RE CMEP is organized into three distinct groups: Compliance Monitoring; Critical Infrastructure Protection (CIP); and Enforcement. The SPP RE Director of Compliance and Events is responsible for the oversight of the Compliance Monitoring Group, the Director of Critical Infrastructure Protection (CIP) is responsible of the oversight of the CIP Group, and the SPP RE Manager of Enforcement is responsible for the oversight of the Enforcement Group.

<u>Compliance Groups</u>

The FTEs assigned to the Compliance Groups are responsible for registering owners, operators and users of the BPS and monitoring and assessing registered entities' compliance with NERC-approved reliability standards. The various activities performed by the staff members assigned to the Compliance groups include: 1) conducting compliance audits, spot checks, and self certifications of entities registered in the SPP RE footprint, 2) reviewing CIP technical feasibility exception requests (TFEs), periodic data submittals and self-reports made by entities registered in the SPP RE footprint, 3) participating in SPP RE workshops and webinars, and 4) participating in various SPP and NERC working groups. The Compliance Groups also make the initial determination of whether a registered entity is non-compliant with a reliability standard.

A total of 11.50 FTEs are assigned to the Compliance Groups, and include: the SPP RE Director of Compliance and Events, allocated at .5 FTEs, five Compliance Monitoring positions, five CIP audit positions, and one Compliance Coordinator. To recognize that staff members assigned to the Compliance Groups are also responsible for participating and representing SPP RE in NERC standard development activities, 0.15 FTE assigned to the Compliance Groups has been reallocated to the Reliability Standards program; and to recognize that the Compliance Coordinator is also responsible for assisting in the SPP RE's outreach activities, .25 FTE assigned to the Compliance Groups has been reallocated to the Training and Education program.

In addition to the SPP RE Staff, SPP RE uses consultants to assist the SPP RE with traditional (693) and CIP audits. On average, two consultants participate on each SPP RE onsite 693 and CIP audit team and one consultant participates on SPP's offsite 693 audit team and CIP field tests audit team. SPP RE has included $430,000 in its budget for compliance consulting costs.

Enforcement Group

The FTEs assigned to the Enforcement group are responsible for reviewing the Compliance Groups' findings of non-compliance, notifying registered entities and NERC of possible violations, reviewing and verifying the registered entities' mitigation plans, determining proposed monetary penalties and non-monetary sanctions, and participating in settlement negotiations. The various activities performed by the staff members assigned to the Enforcement Group include: 1) conducting discovery, 2) preparing and issuing Preliminary Notice of Possible Violations, Notice of Alleged Violations and Penalties and Sanctions, and Confirmed Notice of Violation, 3) reviewing, accepting, and verifying completion of mitigation plans, 4) participating in settlement negotiations, 5) participating in hearings of contested violations, as necessary, and 6) participating in various SPP and NERC working groups and SPP RE workshops.

A total of 11.00 FTEs are assigned to this group, and includes: the Manager of Enforcement, five enforcement attorneys, one mitigation plan analyst, one mitigation plan engineer, one paralegal, and one temporary enforcement attorney, and two part-time law clerks (an equivalent of 1.0 FTEs).

In addition to the SPP RE Staff, SPP RE uses consultants to assist SPP RE with reviewing, accepting, verifying completion of mitigation plans, and processing possible violations. SPP RE has included $120,000 in its budget for compliance consulting costs.

2014 Key Assumptions

The assumptions for this program are consistent with those contained in ERO BP&B Assumptions. NERC and the Regional Entities will continue to collaborate and define ongoing training needs, priorities, and implementation schedules for the auditors, enforcement, and investigation staff. As part of the training effort, at least two compliance enforcement authority (CEA) workshops and monthly auditor calls will occur to provide auditors and enforcement staff with updates on compliance and enforcement policies, actions, and requirements in order to promote consistency of audit practices and procedures. SPP RE will continue to engage a contractor to provide training in the application of generally acceptable auditing standards. It is expected that this training and possible certification effort will have an impact on staffing needs and costs (e.g., travel, lodging, and labor) to participate and attend this training. SPP RE has provided time for staff to maintain industry certifications, such as NERC System Operator Certification and Critical Infrastructure Protection (CIP) certifications, etc.

Given these key assumptions and based on actual 2012 resource requirements, SPP RE believes the resources assigned to this program area are adequate to achieve the goals and deliverables detailed below.

2014 Goals and Key Deliverables

- Ensure that bulk power system owners, operators, and users are correctly registered through a more proactive review of registration status; seek to ensure that responsibilities are clearly understood by all registered entities and there are no material gaps or adverse impacts on bulk power system reliability;

- Perform six to eight on-site FERC Order 693 compliance audits of registered RC, BA, and TOP entities (3-year cycle entities);

- Perform fifteen to eighteen off-site FERC Order 693 compliance audits of other registered entities (6-year cycle entities);

- Perform six to eight on-site CIP compliance audits of registered entities;

- Perform ten to sixteen off-site CIP compliance audits of registered entities;

- Perform spot check, self-certifications, exception reporting, and periodic data submittals of specified standards as dictated by NERC's 2014 Compliance Monitoring and Enforcement Program Annual Implementation Plan (based on past experience, it is assumed that three Quarterly self-certifications, one Annual self-certification, and five event driven spot checks will be performed);

- Perform Compliance Investigations, as necessary;

- Perform independent review of initial findings of possible violations;

- Create Notices of Alleged Violation and Penalties and Sanctions (NAVAPS) and Notices of Confirmed Violations (NOCV);

- Negotiate and develop settlements of violations;

- Verify that findings of non-compliance are and/or have been appropriately mitigated;

- Serve as SPP RE liaisons to SPP working groups and attend approximately 30 SPP working group meetings in 2014; and

- Engage contractors to assist in the evaluation of whether to grant or deny a registered entity's request for a declaration that elements of its system are not part of the Bulk Electric System.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

-

Meeting Expenses

-

Operating Expenses

-

Indirect Expenses

-

- SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2014 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2016 Budget & Projection, and 2014 Budget
Compliance and Organization Registration and Certification

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ 7,455,643	$ 7,455,643	$ -	$ 8,189,225	$ 733,582
Penalty Sanctions	708,454	708,454	-	325,069	(383,385)
Total SPP RE Funding	**$ 8,164,097**	**$ 8,164,097**	**$ -**	**$ 8,514,294**	**$ 350,197**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 8,164,097**	**$ 8,164,097**	**$ -**	**$ 8,514,294**	**$ 350,197**
Expenses					
Personnel Expenses					
Salaries	$ 2,594,600	$ 2,505,302	$ (89,298)	$ 2,680,693	$ 86,093
Payroll Taxes	198,487	191,656	(6,831)	205,073	6,586
Benefits	207,142	222,723	15,581	224,790	17,648
Retirement Costs	103,784	100,212	(3,572)	107,228	3,444
Total Personnel Expenses	**$ 3,104,013**	**$ 3,019,892**	**$ (84,121)**	**$ 3,217,784**	**$ 113,771**
Meeting Expenses					
Meetings	$ 6,500	$ 5,000	$ (1,500)	$ 6,500	$ -
Travel	310,000	310,000	-	310,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 316,500**	**$ 315,000**	**$ (1,500)**	**$ 316,500**	**$ -**
Operating Expenses					
Consultants & Contracts	$ 870,000	$ 645,000	$ (225,000)	$ 710,000	$ (160,000)
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 870,000**	**$ 645,000**	**$ (225,000)**	**$ 710,000**	**$ (160,000)**
Total Direct Expenses	**$ 4,290,513**	**$ 3,979,892**	**$ (310,621)**	**$ 4,244,284**	**$ (46,229)**
SPP Inc. Indirect Expenses	$ 2,817,251	$ 3,152,662	$ 335,411	$ 3,188,326	$ 371,075
SPP RE Indirect Expenses	1,056,333	1,021,547	(34,786)	1,081,684	25,351
Total Indirect Expenses	**$ 3,873,584**	**$ 4,174,209**	**$ 300,625**	**$ 4,270,010**	**$ 396,426**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 8,164,097**	**$ 8,154,101**	**$ (9,996)**	**$ 8,514,294**	**$ 350,197**
Change in Assets	**$ -**	**$ 9,996**	**$ 9,996**	**$ -**	**$ -**
Fixed Assets	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
					-
Allocation of Fixed Assets	-	-	-	-	-
					-
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ 8,164,097	$ 8,154,101	$ (9,996)	$ 8,514,294	$ 350,197
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ 9,996	$ 9,996	$ -	$ (1)
FTEs	22.25	22.10	(0.15)	22.35	0.10

Reliability Assessment and Performance Analysis Program

Reliability Assessments and Performance Analysis (in whole dollars)	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	6.50	7.13	0.63
Direct Expenses	$ 1,430,907	$ 1,495,065	$ 64,158
Indirect Expenses- SPP Inc.	$ 823,017	$ 1,016,413	$ 193,396
Indirect Expenses- SPP RE	$ 352,292	$ 381,027	$ 28,735
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Total Funding Requirement	$ 2,606,216	$ 2,892,505	$ 286,289

Program Scope and Functional Description

The Reliability Assessment and Performance Analysis Program is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 800. SPP RE direct and Shared Staff members assigned to this program support NERC's efforts in preparing five reliability assessments each year: a long-term reliability assessment (LTRA) report, a summer assessment report, a winter assessment report, and two post-seasonal assessments. These reports analyze electricity demand and the Reliability and Adequacy Assessment Objectives adequacy of supply throughout the North American bulk power system, as well as examine the adequacy of the transmission system. SPP Shared staff also conducts inter-regional studies and other planning studies.

