



**Southwest Power Pool
FINANCE COMMITTEE MEETING**

March 11, 2016

Dallas, TX

• M I N U T E S •

Administrative Items

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

Harry Skilton	SPP Director
Larry Altenbaumer	SPP Director
Kelly Harrison (phone)	Westar Energy
Sandra Bennett (phone)	AEP
Inna Goldman (proxy for Laura Kapustka)	Lincoln Electric
Mike Wise	Golden Spread Electric Cooperative
Tom Dunn	SPP

Others attending included:

Bruce Scherr	SPP Director
Carl Monroe (phone)	SPP
Barbara Sugg	SPP
Don Shipley	SPP
Larry Middleton	Stephens Capital Management
Jason Bailey	OG&E

Minutes from the December 7, 2015 meeting were reviewed. Larry Altenbaumer motioned to approve the minutes. The motion was seconded by Mike Wise and approved by unanimous voice vote.

SPP staff briefly reviewed the status of the Action Items list. The Committee will perform a thorough review of its Organization Scope document at the April meeting to ensure the checklist SPP staff prepared encompasses all of the duties the Committee should be performing. The Committee also reviewed the "Member-facing, Member-impacting Work report" which lead to a wide-ranging discussion on project management, timelines, how work is approved, etc.

SPP Settlements

Don Shipley, SPP's Director of Settlements, reported on the status and issues facing Settlements. The presentation reviewed feedback SPP receives from stakeholders on the Settlements function, work volume, organization structure, opportunities for improvement, and actions SPP is undertaking.

The Committee requested SPP include Settlements and Credit metrics in meeting materials for future Finance Committee meetings.

Z2 Credit Stacking Project

Barbara Sugg, SPP's Vice President of Information Technology, reported on the Z2 credit stacking project. Following a thorough review of the project history, the Committee focused on SPP's practices of not including contingency when budgeting for projects and not capitalizing staff costs in the projects. Staff was directed to re-review these practices and to ensure the cost of the projects reported in creating the project budget includes disclosure of the cost of SPP staff working on the project (even if that cost isn't capitalized as part of the project).

Finance Committee
March 11, 2016

Revolving Line of Credit Renewal

SPP's \$30 million revolving credit facility expires in June 2016. The current provider of the facility has agreed to renew the facility for another three year term at the same pricing and conditions as the expiring facility. SPP staff recommends proceeding forward with the renewal.

Kelly Harrison motions to approve SPP staff's recommendation. The motion was seconded by Larry Altenbaumer and approved by unanimous voice vote.

Pension Investment Management

Larry Middleton of Stephens Capital Management briefed the Committee on the performance of the SPP Retirement Plan funds during 2015. The performance of the fund was below benchmark due to continued weakness in commodity and natural gas sectors. The portfolio allocation in these sectors has significantly underperformed the broader market indexes. Stephens continues to believe these sectors have growth potential from their current values and expects to maintain the allocation to these sectors in the near term.

Future Meetings

The next meeting of the Finance Committee is scheduled for April 5, 2016 at the DFW Hyatt Regency hotel in Dallas, TX beginning at 7:30 a.m. and ending at 2:00 p.m.

There being no further business, Harry Skilton adjourned the meeting at 2:15 p.m.

Respectfully Submitted,

Thomas P. Dunn
Secretary



Southwest Power Pool, Inc.
 FINANCE COMMITTEE
Action Items Status Report
 March 11, 2016

	Action Item	Date Originated	Status	Comments
1.	Prepare document outlining capital expenditures and funding options	7/17/2015	Incomplete	Scheduled for April 2016 meeting
2.	Revisit SPP's rate design	11/10/2015	Incomplete	Scheduled for April 2016 meeting
3.	Full review of corporate liability insurance	12/07/2015	Incomplete	Scheduled for July 2016 meeting
4.	Add Settlement and Credit metrics to Committee materials	3/11/2016	New	Scheduled for April 2016 meeting
5.				
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12.				
13.				
14.	Establish a scorecard for presentation to MOPC, SPC, and BOD indicating costs associated with member required projects/services.	10/11/2012	Complete	Presented at March 11, 2016 meeting
15.	Create checklist of committee duties	7/09/2015	Complete	Presented at March 11, 2016 meeting

PROXY - Inna Goldman for Laura Kapustka

From: Laura Kapustka [<mailto:lkapustka@les.com>]

Sent: Friday, March 04, 2016 12:17 PM

To: Tom Dunn <TDunn@spp.org>

Cc: Inna Goldman <igoldman@les.com>

Subject: 3/11 Agenda

Tom – has an agenda for the 3/11 meeting been distributed? If it hasn't, could you also include Inna Goldman when you send it out? Inna will be attending for me next Friday as I will be away from the office. Inna is the Manager of Financial Accounting for LES.