SPP RE is responsible for overseeing and conducting Event Analyses on reliability events within the SPP RE footprint. The analysis may be conducted by the entity involved in the event, an assigned SPP Working Group/Committee, a technical team comprised of industry experts or may be conducted by the RE, NERC or FERC staff. SPP RE is responsible for producing a final technical report on each reportable event. Any issues that surface which may lead to standards compliance questions will be handled through the CMEP portion of this Business Plan.

2014 Key Assumptions

SPP RE expects to continue to utilize SPP Shared Staff to assist SPP RE in fulfilling its non-CMEP activities in this program. Key assumptions shared by NERC and the Regional Entities affecting the SPP RE budget in this program area include:

- NERC and the Regional Entities will prioritize and budget for two special reliability assessment initiatives per year;
- SPP RE will continue to support the NERC Reliability Assessment Subcommittee;
- NERC and the Regional Entities will continue to define clear, uniform criteria/ranking for reporting and categorizing of system events and security incidents;
- NERC and the Regional Entities will continue to work together to develop joint processes and resourcing for triage, analysis, and reporting of system events to the regulators and will coordinate with regulators regarding these issues;

- NERC and the Regional Entities will provide timely publication of lessons learned and recommendations and track responses to recommendations;
- NERC and the Regional Entities will continue to refine the criteria and process to encourage prompt and complete self-analysis of events and disturbances to promote continuous improvement and information sharing; and
- The number of events requiring review and analysis are expected to increase.

2014 Goals and Key Deliverables

- Maintain and host a library of solved power flow models, a system dynamics database, and dynamics simulation cases for use by regional reliability organizations and their registered entities to assist with planning and evaluating future systems and current operating conditions;
- Provide regional input to NERC's three reliability assessments each year: a long-term reliability assessment report, a summer assessment report, and a winter assessment report;
- Perform a Probabilistic Assessment in support of the LTRA;
- Participate in NERC meetings to discuss reliability assessment and analyses of the impact of these assessments;
- Conduct inter-regional and other planning studies, including participation in the Eastern Interconnection Reliability Assessment Group (ERAG);
- Participate in NERC's model validation efforts;
- Investigate, assess, and report on the potential impacts of new and evolving electricity market practices, new or proposed regulatory procedures, and new or proposed legislation (e.g., environmental requirements) on the adequacy and operating reliability of the bulk power system;
- Maintain a working dialog on bulk power system reliability and adequacy issues with SPP members; and
- Participate actively in the following NERC working groups/committees/task forces:
    - Event Analysis Working Group (EAWG) which will become the Event Analysis Subcommittee (EAS))
    - Reliability Assessment Database Working Group (RADWG)
    - Reliability Assessment Subcommittee (RAS)
    - Performance Analysis Subcommittee (PAS)
        - Generator Availability Data System Working Group (GADSWG)
        - Transmission Availability Data System Working Group (TADSWG)
        - Demand Response Availability Data System Working Group (DADSWG)

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

-

Meeting Expenses

-

Operating Expenses

-

Indirect Expenses

-

- SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2014 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2013 Budget & Projection, and 2014 Budget
Reliability Assessment and Performance Analysis

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ 2,399,251	$ 2,399,251	$ -	$ 2,788,876	$ 389,625
Penalty Sanctions	206,964	206,964	-	103,629	(103,335)
Total SPP RE Funding	**$ 2,606,215**	**$ 2,606,215**	**$ -**	**$ 2,892,505**	**$ 286,290**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 2,606,215**	**$ 2,606,215**	**$ -**	**$ 2,892,505**	**$ 286,290**
Expenses					
Personnel Expenses					
Salaries	$ 692,278	$ 712,842	$ 20,564	$ 835,786	$ 143,508
Payroll Taxes	52,959	54,532	1,573	63,938	10,979
Benefits	51,828	55,709	3,881	61,910	10,082
Retirement Costs	27,691	28,514	823	33,431	5,740
Total Personnel Expenses	**$ 824,757**	**$ 851,597**	**$ 26,841**	**$ 995,065**	**$ 170,309**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	108,000	100,000	(8,000)	100,000	(8,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 108,000**	**$ 100,000**	**$ (8,000)**	**$ 100,000**	**$ (8,000)**
Operating Expenses					
Consultants & Contracts	$ 498,150	$ 370,000	$ (128,150)	$ 400,000	$ (98,150)
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 498,150**	**$ 370,000**	**$ (128,150)**	**$ 400,000**	**$ (98,150)**
Total Direct Expenses	**$ 1,430,907**	**$ 1,321,597**	**$ (109,309)**	**$ 1,495,065**	**$ 64,159**
SPP Inc. Indirect Expenses	$ 823,017	$ 909,422	$ 86,405	$ 1,016,413	$ 193,396
SPP RE Indirect Expenses	352,292	339,223	(13,069)	381,027	28,735
Total Indirect Expenses	**$ 1,175,309**	**$ 1,248,645**	**$ 73,336**	**$ 1,397,440**	**$ 222,131**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 2,606,215**	**$ 2,570,242**	**$ (35,973)**	**$ 2,892,505**	**$ 286,290**
Change in Assets	**$ -**	**$ 35,973**	**$ 35,973**	**$ -**	**$ -**
Fixed Assets	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
					-
Allocation of Fixed Assets	-	-	-	-	-
					-
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ 2,606,215	$ 2,570,242	$ (35,973)	$ 2,892,505	$ 286,290
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ 35,973	$ 35,973	$ -	$ -
FTEs	6.50	6.38	(0.13)	7.13	0.63

Training, Education, and Operator Certification Program

Training, Education and Operator Certification (in whole dollars)	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	1.00	1.25	0.25
Direct Expenses*	$ 73,000	$ 78,000	$ 5,000
Indirect Expenses- SPP Inc.	$ 126,618	$ 178,318	$ 51,700
Indirect Expenses- SPP RE	$ 17,973	$ 19,879	$ 1,906
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Total Funding Requirement	$ 217,591	$ 276,197	$ 58,606
* To maintain confidentiality, Personnel Expenses are included in the CMEP program area.			

Program Scope and Functional Description

The Training, Education, and Operator Certification Program is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 900. The 1.0 FTE in this program area represents the time spent by the RE Outreach Coordinator and the Compliance Program Coordinator (0.25 FTE). These SPP Staff design, develop, and conduct training and education via compliance workshops, CIP workshops, webinars, and videos.

Operator Certification Training is provided by SPP RTO staff, and as such, the expenses for this training continue to be excluded from the SPP RE budget and are included in the SPP, Inc. budget.

2014 Key Assumptions

SPP RE will continue to conduct outreach activities designed to increase the reliability of the bulk power system located in the SPP RE region. Specific training areas targeted for 2014 include: Lessons Learned, Effective Compliance Cultures, Critical Infrastructure Protection, Self Reports & Self Certifications, Currently Monitored Standards, and an Online "The Basics" Video Series.

2014 Goals and Key Deliverables

- Host a minimum of two compliance workshops;
- Host a minimum of one CIP workshop;
- Participate in NERC and other Regional Entities training and educational programs, as necessary;
- Publish monthly news bulletins and monthly newsletters for registered entities;
- Host a minimum of five compliance webinars; and

- Create and maintain an online video series designed to assist registered entity staff new to compliance program with basic information about the ERO enforceable compliance program, including standards development, compliance audits, and mitigation plans.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

-

Meeting Expenses

-

Operating Expenses

-

Indirect Expenses

-

- SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2014 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2013 Budget & Projection, and 2014 Budget
Training and Education

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ 185,750	$ 185,750	$ -	$ 258,016	$ 72,266
Penalty Sanctions	31,841	31,841	-	18,181	(13,660)
Total SPP RE Funding	**$ 217,591**	**$ 217,591**	**$ -**	**$ 276,197**	**$ 58,606**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 217,591**	**$ 217,591**	**$ -**	**$ 276,197**	**$ 58,606**
Expenses					
Personnel Expenses					
Salaries	$ -	$ -	$ -	$ -	$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Meeting Expenses					
Meetings	$ 55,000	$ 60,000	$ 5,000	$ 60,000	$ 5,000
Travel	13,000	13,000	-	13,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 68,000**	**$ 73,000**	**$ 5,000**	**$ 73,000**	**$ 5,000**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	5,000	-	(5,000)	5,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 5,000**	**$ -**	**$ (5,000)**	**$ 5,000**	**$ -**
Total Direct Expenses	**$ 73,000**	**$ 73,000**	**$ -**	**$ 78,000**	**$ 5,000**
SPP Inc. Indirect Expenses	$ 126,618	$ 142,654		$ 178,318	$ 51,700
SPP RE Indirect Expenses	17,973	18,737		19,879	1,906
Total Indirect Expenses	**$ 144,591**	**$ 161,391**	**$ 16,800**	**$ 198,197**	**$ 53,606**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 217,591**	**$ 234,391**	**$ 16,800**	**$ 276,197**	**$ 58,606**
Change in Assets	**$ -**	**$ (16,800)**	**$ (16,800)**	**$ -**	**$ (1)**
Fixed Assets	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
					-
Allocation of Fixed Assets	-	-	-	-	-
					-
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ 217,591	$ 234,391	$ 16,800	$ 276,197	$ 58,606
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ (16,800)	$ (16,800)	$ -	$ 0
FTEs	1.00	1.00	-	1.25	0.25

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	0.25	0.13	(0.13)
Direct Expenses	$ 83,147	$ 21,137	$ (62,010)
Indirect Expenses- SPP Inc.	$ 31,655	$ 17,832	$ (13,823)
Indirect Expenses- SPP RE	$ 20,471	$ 5,387	$ (15,084)
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Total Funding Requirement	$ 135,273	$ 44,356	$ (90,917)

Program Scope and Functional Description

The Situation Awareness and Infrastructure Security Program is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 1000.

NERC coordinates electric industry activities to promote critical infrastructure protection of the bulk power system in North America. NERC has a leadership role in the critical infrastructure protection of the electricity sector to reduce vulnerability and improve mitigation and protection of the electricity sector's critical infrastructure. NERC acts as the electricity sector's Sector Coordinator and operates its Information Sharing and Analysis Center to gather and communicate information about security-related threats within the sector, United States and Canadian governmental authorities, and other critical infrastructure sectors. NERC also performs security planning activities focused on the critical infrastructure protection of the electricity sector, including sharing sensitive or classified information with federal, state, and provincial governmental authorities.

SPP Reliability Coordinator actively participates in NERC critical infrastructure protection activities and serves as an information conduit between NERC and SPP members. These activities are non-statutory. SPP also sponsors a Critical Infrastructure Protection Working Group (CIPWG), which:

- Serves as an expert advisory panel to the SPP Board of Directors, committees, and members, provides a forum for discussion of physical and cyber security issues within the SPP Region;

- Provides general guidance to SPP members on CIP Standards and related compliance efforts; and

- Serves as the interface between the NERC Critical Information Protection Committee (CIPC) and the SPP membership, including:

    - Serving as a conduit for information flow between the CIPC and SPP members

- Developing guidance and recommendations to CIPC members representing the SPP

The CIPWG consists of SPP members who are subject to the NERC CIP Cyber Security Standards (CIP-002 through CIP-009) and is facilitated by an SPP staff member. The working group meets quarterly at a member location. Additional meetings and conference calls are scheduled as required.

SPP RE is represented on the CIPC by three SPP member company representatives who represent the physical, cyber, and operations disciplines. Per the SPP Bylaws, SPP RE reimburses the member representatives for travel expenses incurred while performing CIPC responsibilities.

CIP compliance monitoring and enforcement is included in Compliance Monitoring and Enforcement and Organization Registration and Certification Program.

2014 Key Assumptions

In addition to the assumptions that are shared among NERC and the Regional Entities, SPP RE expects the continued support of the SPP CIPWG, and continued support for CIPC participation from designated SPP member representatives.

2014 Goals and Key Deliverables

- Continue sponsoring the Critical Infrastructure Protection Working Group (CIPWG)
  - Continue quarterly meetings
  - Maintain and Increase CIPWG membership
  - Provide progress updates on CIP standards drafting
  - Provide a discussion forum for NERC-requested comments and ballot issues
  - Provide support to the RE-sponsored CIP “How-To” Workshop

- Provide enhanced support to SPP registered entities about CIP Standards
  - Provide general recommendations on appropriate security best practices
  - Provide opportunities for technical and compliance-related training
  - Provide registered entities-Only discussion periods regarding CIP compliance progress
  - Maintain the CIPWG electronic mail lists for group discussion of CIP-related issues

- Continue supporting CIPC attendance by CIPWG representatives
  - Reimburse expenses for Physical, Cyber, and Operations representatives (or designated alternates)

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

-

Meeting Expenses

-

Operating Expenses

-

Indirect Expenses

-

- The SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2014 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2013 Budget & Projection, and 2014 Budget
Situation Awareness and Infrastructure Security

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ 127,313	$ 127,313	$ -	$ 42,538	$ (84,775)
Penalty Sanctions	7,960	7,960	-	1,818	(6,142)
Total SPP RE Funding	**$ 135,273**	**$ 135,273**	**$ -**	**$ 44,356**	**$ (90,917)**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ 135,273**	**$ 135,273**	**$ -**	**$ 44,356**	**$ (90,917)**
Expenses					
Personnel Expenses					
Salaries	$ 72,790	$ 17,781	$ (55,009)	$ 18,006	$ (54,784)
Payroll Taxes	5,568	1,360	(4,208)	1,377	(4,191)
Benefits	1,878	1,034	(845)	1,034	(845)
Retirement Costs	2,912	711	(2,201)	720	(2,192)
Total Personnel Expenses	**$ 83,147**	**$ 20,886**	**$ (62,262)**	**$ 21,137**	**$ (62,011)**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Direct Expenses	**$ 83,147**	**$ 20,886**	**$ (62,262)**	**$ 21,137**	**$ (62,011)**
SPP Inc. Indirect Expenses	$ 31,655	$ 17,832		$ 17,832	$ (13,823)
SPP RE Indirect Expenses	20,471	5,361		5,387	(15,084)
Total Indirect Expenses	**$ 52,126**	**$ 23,193**	**$ (28,933)**	**$ 23,219**	**$ (28,907)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 135,273**	**$ 44,079**	**$ (91,194)**	**$ 44,356**	**$ (90,917)**
Change in Assets	**$ -**	**$ 91,194**	**$ 91,194**	**$ -**	**$ (1)**
Fixed Assets	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
					-
Allocation of Fixed Assets	-	-	-	-	-
					-
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ 135,273	$ 44,079	$ (91,194)	$ 44,356	$ (90,917)
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ 91,194	$ 91,194	$ -	$ -
FTEs	0.25	0.13	(0.13)	0.13	(0.13)

Administrative Services

Administrative Services (in whole dollars)	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	3.25	3.00	(0.25)
Total Direct Expenses	$ 1,493,174	$ 1,496,578	$ 3,404
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Less: Other Funding Sources	$ -	$ -	$ -
Total Allocation to Statutory Programs as Indirect Expenses	$ 1,493,174	$ 1,496,578	$ 3,404
Funding Requirement for Working Capital Requirement	$ (1,989,744)	$ (2,189,107)	$ (199,363)

Methodology for Allocation of Administrative Services Expenses to Programs

The expenses for finance and accounting, information technology, and human resources administrative support services that are provided to SPP RE by SPP (SPP, Inc. Indirect Expenses), which are separate and distinct from the services provided by SPP RE direct staff and consultants and contractors, are assessed to SPP RE based on a fixed rate per hour per FTE. The SPP Indirect Expense rate is calculated by dividing the total costs for these support functions (excluding certain IT costs that are specific to SPP's RTO functions) by the total hours worked by non-support personnel in the entire SPP organization. The indirect expense rate is then multiplied by each hour directly charged to SPP RE by SPP Shared staff and for designated number of hours for SPP RE direct staff. A table showing the derivation of the SPP, Inc. Indirect Expense rate is presented in Section E of this BP&B.

SPP RE Administrative Services Expenses, which are limited to expenses incurred for SPP RE General and Administrative and Legal and Regulatory programs, are allocated among the five operational programs based on the program's pro rata share of the total direct operational program expense.

Technical Committees and Member Forums

Technical Committes and Member Forums (in whole dollars)	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

SPP RE provides forums for registered entities within its footprint to discuss and share reliability concerns. This includes SPP committees, subcommittees, working groups, and task forces that are grouped by technical areas. The expenses incurred by SPP RE for these forums are included in the direct expenses of the applicable program.