Thanks – and I'll see you in April!

Laura

Laura Kapustka | Vice President & Chief Financial Officer
Lincoln Electric System

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**Southwest Power Pool, Inc.
FINANCE COMMITTEE MEETING
March 11, 2016
DFW Hyatt Regency Hotel
Dallas, TX**

• A G E N D A •

10:00 a.m. – 2:30 p.m.

1. Administrative Items (*15 minutes*)..... Harry Skilton
2. SPP Settlements (*60 minutes*)Don Shipley
3. Z2 Credit Stacking Project (*45 minutes*).....Barbara Sugg
4. Pension Investment Management (*60 minutes*)..... Larry Middleton – Stephens Capital Management
5. Line of Credit Renewal (*30 minutes*) Tom Dunn
6. Other Items
7. Written Reports
 - a. January 2016 Financial Report (unaudited)
8. Adjourn Harry Skilton



Southwest Power Pool
FINANCE COMMITTEE MEETING

December 7, 2015

Little Rock, Arkansas

• M I N U T E S •

Administrative Items

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

Harry Skilton	SPP Director
Larry Altenbaumer	SPP Director
Kelly Harrison (phone)	Westar Energy
Sandra Bennett	AEP
Laura Kapustka (phone)	Lincoln Electric
Mike Wise	Golden Spread Electric Cooperative
Tom Dunn	SPP

Others attending included:

Josh Martin	SPP Director
Jim Eckelberger	SPP Director
Phyllis Bernard	SPP Director
Julian Brix	SPP Director
Carl Monroe	SPP
Michael Desselle	SPP
Scott Noble	SPP
Scott Smith	SPP
Lauren Krigbaum	SPP
Steve Osborn	Osborn, Carreiro & Associates
Stan Payne	Stephens Insurance
Kevin McBride	Stephens Insurance
Jim Goss	Stephens Insurance
Matt Jones	Stephens Insurance
Barrett Breeding	BKD, LLC
Rick Hannmann	KPMG
Eddie Holt	KPMG
Schoen Hertell	KPMG
Chin Modha	KPMG

Minutes from the November 10, 2015 meeting were reviewed. The Committee requested the minutes be edited to include the discussion on the Z2 Credit Stack project and also note the email vote the Committee had to approve unbudgeted expenditures on the Z2 Credit Stack project. With the preceding addition, Sandra Bennett motioned to approve the minutes. The motion was seconded by Kelly Harrison and approved by unanimous voice vote.

SPP staff briefly reviewed the status of the Action Items list.

Harry Skilton briefly reviewed the Finance Committee data from the SPP Organizational Group survey. The Finance Committee's overall effectiveness score dropped from the prior year and Mr. Skilton encouraged all members and stakeholders to reach out to him to share any insights they have on how to improve the Committee's effectiveness.

Continuous Improvement Review

Michael Desselle, SPP's Vice President of Process Integrity and Chief Compliance Officer, and Scott Noble, SPP's Director of Business Process Improvement, reported on SPP's business process improvement program results for the year-to-date 2015 period. The report highlighted historical and forecast improvement initiative volumes, staff participation and engagement metrics. The report highlight a completed initiative and the estimated financial impact as well as an in-process initiative. Finally, the report addressed the "Future State of Business Process Improvement" at SPP highlighting the structure of the program as well as the success metrics SPP staff will report on in the future.

Corporate Liability Insurance Stewardship Report

Representatives from Stephens Insurance, LLC provided an overview of the property & casualty, professional liability and Director and Officer insurance markets. In general, the marketplace is softening which results in underwriters being more competitive on renewal quotes. Stephens indicated SPP could expect flat to single digit decreases in premiums for all lines except Errors and Omissions and Directors and Officer coverage; on both of those lines Stephens is projecting a 5%+ increase in premiums.

Stephens was asked to explore increases in retentions as a means to reduce premiums. Stephens indicated retentions are reviewed annually against premiums and likelihood of claims to find an acceptable balance. Several lines are already at minimum premium levels and therefore would not produce lower premiums if retentions were increased.