SPP RE also conducts a minimum of three public workshops per year where registered entities are able to interact with SPP RE Staff and NERC staff and discuss reliability issues. These expenses are included in the Training, Education, and Operator Certification Program.

2014 Key Assumptions

- SPP RE liaisons to SPP working groups are projected attend approximately 30 SPP working group meetings in 2014.

2014 Goals and Key Deliverables

- Provide input on ERO and RE issues, including but not limited to the NERC Members Representative Committee and other NERC standing committees

- Provide technical committee forums to act as standards-drafting teams in development of SPP regional reliability standards

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- N/A

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

General and Administrative

General and Administrative (in whole dollars)	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	3.25	3.00	(0.25)
Expenses	$ 1,343,174	$ 1,346,578	$ 3,404
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ (1,989,744)	$ (2,189,107)	$ (199,363)

Program Scope and Functional Description

The General and Administrative function consists of the RE General Manager, the RE Manager of Regulatory Interface Process Improvement, RE Administrative Assistant, and three independent Regional Entity Trustees.

The RE Trustees, who are independent of the SPP Board of Directors, any SPP member, SPP registered entity, industry stakeholder, or organizational group, have autonomy over decisions in fund allocation and approval of the SPP RE budget, as well as decisions on regional standards, compliance enforcement actions, and penalties.

The RE General Manager provides executive level support through, among other means, participation in meetings and conference calls with other Regional Entities and Senior NERC staff. The RE General Manager reports directly to the three independent RE Trustees.

The RE Manager of Regulatory Interface and Process Improvement is responsible for coordinating and developing the SPP RE processes for SPP RE's Regulatory Interface and performing process improvement activities for the RE operational program functions. The RE Manager of Regulatory Interface and Process Improvement also coordinates and facilitates the development of compliance plans, policies, and procedures and implementation of appropriate systems/software for the SPP RE compliance monitoring and enforcement activities to enhance implementation of the NERC Compliance Monitoring and Enforcement Program (CMEP) and Rules of Procedure (RoP).

The RE Administrative Assistants provide support to all SPP RE programs and SPP RE direct staff members.

2014 Key Assumptions

- SPP RE continues to operate as an independent and functionally separate division of SPP

2014 Goals and Key Deliverables

- Ensure that SPP RE fulfills the responsibilities of the Regional Delegation Agreement between SPP and NERC;

- Ensure that SPP RE is adequately staffed and has the resources needed to fulfill the responsibilities of the Regional Entity Delegation Agreement between SPP and NERC; and

- Continue to explore opportunities to enhance the effectiveness and efficiency of SPP RE in promoting and improving the reliability of the bulk power system

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The General and Administrative costs are allocated to the five operational programs resulting in zero funding requirements. The negative Funding amount shown for SPP RE Assessment in the Statement of Activities is the activity relating to the Working Capital Reserve – see Table B-1.

Personnel Expenses

-

Meeting Expenses

-

Operating Expenses

-

Indirect Expenses

- SPP, Inc. Indirect Expenses are assessed to SPP RE based on a fixed rate per hour per FTE. The decrease in the SPP, Inc. Indirect Expenses is due to the lower fixed rated and the reduction in budgeted FTEs.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2014 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2013 Budget & Projection, and 2014 Budget
General and Administrative

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ (1,989,744)	$ (1,989,744)	$ -	$ (2,189,107)	$ (199,363)
Penalty Sanctions	-	-	-	-	-
Total SPP RE Funding	**$ (1,989,744)**	**$ (1,989,744)**	**$ -**	**$ (2,189,107)**	**$ (199,363)**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ (1,989,744)**	**$ (1,989,744)**	**$ -**	**$ (2,189,107)**	**$ (199,363)**
Expenses					
Personnel Expenses					
Salaries	$ 558,118	$ 449,371	$ (108,747)	$ 540,477	$ (17,641)
Payroll Taxes	42,696	34,377	(8,319)	41,346	(1,350)
Benefits	41,926	43,072	1,146	43,072	1,146
Retirement Costs	22,325	17,975	(4,350)	21,619	(706)
Total Personnel Expenses	**$ 665,065**	**$ 544,795**	**$ (120,270)**	**$ 646,515**	**$ (18,550)**
Meeting Expenses					
Meetings	$ 25,000	$ 25,000	$ -	$ 25,000	$ -
Travel	63,000	63,000	-	63,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 88,000**	**$ 88,000**	**$ -**	**$ 88,000**	**$ -**
Operating Expenses					
Consultants & Contracts	$ 15,000	$ 15,000	$ -	$ 15,000	$ -
Office Rent	-	-	-	-	-
Office Costs	2,500	8,000	5,500	8,000	5,500
Professional Services	161,100	160,000	(1,100)	161,100	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 178,600**	**$ 183,000**	**$ 4,400**	**$ 184,100**	**$ 5,500**
Total Direct Expenses	**$ 931,665**	**$ 815,795**	**$ (115,870)**	**$ 918,615**	**$ (13,050)**
SPP Inc. Indirect Expenses	**$ 411,509**	**$ 427,963**		**$ 427,963**	**$ 16,454**
SPP RE Indirect Expenses	**$ (1,343,174)**	**$ (1,243,758)**		**$ (1,346,578)**	**$ (3,404)**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ (1,989,744)**	**$ (1,989,744)**	**$ -**	**$ (2,189,107)**	**$ (199,363)**
Fixed Assets					
Depreciation	$ -	$ -	$ -	$ -	
Computer & Software CapEx	-	-	-	-	
Furniture & Fixtures CapEx	-	-	-	-	
Equipment CapEx	-	-	-	-	
Leasehold Improvements	-	-	-	-	
Allocation of Fixed Assets	-	-	-	-	
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ -	$ -	$ -	$ -	$ -
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ (1,989,744)	$ (1,989,744)	$ -	$ (2,189,107)	$ (199,363)
FTEs	3.25	3.00	(0.25)	3.00	(0.25)

Legal and Regulatory

Legal and Regulatory (in whole dollars)	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	$ 150,000	$ 150,000	$ -
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

SPP RE has a Manager of Enforcement and Legal who provides exclusive legal support to SPP RE. The expenses related to the Manager of Enforcement and Legal are included in the Compliance Enforcement and Organization Registration Program area. If SPP RE is required to convene hearings under the Compliance Enforcement and Organization Registration program, independent hearing officers may be utilized.

2014 Key Assumptions

- Estimated hearing costs are included to support one fully litigated hearing in 2014.

2014 Goals and Key Deliverables

- Provide hearing officer if SPP RE is required to convene hearings

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The Legal and Regulatory costs are allocated to the five operational programs resulting in zero funding requirements.

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Legal and Regulatory

Funding sources and related expenses for the general and administrative section of the 2014 business plan are shown in the table below.

Statement of Activities and Capital Expenditures
2013 Budget & Projection, and 2014 Budget
Legal and Regulatory

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	$ -	$ -	$ -	$ -	$ -
Penalty Sanctions	-	-	-	-	-
Total SPP RE Funding	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses					
Personnel Expenses					
Salaries	$ -	$ -	$ -	$ -	$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	150,000	150,000	-	150,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 150,000**	**$ 150,000**	**$ -**	**$ 150,000**	**$ -**
Total Direct Expenses	**$ 150,000**	**$ 150,000**	**$ -**	**$ 150,000**	**$ -**
SPP Inc. Indirect Expenses	**$ -**	**$ -**		**$ -**	**$ -**
SPP RE Indirect Expenses	**$ (150,000)**	**$ (150,000)**		**$ (150,000)**	**$ -**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
					-
Allocation of Fixed Assets	-	-	-	-	-
					-
Inc (Dec) in Fixed Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (=B + C)	$ -	$ -	$ -	$ -	$ -
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	$ -	$ -	$ -	$ -	$ -
FTEs	0.00	0.00	0.00	0.00	0.00

Information Technology

Information Technology (in whole dollars)	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The SPP Information Technology department provides resources for SPP RE to fulfill the responsibilities of the RE Delegation Agreement.

2014 Key Assumptions

- The SPP Information Technology department continues to provide resources for SPP RE.

2014 Goals and Key Deliverables

- To provide adequate information technology support for SPP RE to fulfill the responsibilities of the Regional Entity Delegation Agreement between SPP and NERC.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The costs for IT services to support all RE programs are accounted for within the SPP, Inc. Indirect Expenses.

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Human Resources

Human Resources (in whole dollars)	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The SPP Human Resource department provides resources for SPP RE to fulfill the responsibilities of the RE Delegation Agreement.

2014 Key Assumptions

- The SPP Human Resource department continues to provide resources for SPP RE.

2014 Goals and Key Deliverables

- To provide adequate human resource support for SPP RE to fulfill the responsibilities of the Regional Entity Delegation Agreement between SPP and NERC.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The costs for human resource services to support all RE programs are accounted for within the SPP, Inc. Indirect Expenses.