The Committee indicated a desire to perform a full review of the insurance structure during 2016 including determining if it is still appropriate to carry any insurance for certain risks.

Pension Assumptions

SPP staff discussed its recommendations for the three primary assumptions required for pension accounting and valuation: i) discount rate – staff recommended reducing the rate to 5.00% from 5.50% in accordance with SPP's process for determining the discount rate assumption; ii) investment rate of return – staff recommends remaining at 7.00% long-term rate of return; iii) rate of compensation change – staff recommends remaining at 4.00%. The Committee asked Steve Osborn if he agreed with the recommendations (Mr. Osborn stated he agreed with the recommended assumptions).

Mr. Osborn discussed the mortality tables he uses in his work on SPP's pension plan (currently UP1994) and the opportunity to change tables to a more current table: RP 2000, RP 2000 adj 2020, or RP 2014. Mr. Osborn stated he believed RP 2014 tends to overstate life expectancy, particularly beyond 80 years of age. Mr. Osborn recommended SPP adopt RP 2000 adj 2020 for its future calculations. The U.S. Internal Revenue Service currently uses RP 2000 adj 2016 for calculations of minimum cash contributions. The Committee directed Mr. Osborn to use RP2000 adj 2016 for SPP's future calculations.

2015 Financial Audit

Barrett Breeding of BKD, LLC presented the 2015 financial audit plan identifying significant focus areas for the audit and seeking input from the Committee on other areas which the Committee would like audited.

The Committee dismissed SPP staff and convened a brief executive session with BKD, LLC.

2015 Controls Audit

Representatives from KPMG presented the results of SPP's SSAE 16 Controls Audit completed as of October 31, 2015 covering the period November 1, 2014 through October 31, 2015. The audit report will be issued with an unqualified opinion and no noted exceptions.

Finance Committee
December 7, 2015

SPP Internal Signature Authorities

The Committee reviewed SPP's schedule of internal signature authorities. No changes to the schedule of internal signature authorities were recommended.

Future Meetings

The next meeting of the Finance Committee is scheduled for April 5, 2016 at the DFW Hyatt Regency hotel in Dallas, TX beginning at 7:30 a.m. and ending at 2:00 p.m.

SPP is working to schedule a meeting during the first 2 weeks of March when the Committee will review the performance of the investment manager of SPP's pension fund and discuss its strategy to manage and fund capital expenditures in the future.

There being no further business, Harry Skilton adjourned the meeting at 6:00 p.m.

Respectfully Submitted,

Thomas P. Dunn
Secretary



Southwest Power Pool, Inc.

FINANCE COMMITTEE

Action Items Status Report
December 7, 2015

	Action Item	Date Originated	Status	Comments
1.	Establish a scorecard for presentation to MOPC, SPC, and BOD indicating costs associated with member required projects/services.	10/11/2012	incomplete	Present at March 11, 2016 meeting
2.	Create checklist of committee duties	7/09/2015	incomplete	Present at March 11, 2016 meeting
3.	Prepare document outlining capital expenditures and funding options	7/17/2015	incomplete	
4.	Revisit SPP's rate design	11/10/2015	New	
5.	Full review of corporate liability insurance	12/07/2015	New	
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RESPONSIBILITY	FREQUENCY	LAST
APPROVAL		
Annual Financial Statement Audit Report	Annually	Apr-15
Assumptions for pension plan actuary calculations	Annually	Dec-15
Funding for pension and post-retirement healthcare plans	Annually	Apr-15
Significant financial and compliance policies under FC purview	Annually	Jul-15
Engagement of independent financial auditors	Annually	Jul-14
MONITOR		
Cost recovery methodology ensuring equity for members	As Needed	
Legal matters impacting corporate financial statements	As Needed	
Major financial risk exposures and mitigation actions	As Needed	
Adequacy of internal controls and resolution of identified weaknesses	Annually	Dec-15
Investment policy statement for pension plan	Annually	Jul-14
Pension plan and post-retirement healthcare plan fund performance	Annually	Jul-15
RECOMMEND		
Issuance of notes	As Needed	Dec-13
Annual operating, capital and other budgets	Annually	Dec-15
Rates for Schedule 1A and member assessments	Annually	Dec-15
REPORT TO BOARD OF DIRECTORS		
Issues of quality or integrity of corporate financial statements	As Needed	
Legal or regulatory compliance matters	As Needed	
Independent auditor performance	Annually	Apr-15
Financial results compared to budget	Each Meeting	Jan-16
Financial status of defined benefit and post-retirement healthcare plans	Annually	Apr-15

**Southwest Power Pool
FINANCE COMMITTEE
Organizational Group Scope Statement**

Purpose:

The purpose of the Finance Committee is to oversee all aspects of SPP's financial operations, primarily insuring appropriate controls, policies and procedures are documented and adhered to allowing SPP to report accurate financial reports, access external capital as required, while not exposing the company or its membership to undue risks.

Scope of Activities:

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain outside legal, accounting or other advisors for this purpose, including the authority to approve the fees payable to such advisors and any other terms of retention. The Committee is directly responsible for the engagement, compensation and oversight of the work (including both audit and non-audit services) of the independent financial, controls, and benefit plan auditors. The Committee shall be given full access to the corporation's accounting staff, Board of Directors, corporate executives and independent accountants as necessary to carry out these responsibilities.

The Committee will have responsibility to approve, monitor/review, recommend, and report, as follows:

Approve:

- Annually, the corporation's audited financial statements as the corporate record of financial results for the prior fiscal year. The Committee shall review and discuss with management and the independent auditors, prior to public dissemination, the corporation's annual audited financial statements with primary focus on the quality and integrity of the statements
- Annually, the engagement of independent auditors to audit the corporation's annual financial statements
- Annually, significant financial and compliance policies which fall under the purview of the Committee
- Annually, the basic assumptions used by SPP's actuary to determine the financial status and funding requirements of SPP's pension and post-retirement healthcare plans. These basic assumptions include, but are not limited to, discount rate, investment rate of return, rate of compensation change, and mortality tables utilized
- Annually, contributions to SPP's pension and post-retirement healthcare plans

Review/Monitor:

- The methodology of cost recovery to insure continuing equity for Members
- Any legal matter that could have a significant impact on the corporation's financial statements
- The adequacy of internal financial controls and the resolution of any identified material weaknesses or reportable conditions
- The corporation's guidelines and policies with respect to risk assessment and risk management focusing on the corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures
- Annually, the Investment Policy Statements for the Company's retirement plan and post-retirement healthcare plan to ensure the Investment Policy Statements continue to be appropriate for the goals of the plans

- Annually, the performance of Investment Managers who have discretionary investment powers for the pension and/or post-retirement healthcare plan assets
- Policies for management of the company's capitalization, financing and long-term contracts
- At least annually, the performance of the Committee and its members, including reviewing the compliance of the Committee with this Charter

Recommend to the Board of Directors:

- Annually, an operating budget, capital budget and each special budget for the upcoming fiscal year
- Annually, rates to be charged under Schedule 1A and for the assessment of members
- As needed, issuance of notes to fund capital expenditures, liquidity, and other general corporate purpose

Report to the Board of Directors:

- All actions taken by the Committee
- Any issues regarding the quality or integrity of the corporation's financial statements, compliance with legal or regulatory requirements, or the performance and independence of the corporation's independent financial auditors
- Financial results with comparisons to budget
- Any other matters relevant to the Committee's discharge of its responsibilities

The Committee is not responsible for certifying the corporation's financial statements or guaranteeing the auditor's report. The fundamental responsibility for the corporation's financial statements and disclosures rests with management.

Representation:

The Finance Committee shall be comprised of six members. Two representatives shall be members of the Board of Directors and one of these will be the chairperson. Two representatives from the Transmission Owning Member sector as nominated by the Corporate Governance Committee and two representatives from the Transmission Using Member sector as nominated by the Corporate Governance Committee. The Board of Directors shall appoint their representatives at the regular meeting of the Board of Directors immediately following the Annual Meeting of Members. Persons designated as representatives on the Finance Committee will continue to serve until their successors have been appointed. Where a vacancy occurs, the Corporate Governance Committee will fill the vacancy in accordance with SPP Bylaws.

Duration:

The Finance Committee is a permanent committee. The Committee shall meet a minimum of two times per fiscal year and at other times as called by the Chair. A quorum will constitute at least half of the members of the Committee but no less than three members. Proxies are allowed if reported to the Chair prior to the meeting. All meetings of the Finance Committee shall be open to all interested parties unless closed by the Chair of the Committee.