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Finance and Accounting

Accounting and Finance (in whole dollars)	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ -	$ -	$ -
Working Capital Requirement	$ -	$ -	$ -

Program Scope and Functional Description

The SPP Accounting department provides resources for SPP RE to fulfill the responsibilities of the RE Delegation Agreement.

2014 Key Assumptions

- The SPP Accounting department continues to provide resources for SPP RE.

2014 Goals and Key Deliverables

- To provide adequate accounting and finance support for SPP RE to fulfill the responsibilities of the Regional Entity Delegation Agreement between SPP and NERC.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The costs for accounting and finance services to support all RE programs are accounted for within the SPP, Inc. Indirect Expenses, except for the expenses of the RE Manager of Financial and Process Improvement, which are budgeted and recorded in General and Administration.

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Section B – Supplemental Financial Information
2014 Business Plan and Budget

Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2013-2014		
STATUTORY		
Beginning Working Capital Reserve (Deficit), December 31, 2012	$	4,789,385
Less Penalties Received 7/1/2012- 12/31/2012		(48,333)
Plus: 2013 SPP RE Funding (from LSEs or designees)		8,530,054
Plus: 2013 Other funding sources		0
Less: 2013 Projected expenses & capital expenditures		(11,081,999)
Projected Working Capital Reserve (Deficit), December 31, 2013		**2,189,107**
Desired Working Capital Reserve, December 31, 2014 [2]	$	-
Less: Projected Working Capital Reserve, December 31, 2013		(2,189,107)
Increase(decrease) in assessments to achieve desired Working Capital Reserve		(2,189,107)
2014 Expenses and Capital Expenditures		11,805,360
Less: Penalty sanctions to be used as offset to 2014 assessments [1]		(452,333)
Less: Other Funding Sources		0
Adjustment to achieve desired Working Capital Reserve		(2,189,107)
2014 SPP RE Assessment		9,163,920

[1] Represents collections on or prior to June 30, 2013. See page XX for full disclosure.

[2] The SPP RE does not require a working capital reserve in that on a cash basis SPP, Inc. is able to fund shortfalls in its statutory (Regional Entity) funding through its operating cash balances, and also has access to liquidity through a bank credit facility.

Explanation of Changes in Reserve Policy from Prior Years

There have not been any changes in the SPP RE Reserve Policy. SPP RE does not require working capital reserve in that on a cash basis SPP is able to fund shortfalls in its statutory (Regional Entity) funding through its operating cash balances, and also has access to liquidity through a bank credit facility.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of Statement of Activities and Capital Expenditures on page 8 of the 2014 RE Business Plan and Budget. All significant variances have been disclosed by program in the preceding pages.

Penalty Sanctions

Penalty monies received prior to June 30, 2013 are to be used to offset assessments in the 2014 Budget, as documented in the NERC Policy – ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD. Penalty monies received from July 1, 2013 through June 30, 2014 will be used to offset assessments in the 2014 Budget.

All penalties received prior to June 30, 2013 are detailed below, including the amount and date received.

Allocation Method: Penalty sanctions received have been allocated to the following statutory programs to reduce assessments: Reliability Standards; Compliance Monitoring & Enforcement and Organization Registration & Certification; Reliability Assessments and Performance Analysis; Training, Education and Operator Certification; and Situation Awareness and Infrastructure Security. Penalty sanctions are allocated based upon the number of FTEs in the Program divided by the aggregate total FTEs in the Programs receiving the allocation.

Table B-2

``	Date Received		Amount Received
Name of Entity			
Entity 1	07/23/12	$	9,000
Entity 2	09/06/12	$	14,333
Entity 3	10/01/12	$	8,000
Entity 4	11/16/12	$	2,500
Entity 5	10/19/12	$	2,500
Entity 6	11/28/12	$	5,500
Entity 7	12/31/12	$	25,000
Entity 8	01/04/13	$	10,000
Entity 9	12/05/12	$	5,000
Entity 10	12/21/12	$	1,500
Entity 11	01/30/13	$	6,000
Entity 12	01/18/13	$	20,000
Entity 13	02/28/13	$	153,000
Entity 14	02/28/13	$	107,000
Entity 15	02/07/13	$	60,000
Entity 16	02/19/13	$	8,000
Entity 17	02/15/13	$	15,000
Entity 18			
Entity 19			
Entity 20			
Entity 21			
Entity 22			
Total Penalties Received		$	452,333

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (excluding SPP RE Assessments & Penalty Sanctions)	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget
Reliability Standards				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Compliance Monitoring, Enforcement & Org. Registration				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Reliability Assessment and Performance Analysis				
	$ -	$ -	$ -	$ -
	-	-	-	-
Total	$ -	$ -	$ -	$ -
Training and Education				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Situation Awareness and Infrastructure Security				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Technical Committees and Member Forums				
Total	$ -	$ -	$ -	$ -
General and Administrative				
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -
Total Outside Funding	$ -	$ -	$ -	$ -

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

SPP RE has not projected any interest income for 2014 because at the current market interest rate any interest income would be minimal.

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Salaries					
Salaries	$ 4,072,621	3,714,463	$ 4,103,334	$ 30,713	0.8%
Employment Agency Fees	-	-	-	-	
Temporary Office Services	-	-	-	-	
Total Salaries	$ 4,072,621	$ 3,714,463	$ 4,103,334	$ 30,713	0.8%
Total Payroll Taxes	$ 311,555	$ 284,156	$ 313,905	$ 2,350	0.8%
Benefits					
Workers Compensation	$ -	$ -	$ -	$ -	
Medical Insurance	230,564	269,421	276,284	45,720	19.8%
Life-LTD-LTC Insurance	14,780	19,476	19,972	5,192	35.1%
Education	30,980	35,706	36,616	5,636	18.2%
Relocation	-	-	-	-	
Total Benefits	$ 276,324	$ 324,603	$ 332,872	$ 56,548	20.5%
Retirement					
Discretionary 401k Contribution	$ 146,319	$ 148,579	$ 164,133	$ 17,814	12.2%
Savings Plan	-	-	-	-	
Total Retirement	$ 146,319	$ 148,579	$ 164,133	$ 17,814	12.2%
Total Personnel Costs	$ 4,806,819	$ 4,471,801	$ 4,914,244	$ 107,425	2.2%
FTEs	29.67	32.85	34.25	4.58	15.4%
Cost per FTE					
Salaries	$ 137,264	$ 113,073	$ 119,805	(17,459)	-12.7%
Payroll Taxes	10,501	8,650	9,165	(1,336)	-12.7%
Benefits	9,313	9,881	9,719	406	4.4%
Retirement	4,932	4,523	4,792	(139)	-2.8%
Total Cost per FTE	**$ 162,009**	**$ 136,128**	**$ 143,482**	**$ (18,528)**	**-11.4%**

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

The increase in salaries is principally due to promotions, and a 3% budgeted merit pay increase which were partially offset by the repurposing of the Executive Director of Compliance position to the Director of Compliance and Events. The variances in benefits and retirement are due to the change in salaries and an increase in the Health Care benefit costs (from $629 to $689 per month per FTE).

Consultants and Contracts

Table B-5

Consultants	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Consultants					
Reliability Standards	$ -	$ -	$ -	$ -	
Compliance and Organization Registration and Certification	710,000	520,000	550,000	(160,000)	-23%
Reliability Readiness Evaluation and Improvement	-	-	-	-	
Reliability Assessment and Performance Analysis	498,000	370,000	400,000	(98,000)	-20%
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Committee and Member Forums	-	-	-	-	
General and Administrative	15,000	15,000	15,000	-	0%
Legal and Regulatory	-	-	-	-	
Information Technology	-	-	-	-	
Human Resources	-	-	-	-	
Accounting and Finance	-	-	-	-	
Consultants Total	$ 1,223,000	$ 905,000	$ 965,000	$ (258,000)	-21%
				-	

Contracts	Budget 2012	Projection 2012	Budget 2013	Variance 2013 Budget v 2012 Budget	Variance %
Contracts					
Reliability Standards	$ -	$ -	$ -	$ -	
Compliance and Organization Registration and Certification	125,000	125,000	160,000	35,000	28%
Reliability Readiness Evaluation and Improvement	-	-	-	-	
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Committee and Member Forums	-	-	-	-	
General and Administrative	-	-	-	-	
Legal and Regulatory	-	-	-	-	
Information Technology	-	-	-	-	
Human Resources	-	-	-	-	
Accounting and Finance	-	-	-	-	
Contracts Total	$ 125,000	$ 125,000	$ 160,000	$ 35,000	28%
Total Consulting and Contracts	**$ 1,348,000**	**$ 1,030,000**	**$ 1,125,000**	**$ (223,000)**	-17%

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

The $223,150 decrease in consultant and contracts costs is primarily due the reduction in budgeted consultant costs engaged to assist the SPP RE direct staff in the administration of its CMEP and RAPA programs. An increase in its direct staff's experience level coupled with process improvement efficiencies, SPP RE has reduced its reliance on consultants.

Table B-6

Office Rent	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Office Rent	$ -	$ -	$ -	$ -	
Utilities	-	-	-	-	
Maintenance	-	-	-	-	
Security	-	-	-	-	
Total Office Rent	**$ -**	**$ -**	**$ -**	**$ -**	

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

This cost is included in the SPP, Inc. Indirect Expense rate.

Table B-7

Office Costs	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Telephone	$ -	$ -	$ -	$ -	
Internet	-	-	-	-	
Office Supplies	2,500	8,000	8,000	5,500	
Computer Supplies and Maintenance	-	-	-	-	
Publications & Subscriptions	-	-	-	-	
Dues	-	-	-	-	
Postage	-	-	-	-	
Express Shipping	-	-	-	-	
Copying	-	-	-	-	
Reports	-	-	-	-	
Equipment Repair/Service Contracts	-	-	-	-	
Bank Charges	-	-	-	-	
Taxes	-	-	-	-	
Merchant Card Fees	-	-	-	-	
Presentation & Publicity	-	-	-	-	
Total Office Costs	**$ 2,500**	**$ 8,000**	**$ 8,000**	**$ 5,500**	

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

Office Costs are included in the SPP, Inc. Indirect Expense rate. The $8,000 reflects the costs for miscellaneous office supplies such as supplies needed for RE workshops and RE Trustee meetings.

Table B-8

Professional Services	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
Independent Trustee Fees	$ 143,000	$ 145,000	$ 145,000	$ 2,000	0.00%
Outside Legal	150,000	150,000	150,000	-	0.00%
Accounting & Auditing Fees	-	-	-	-	
Insurance Commercial	-	-	-	-	
Other	50,000	15,000	21,100	(28,900)	40.67%
Total Services	**$ 343,000**	**$ 310,000**	**$ 316,100**	**$ (26,900)**	**1.97%**

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

The $26,900 decrease in Professional Services costs is primarily due to the reduction auditor training costs.

Table B-9

Other Non-Operating Expenses	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget	Variance %
	$ -	$ -		$ -	
	$ -	$ -		$ -	
	$ -	$ -		$ -	
Total Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	

Explanation of Significant Variances – 2014 Budget versus 2013 Budget

N/A

2014 and 2015 and 2016 Projections

Table B-10

Statement of Activities and Capital Expenditures
2014 Budget & Projected 2015 and 2016 Budgets

	2014 Budget	2015 Projection	$ Change 15 v 14	% Change 15 v 14	2016 Projection	$ Change 16 v 15	% Change 16 v 15
Funding							
ERO Funding							
ERO Assessments	$ 9,163,920	$ 12,159,521	$ 2,995,601	32.69%	$ 12,524,307	$ 364,786	2.9%
Penalty Sanctions	452,333	-	(452,333)	-100.00%	-	-	
Total ERO Funding	**$ 9,616,253**	**$ 12,159,521**	**$ 2,543,268**	**26.4%**	**$ 12,524,307**	**$ 364,786**	**2.9%**
Membership Dues	-	-	-		-	-	
Testing Fees	-	-	-		-	-	
Services & Software	-	-	-		-	-	
Workshops	-	-	-		-	-	
Interest	-	-	-		-	-	
Miscellaneous	-	-	-		-	-	
Total Funding	**$ 9,616,253**	**$ 12,159,521**	**$ 2,543,268**	**26.4%**	**$ 12,524,307**	**$ 364,786**	**3.0%**
Expenses							
Personnel Expenses							
Salaries	$ 4,103,334	$ 4,226,434	$ 123,100	3.0%	$ 4,353,227	$ 126,793	3.0%
Payroll Taxes	313,905	323,322	9,417	3.0%	333,022	9,700	3.0%
Benefits	332,872	342,858	9,986	3.0%	353,144	10,286	3.0%
Retirement Costs	164,133	169,057	4,924	3.0%	174,129	5,072	3.0%
Total Personnel Expenses	**$ 4,914,244**	**$ 5,061,672**	**$ 147,427**	**3.0%**	**$ 5,213,522**	**$ 151,850**	**3.0%**
Meeting Expenses							
Meetings	$ 91,500	$ 94,245	$ 2,745	3.0%	$ 97,072	2,827	3.0%
Travel	486,000	500,580	14,580	3.0%	515,597	15,017	3.0%
Conference Calls	-	-	-		-	-	
Total Meeting Expenses	**$ 577,500**	**$ 594,825**	**$ 17,325**	**3.0%**	**$ 612,670**	**$ 17,845**	**3.0%**
Operating Expenses							
Consultants & Contracts	$ 1,125,000	$ 1,158,750	33,750	3.0%	$ 1,193,513	34,763	3.0%
Office Rent	-	-	-		-	-	
Office Costs	8,000	8,240	240	3.0%	8,487	247	3.0%
Professional Services	316,100	325,583	9,483	3.0%	335,350	9,767	3.0%
Miscellaneous	-	-	-		-	-	
Depreciation	-	-	-		-	-	
Total Operating Expenses	**$ 1,449,100**	**$ 1,492,573**	**$ 43,473**	**3.0%**	**$ 1,537,350**	**$ 44,777**	**3.0%**
Total Direct Expenses	**$ 6,940,844**	**$ 7,149,070**	**$ 208,225**	**3.0%**	**$ 7,363,542**	**$ 214,472**	**3.0%**
Indirect Expenses	**$ 4,864,516**	**$ 5,010,451**	**$ 145,935**	**3.0%**	**$ 5,160,765**	**$ 150,314**	**3.0%**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**		**$ -**	**-**	
Total Expenses	**$ 11,805,360**	**$ 12,159,521**	**$ 354,161**	**3.0%**	**$ 12,524,307**	**364,786**	**3.0%**
Change in Assets	**$ (2,189,107)**	**$ -**	**$ 2,189,107**	**-100.0%**	**$ -**	**$ -**	
Fixed Assets							
Depreciation	$ -	$ -	$ -		$ -	$ -	
Computer & Software CapEx	-	-	-		-	-	
Furniture & Fixtures CapEx	-	-	-		-	-	
Equipment CapEx	-	-	-		-	-	
Leasehold Improvements	-	-	-		-	-	
(Incr)Dec in Fixed Assets	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	
TOTAL CHANGE IN NET ASSETS	**$ (2,189,107)**	**$ -**	**$ 2,189,107**	**-100.0%**	**$ -**	**$ -**	**0.0%**
FTEs	34.25	34.25	0.00	0.0%	34.25	0.00	0.0%

Explanation of 2014 and 2015 and 2016Projections

At this time, SPP RE anticipates that material changes to its 2014 and 2015 budgets will be likely be limited to inflationary costs adjustments and budgeted merit pay increases.

Section C – Non-Statutory Activities
2014 Business Plan and Budget

Section C — 2014 Non-Statutory Business Plan and Budget

Non-Statutory Functional Scope

As discussed in the Introduction, SPP is one of nine FERC-approved Independent System Operators/Regional Transmission Organizations (ISOs/RTOs). As an RTO, SPP helps ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity. These activities are budgeted for separately from SPP RE and constitute the non-statutory activities further described below.

Membership and Governance (for non-statutory activities)

SPP is a relationship-based organization with member-driven processes offering independence through diversity in Organizational Group membership and recognition that reliability and economic/equity issues are inseparable. SPP strives to continuously improve and implement new concepts in a deliberate evolutionary manner.

SPP membership is voluntary and open to any electric utility, federal power marketing agency, transmission service provider, any entity engaged in the business of producing, selling and/or purchasing electric energy for resale, and any entity willing to meet the membership requirements, including execution of the Membership Agreement. Membership is also open to entities eligible to take service under the SPP Open Access Transmission Tariff (OATT). SPP offers its Members greater efficiency and service reliability through better coordination.

SPP members serve over 5 million customers across nine states: Arkansas, Kansas, Louisiana, Mississippi, Missouri, Nebraska, New Mexico, Oklahoma, and Texas.

SPP is governed in accordance with its Bylaws by an independent Board of Directors consisting of seven directors independent of any SPP Member. The Board of Directors works to ensure equity to all Members and acts in the best interest of SPP through its management, control and direction of the general business of SPP.

Non-Statutory Functional Scope

SPP is mandated by the Federal Energy Regulatory Commission (Commission) to ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity.

SPP provides the following primary services to our members and customers:

Tariff Administration: SPP provides independent administration of the Open Access Transmission Tariff that offers one-stop shopping for regional transmission service with consistent rates and terms.