Reporting:

The Finance Committee reports directly to the Board of Directors.



SPP Member-Facing Member-Impacting Portfolio Report Summary

REVISION REQUESTS	
In Flight/Current Release	15
Pending	6
Estimated Cost of Pending Items	\$484,050

ENHANCEMENT REQUESTS	
In Flight/Current Release	17
Pending	98
Estimated Cost of Pending Items	\$3,430,000

PROJECTS	
In Flight/Current Release	14
Pending	7
Estimated Cost of Pending Items	\$14,625,000

Notes and Qualifications

- This list is not all inclusive of all SPP planned Revision Requests, enhancement requests or portfolio projects. Specific criteria was used for this report to only include MI and MF items, RRs with system or process changes and large technology projects.
- For any item in flight or in a current release, the cost estimates are not included.
- For any project or RR, any cost estimates given are the internal impact assessment provided (which includes SPP resource estimates as well as external costs).
- For enhancements, any cost estimates given are a high-level estimate in a dollar range and include internal costs.
- Items shaded in blue in the enhancements requests section indicate items that are new since the last quarterly report was published.

Revision Requests - Open

RR#	RR Name	Primary Working Group	Cost Estimate
1_MPRR101	Combined Cycle Enhanced Design	MWG	Current Release
16_MPRR190	MWP Start-Up Offer Recovery Eligibility Clarifications	MWG	Current Release
18_MPRR196	Ancillary Service SPP Manual Override on Regulation	MWG	Current Release
25_MPRR211	Self-Commit Run Time Make Whole Payment Exemption	MWG	Current Release
29_MPRR215	Product Substitution Cost Calculation	MWG	Current Release
40_MPRR227	LTCR Compliance	MWG	Current Release
77	Regulation Compensation Clarification - Change Dispatch Interval to Hour	MWG	Current Release
82	Modification of Make-Whole Payment Grace Period	MWG	\$52,000
91	Annual Allocation Percent Change	MWG	Current Release
98	Expanding the Use of SPP CROW	ORWG	Current Release
100	Gas-Electric Coordination Market Timeline Changes	GECTF	Current Release
106	Outage Deviation	MWG	\$9,000
112	ECC Cleanup	MWG	Current Release
113	Node Connectivity Requirement Enhancement	ORWG	\$10k-25k
116	Quick-Start Real-Time Commitment	MWG	\$200,000
118	RUC MWP Start-Up Offer Recovery Eligibility Clarifications	MWG	included in MPRR190
119	LTCR Compliance Filing	MWG	Current Release
126	Netting of TCR Credit Portfolio	Credit Practices Working Group	Current Release
127	JOU Combined Option - Aggregate Energy Offer Curve	MWG	\$148,050
129	Settlement Clean-Up	MWG	RR29_MPRR215 and RR18_MPRR196
130	Commitment Notification Enhancement	MWG	\$25k-50k

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
MP requests Schedule Data earlier than 7 days out. Would prefer to have it within 2 to 3 days of Operating Day. This schedule data is for MP's Shadow Settlements purposes and not for Real time Operations. MPs have access to their own hourly Schedule data via Web Trans anytime they wish to access the system. Web Trans has an excel download feature that the MP may use to get the Real time hourly Schedule data and upload it themselves to their Shadow Settlement systems. This MP does not want to do the upload themselves, they want the data to be made available and posted preferably via the Marketplace Portal.	Release +1	Medium	\$50k - 100k	SPS, KCPL, AEP, OGE
Recall TSRs entered into webTrans need a reference in Seller comments.	Unplanned C	Low	Up to \$10k	SPP
Enable MPs to view their Credit Limit Report from the Portal <=7days before their effective date.	Unplanned C	Medium	\$25k - 50k	SPP
The PPOR Heat Rate curve graph in the MMDD tool is not large enough to show a MW range that is useful for polynomial curves. The size of the graph needs to be increased to provide meaningful value.	Unplanned C	High	Over \$100k	SPP
The MMDD tool should allow multiple submissions of OCC data up until the deadline just like the market systems which allows corrections and changes to be made until the market closes. At midnight the OCC should take the latest submitted values to use in its calculations.	Unplanned C	Unknown	Over \$100k	AEP
Create a read-only user role in the MMDD tool.	Unplanned C	High	Over \$100k	AEP
The current method of determining state estimator data for MPs is by using the 5 minute snapshot taken by RTBM. By doing this, depending on when the snapshot was taken, state estimator may not accurately represent the actual scada values. This has a direct impact when Settlements profiles meter data which could lead to receiving distribution charges using the less accurate bill meter data. The method that will be used going forward will take the weighted average of the 4 second scada data over the 5 minute interval which will give a more accurate representation of the resource's actual scada output.	Unplanned A	Low	Up to \$10k	GSEC
Programmatic interface to alert members of Repricing Notifications. This would be in lue of the email currently sent out and would be fashioned after the notifications for Settlement Statement publications. Specifically, the intent of the enhancement is to create the following: 1. A web service that sends a notification to Market Participant listeners to notify that the repricing data is ready 2. A web service to accept requests and return repricing data to Market Participants	Unplanned C	High	Up to \$10k	MCG Energy Solutions
Requested enhancement to the Market Systems notification process to also send emails to a specific distribution list when there is a DA market close delay or other related items.	Unplanned A	Low	Up to \$10k	SPSM
Summary: Prior to inserting the MP XML listener endpoints in the Markets database, the Markets code should remove any spaces from the endpoint URL. This should apply when MPs register their listener endpoints via the UI or API. Leading and trailing spaces result in invalid URL endpoints. Requires MP Code Changes: No.	Current Release	Current Release	Current Release	SPP