Reliability Coordination: SPP monitors power flow throughout our footprint. We anticipate problems and take preemptive action to mitigate operating limit violations. SPP coordinates regional response in emergency situations or blackouts.

Regional Scheduling: SPP ensures that the amount of power sent is coordinated and matched with power received. SPP's regional scheduling service reduces the number of entities with which SPP members and customers have to coordinate.

Market Operations: SPP administers an Energy Imbalance Marketplace, monitors resource/load balance and ensures that less expensive power is used to serve load before expensive power, all while ensuring system reliability is met.

Expansion Planning: SPP's planning process seeks to identify system limitations and develop transmission upgrades for increased capacity.

Contract Services: SPP provides reliability, tariff administration, and scheduling for non-members on a contract basis.

Finally, as a Public Utility under the Federal Power Act, SPP is required to submit its budget to the Commission. The Commission already has approved SPP's activities and has ordered that SPP's budgets be filed with the Commission. [5]

Schedule for Preparation and Approval of SPP Inc.'s Overall Annual Budget

SPP's overall annual budget is prepared on a budget cycle to be approved by its independent Board of Directors annually at its October meeting. Because of this timing difference with the NERC budget process, SPP is unable to provide an accurate 2014 SPP budget for non-statutory activities at this time. The process begins during the second quarter when the SPP staff develops preliminary non-statutory budgets. During the third quarter the Finance Committee of SPP initially reviews and evaluates the budget prepared by SPP staff. Once the budget is approved by the Finance Committee, it is presented to the Board of Directors for their review and approval at its quarterly meeting held in October. The SPP overall annual budget is then submitted to FERC for approval. Because the 2014 SPP budget is not yet available, SPP is providing its Commission-approved 2013 budget and its 2012 actual results on the following table:

[5] See Sw. Power Pool, Inc., 109 FERC ¶ 61,010, at P 98 (2004) (requiring SPP to file its operating budget on an annual basis). See also Sw. Power Pool, Inc., 109 FERC ¶ 61,009, at PP 3-5 (2004), order on reh'g, 110 FERC ¶ 61,137 (2005) (describing history of SPP RTO application, including approval and revision of SPP Bylaws); see also, generally, Sw. Power Pool, Inc., 108 FERC ¶ 61,003 (2004), order on reh'g, 110 FERC ¶ 61,138 (2005); Sw. Power Pool, Inc., 106 FERC ¶ 61,110 (2004).

[Insert SPP, Inc. Budget]

Section D – Additional Consolidated Financial Statements
2014 Business Plan and Budget

Section D 2014 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Section D — Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Statement of Activities and Capital Expenditures by Program 2014 Budget	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	Non-Statutory Total
				Functions in Delegation Agreement												Non-Statutory Functions
Funding																
SPP RE Funding																
SPP RE Assessments	9,163,920	9,163,920	-	9,163,920	74,372	8,189,225	2,788,876	258,016	42,538	-	(2,189,107)	-	-	-	-	-
Penalty Sanctions	452,333	452,333	-	452,333	3,636	325,069	103,629	18,181	1,818	-	-	-	-	-	-	-
Total SPP RE Funding	**9,616,253**	**9,616,253**	**-**	**9,616,253**	**78,008**	**8,514,294**	**2,892,505**	**276,197**	**44,356**	**-**	**(2,189,107)**	**-**	**-**	**-**	**-**	**-**
Non-statutory Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding	**9,616,253**	**9,616,253**	**-**	**9,616,253**	**78,008**	**8,514,294**	**2,892,505**	**276,197**	**44,356**	**-**	**(2,189,107)**	**-**	**-**	**-**	**-**	**-**
Expenses																
Personnel Expenses																
Salaries	4,103,334	4,103,334	-	4,103,334	28,372	2,680,693	835,786	-	18,006	-	540,477	-	-	-	-	-
Payroll Taxes	313,905	313,905	-	313,905	2,170	205,073	63,938	-	1,377	-	41,346	-	-	-	-	-
Benefits	332,872	332,872	-	332,872	2,067	224,790	61,910	-	1,034	-	43,072	-	-	-	-	-
Retirement Costs	164,133	164,133	-	164,133	1,135	107,228	33,431	-	720	-	21,619	-	-	-	-	-
Total Personnel Expenses	4,914,244	4,914,244	-	4,914,244	33,744	3,217,784	995,065	-	21,137	-	646,515	-	-	-	-	-
Meeting Expenses																
Meetings	91,500	91,500	-	91,500	-	6,500	-	60,000	-	-	25,000	-	-	-	-	-
Travel	486,000	486,000	-	486,000	-	310,000	100,000	13,000	-	-	63,000	-	-	-	-	-
Conference Calls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meeting Expenses	577,500	577,500	-	577,500	-	316,500	100,000	73,000	-	-	88,000	-	-	-	-	-
Operating Expenses																
Consultants & Contracts	1,125,000	1,125,000	-	1,125,000	-	710,000	400,000	-	-	-	15,000	-	-	-	-	-
Office Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Costs	8,000	8,000	-	8,000	-	-	-	-	-	-	8,000	-	-	-	-	-
Professional Services	316,100	316,100	-	316,100	-	-	-	5,000	-	-	161,100	150,000	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	1,449,100	1,449,100	-	1,449,100	-	710,000	400,000	5,000	-	-	184,100	150,000	-	-	-	-
Total Direct Expenses	**6,940,844**	**6,940,844**	**-**	**6,940,844**	**33,744**	**4,244,284**	**1,495,065**	**78,000**	**21,137**	**-**	**918,615**	**150,000**	**-**	**-**	**-**	**-**
SPP Inc. Indirect Expenses	4,864,516	4,864,516	-	4,864,516	35,664	3,188,326	1,016,413	178,318	17,832	-	427,963	-	-	-	-	-
SPP RE Indirect Expenses	(0)	(0)	-	(0)	8,600	1,081,684	381,027	19,879	5,387	-	(1,346,578)	(150,000)	-	-	-	-
Total Indirect Expenses	4,864,516	4,864,516	-	4,864,516	44,264	4,270,010	1,397,440	198,197	23,219	-	(918,615)	(150,000)	-	-	-	-
Other Non-Operating Expenses	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	**11,805,360**	**11,805,360**	**-**	**11,805,360**	**78,008**	**8,514,294**	**2,892,505**	**276,197**	**44,356**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Change in Assets	**(2,189,107)**	**(2,189,107)**	**-**	**(2,189,107)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,189,107)**	**-**	**-**	**-**	**-**	**-**
Fixed Assets																
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Inc)Dec in Fixed Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Allocation of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Fixed Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN NET ASSETS	**(2,189,107)**	**(2,189,107)**	**-**	**(2,189,107)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,189,107)**	**-**	**-**	**-**	**-**	**-**
FTEs	**34.1**	**34.1**	**-**	**34.10**	**0.25**	**22.35**	**7.13**	**1.25**	**0.13**	**-**	**3.00**	**-**	**-**	**-**	**-**	**-**
Percentage of FTEs				**100%**	**0.7%**	**65.5%**	**20.9%**	**3.7%**	**0.4%**	**0.0%**	**8.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	0
Percentage of Functional Program FTEs				**100%**	**0.8%**	**71.9%**	**22.9%**	**4.0%**	**0.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	
Percentage of Functional Program Direct Expenses				**100%**	**0.6%**	**72.3%**	**25.5%**	**1.3%**	**0.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	
Indirect Cost Allocation																
SPP Inc. Indirect Costs	4,864,516	4,864,516	-	4,864,516	35,664	3,188,326	1,016,413	178,318	17,832	-	427,963	-	-	-	-	**-**
SPP RE Indirect Costs	1,496,578	1,496,578	-	1,496,578	8,600	1,081,684	381,027	19,879	5,387	-	-	-	-	-	-	
Total Indirect Costs	6,361,094	6,361,094	-	6,361,094	44,264	4,270,010	1,397,440	198,197	23,219	-	427,963	-	-	-	-	-
Fixed Assets Allocation	-	-	-	-												
Penalty Sactions Allocation	452,333	452,333	-	452,333	3,636	325,069	103,629	18,181	1,818	-	-	-	-	-	-	

Section E – Calculation of SPP, Inc. Indirect Expense Rate

2014 Business Plan and Budget

Section E

CALCULATION OF THE SPP INC. INDIRECT EXPENSE RATE[1]

Support Groups[2]		Overhead Costs to Allocate	
Administration	$	15,747,334	*
Officers		6,027,900	**
Accounting		1,202,155	
SPP Compliance- Physical Security		343,273	
Human Resources		2,666,116	
Customer Services		578,985	
Legal		1,310,727	
Communications		397,133	
Information Technology		17,235,217	
Total Costs	**$**	**45,508,840**	**A**

Non-Support Resource Groups			
Ending 2011 Headcounts		319	
Average Work Hours/FTE in 2011		1880	
# of Work Hours in 2012		**599,720**	**B**
2012 Indirect Overhead Expense Rate Rate (A/B)	**$**	**75.88**	
Times Budgeted SPP RE FTEs		**34.10**	
Times Average Work Hours/FTE		**1,880**	
Budgeted SPP Inc. Indirect Costs	**$**	**4,864,515**	

[1]Due to the timing of the budget process/schedule, the estimated overhead rate for 2014 is based on actual 2012 costs. Any variance between the estimated overhead rate and the actual 2014 overhead rate will be included in the annual 2014 Business Plan and Budget true-up filing.

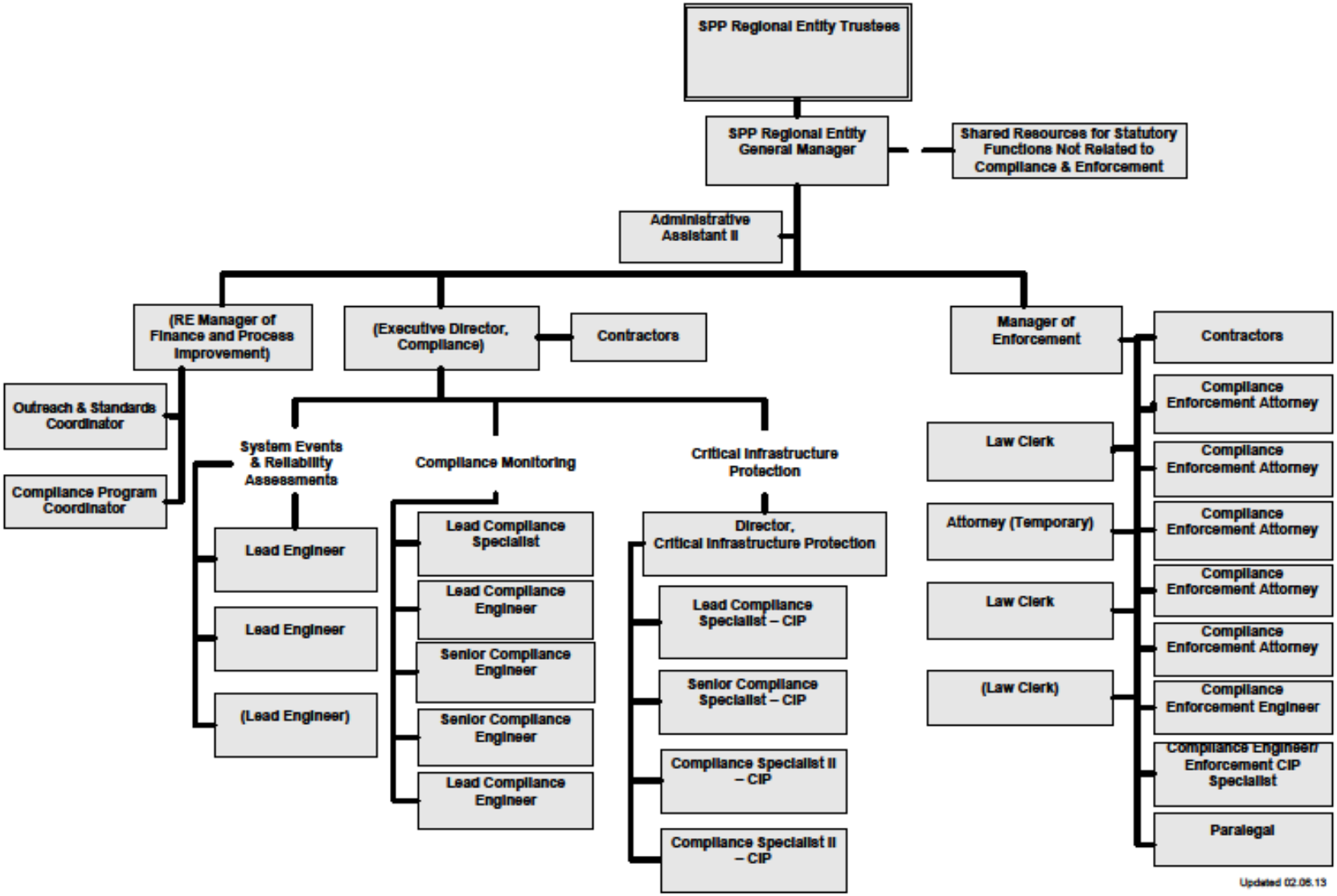
[2] The services provided by these support groups are separate and distinct from the services provided by SPP RE direct staff and consultants and contractors.

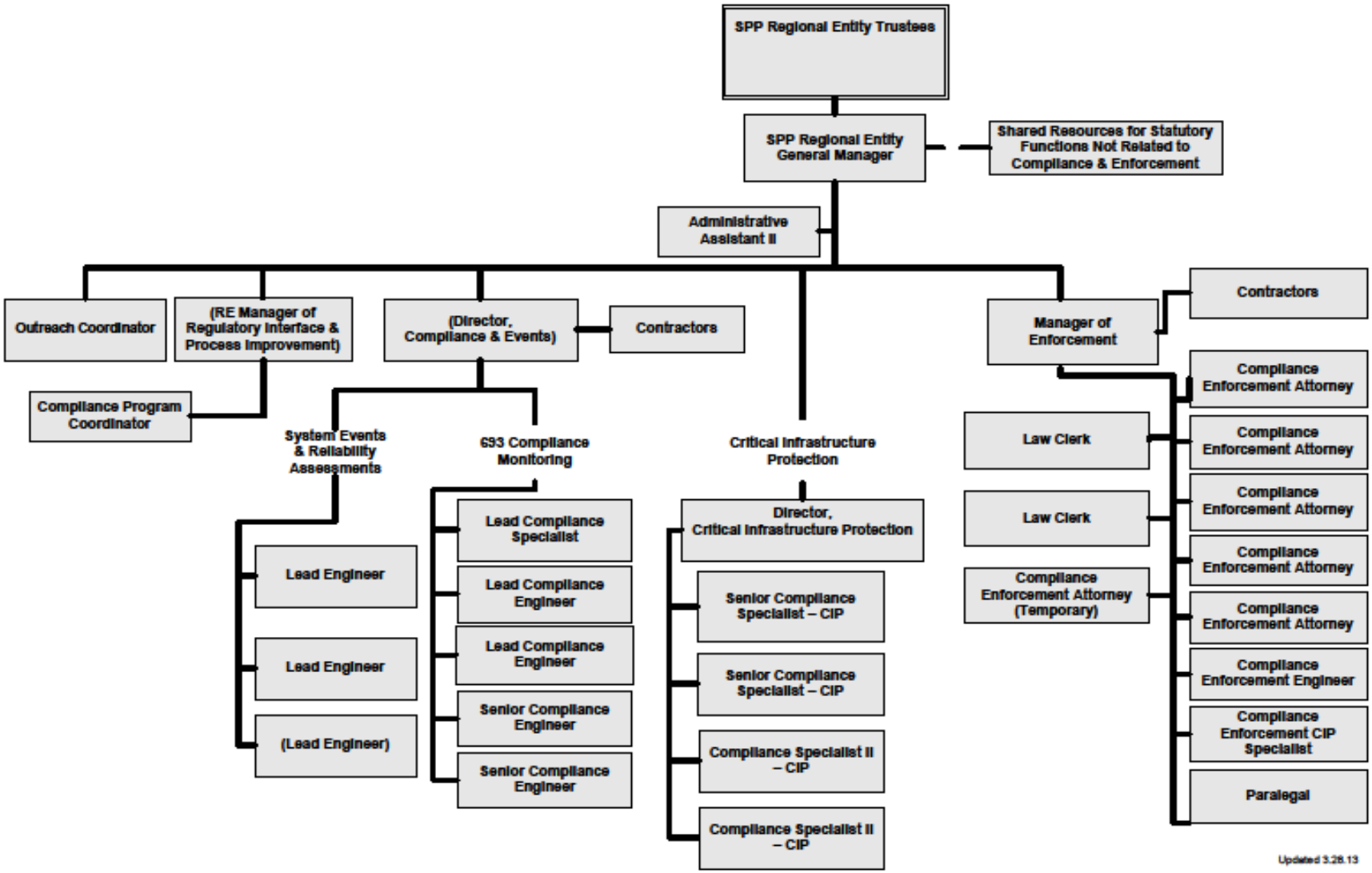
* Does not include FERC Pass-Thru Fees and depreciation of market and transmission assets.
** Does not include costs for executives performing delegated functions.

Section F– Organizational Chart
2014 Business Plan and Budget

SPP Southwest Power Pool Regional Entity

Organizational Chart - 2013



SPP Southwest Power Pool Regional Entity

Organizational Chart – 2014 Proposed