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Summary: In the Markets UI, change the Notification URL Registration page to allow sorting by Effective Time, Termination Time, and Description. Requires MP Code Changes: No. The Notification URL Registration page also needs to be fixed because when sorting the information by the endpoint it does not sort correctly.	Current Release	Current Release	Current Release	Westar Energy Generation and Marketing (WRGS)
Summary: In the Markets UI, the XML listener registration page (Notifications tab) should be enhanced to include upload/download functionality to allow users to upload XML listeners via an Excel spreadsheet. Requires MP Code Changes: No.	Current Release	Current Release	Current Release	Westar
Summary: The Markets UI/API should be enhanced to include a list of any RTBM intervals that did not solve for a specified Operating Day. Participants would like a way to programmatically retrieve all intervals not solved by the system. Requires MP Code Changes: No. This would be a new, optional API operation that would not require MP code changes.	Current Release	Current Release	Current Release	Grand River Dam Authority (GRDA)
Summary: The Markets system should terminate any active MP XML Listeners where the Notify service the endpoint is registered to has expired. Requires MP Code Changes: No.	Current Release	Current Release	Current Release	SPP
Summary: In the Markets UI, Energy Dispatch instructions should be displayed in interval ending ascending order and by modified date ascending. Requires MP Code Changes: No.	Current Release	Current Release	Current Release	SPP
Summary: In the Markets UI, highlight Real-Time dispatch intervals with an active OOME. Requires MP Code Changes: No.	Current Release	Current Release	Current Release	SPP
Summary: Provide "ByDay" API operations for Real-Time LMP. This API operation would return LMPs by Settlement Location for all intervals in the specified Operating Day. Requires MP Code Changes: No. This would be a new, optional API operation that would not require MP code changes.	Current Release	Current Release	Current Release	Ventyx
Summary: In the Markets UI, add a time stamp on the message bar for successful and failed messages. It is difficult to tell if several successful actions in a row are actually being recorded. Requires MP Code Changes: No.	Current Release	Current Release	Current Release	Westar Energy Generation and Marketing (WRGS)
Summary: Add new API operation to allow participants to query Real-Time LMP for a specific set of Settlement Locations. Requires MP Code Changes: No. This would be a new, optional API operation which would not require MP code changes.	Current Release	Current Release	Current Release	Sesco SPP Trading, LLC (SESP)
The overrides display in Markets UI does not show when an override was entered by an operator. It only shows the intervals that were overridden. If an operator makes an override at 1550 for the current hour and the next 2 hours, the Markets UI only displays that an override was entered for 1500-1800. This is misleading and the display should display a timestamp of when the override occurred.	Release +1	Low	\$10k - 25k	
Summary: In the Markets UI, provide members with a visual timeline of their commitments. Requires MP Code Changes: No.	Release +1	High	\$25k - 50k	SPP

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Summary: Allow users to use Virtual Bids/Offers post API operations to delete Virtual Bids or Offers . Today, participants must delete Virtual Bids or Offers using a separate API. Requires MP Code Changes: Yes. Participants using the Virtual Service would be required to make code changes.	Release +1	High	\$25k - 50k	XO Energy SW, LP (XOSW)
Summary: Add all Contingency Reserve Deployments to the Markets UI displays, API operations and XML notifications. Currently, there are no CRD specific notifications for spinning and supplemental reserve deployments (only for BDRs). Requires MP Code Changes: Yes. Participants using the ReserveService and/or ReserveNotifyService (XML Notifications) would be required to make code changes.	Release +1	High	\$25k - 50k	Southwestern Public Service Company (SPS)
Summary: Improve data structure for Overrides in Markets API and Notification to help with parsing data. Currently, resource offer overrides are communicated to participants in a single text field in the API and XML notification. The text field includes multiple pieces of information (e.g. resource name, operating hour, overridden parameter) which cannot easily be parsed programmatically. Requires MP Code Changes: Yes. All participants using the EnergyService and/or EnergyNotifyService (XML Notifications) will be required to make code changes.	Release +1	High	\$25k - 50k	Southwestern Public Service Company (SPSM-MP)
Summary: Add ConstraintType and ContingentFacility to the Binding Limits APIs and Markets UI screens to have it match public data. Requires MP Code Changes: Yes. Participants using the MarketService and MarketNotifyService will be required to make code changes.	Release +1	High	\$25k - 50k	Tenaska Power Services Co. (TNSK)
Summary: Overrides that span multiple days should be returned in the Market Energy Web Service API. The information is displayed correctly in the UI and XML Notifications. Requires MP Code Changes: No.	Release +1	Medium	\$10k - 25k	The Energy Authority (TEA)
New business process regarding reason code #1 for contingency reserve & #3 missing or bad resource SCADA under the XmptDev5minFlg.	Release +1	High	\$25k - 50k	SPSM
Summary: The Markets UI Transaction Log page and associated API operation, should include the endpoint address. In the UI, this column should be added with filtering capabilities. Requires MP Code Changes: Yes. Participants using the TransactionService will be required to make code changes.	Release +1	Medium	\$10k - 25k	Rainbow Energy Marketing Corporation (REMC)
Summary: Add a unique ID to all Markets XML notifications to provide the ability to determine if duplicate messages are being sent to multiple endpoints. Requires MP Code Changes: Yes. Participants receiving XML notifications would need to modify their code to consume the new element.	Release +1	High	\$25k - 50k	Rainbow Energy Marketing Corporation (REMC)

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Currently the Markets UI/API allows updates to offer parameters of resources that have already been committed for that date(Manual Commitments or Local Commitments). Although the UI/API will accept the change this is not used as an input to the study. This is confusing to MPs that update their DAMKT offers before 11am because they expect the changes to show up in their results. There should be a warning message, similar to overrides, that indicates the offer that was effective at the time of commitment will be used. Adding this functionality would prevent confusion when MPs attempt to update their DAMKT offers.	Release +1	Medium	\$10k - 25k	SPP
Currently, participants are not easily able to determine when a resource offer becomes effective and terminates in the Markets system. Understanding these dates will allow participants to see how far the offer data will roll-forward to future Operating Days/Operating Hours.	Release +1	Low	\$10k - 25k	SPP
Summary: The Markets UI should allow users to save preferences such as filtering options (e.g the # of Operating Days) for each tab and not have to reset them every time they log into the Markets UI. Requires MP Code Changes: No.	Release +1	Medium	\$10k - 25k	(SPSM-MP)/American Electric Power (AEPM-MP)
Summary: Currently in the Market UI, the messages/filtering options are located at the bottom. Please move messages and filtering options to the top of the display. Requires MP Code Changes: No.	Release +1	Low	Up to \$10k	Southwestern Public Service Company (SPSM-MP)
Summary: The Markets UI commitment page and corresponding API operation should clearly identify which commitments were a result of the MP Self Commits vs. Market Commitment. The current design does not easily distinguish the difference. Requires MP Code Changes: Yes. Participants using the EnergyService and/or EnergyNotifyService (XML Notification) will be required to make code changes.	Release +1	High	\$25k - 50k	(SPSM-MP)/American Electric Power
Summary: Add Advanced filters or "quick pick" list in the Markets UI for frequently used operations. This is needed to reduce the amount of mouse clicks required to navigate to various pages in the UI. Requires MP Code Changes: No.	Release +1	High	\$25k - 50k	American Electric Power (AEPM-MP)
Summary: Create a screen in the Markets UI that lists all of the Settlement Locations that have a Virtual Bid and/or Offer with the ability to link to the Virtual Bid/Offer Requires MP Code Changes: No.	Release +1	High	\$25k - 50k	Sesco Trading
Summary: Add Settlements Bid ID to the Cleared Virtual Bids and Cleared Virtual Offers results in the Markets UI and API. Requires MP Code Changes: Yes. Participants using the VirtualService will be required to make code changes.	Unplanned A	High	\$25k - 50k	Power Cost (PCI)
Summary: Add indicator to Emergency Limit notifications, API operations and UI displays to specify whether the minimum or maximum limit will be exercised. Requires MP Code Changes: Yes. Participants using the EnergyService API and/or EnergyNotifyService XML Notification service will be required to make code changes.	Unplanned A	High	\$25k - 50k	Southwestern Public Service Company (SPS)
Summary: In the Markets UI, add a transaction type column to identify if the transaction is a Submission, Query or Notification. This column should be filterable. Requires MP Code Changes: No.	Unplanned A	Medium	\$10k - 25k	SPP

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Summary: Add new API operations and UI display to provide aggregated wind forecast. Requires MP Code Changes: No. This is a new, optional API operation that does not require MP code changes.	Unplanned A	Medium	\$10k - 25k	Southwestern Public Service Company (SPSM-MP)
Summary: Create a new XML notification to inform participants their Virtual Bids or Offers have been deleted from the Markets system as the result of Credit Default or Market Monitoring Virtual Block event. Requires MP Code Changes: No. This would be a new, optional Notification that will not require MP code changes.	Unplanned A	Medium	\$10k - 25k	SPP
Summary: Add reserve zone to the Day-Ahead and Real-Time Cleared Operating Reserve offers in the Markets UI, API and applicable XML notifications. Requires MP Code Changes: Yes. Participants using the ReserveService and/or ReserveNotifyService (XML Notifications) will be required to make system changes.	Unplanned A	High	\$25k - 50k	Kansas City Power & Light, Co.
Summary: Allow participants to limit user access to the GetMarketMessageSetbyDay operation and corresponding UI page. Currently there is a possibility that a market operator can send an AO specific message that could be retrieved using the GetMarketMessageSetbyDay operation or UI. Since some vendors are given access to Market webservice to download general market data and should not be privy to any AO specific information, participants need a way to restrict access to this data. Requires MP Code Changes: No. A new role will be created specifically for this operation to allow participants to further restrict access to this information. Participants LSAs would need to grant users access to view the GetMarketMessageSetByDay and UI information.	Unplanned A	Medium	\$10k - 25k	AEP
Summary: Create a Markets UI display and API operation to show SPP defined non-cost resource mitigation parameters in hourly intervals. Requires MP Code Changes: Yes. Participants using the EnergyService API will be required to make code changes.	Unplanned A	Medium	\$10k - 25k	SPP
Summary: XML Download (Reports) functionality in the Markets UI needs to support both CSV and XML formats. Currently, the UI only supports XML file format. Requires MP Code Changes: No.	Unplanned A	Medium	\$10k - 25k	SPP
Summary: In the Markets UI, add Modified Date and User ID of user who made the last change to all Resource Offer screens. Requires MP Code Changes: No.	Unplanned A	High	\$25k - 50k	Southwestern Public Service Company (SPSM-MP)
Summary: Clearly highlight the type of Market case (RTBM, DA, or Mitigation) for which the Market Participant is entering offer curve data so as to be readily visible to the user. Requires MP Code Changes: No.	Unplanned A	Medium	\$10k - 25k	Google Energy, LLC
Summary: Modify XML download reports available in the Markets UI to include ModifiedBy and ModifiedDate. This will help Market Participants distinguish when an update was made via API submittal versus a manual Markets UI submission. Requires MP Code Changes: No.	Unplanned A	High	\$25k - 50k	Southwestern Public Service Company (SPS)
Summary: Enhance Markets UI to allow right click feature to view or edit Requires MP Code Changes: No.	Unplanned A	Medium	\$10k - 25k	Southwestern Public Service Company (SPS)

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Summary: Create a Markets UI display and API operations to show the total output (Energy+Reg Up/Down+Spin/Supp) of a generation plant. Requires MP Code Changes: No. The new API operations would be added as optional which would not require participant code changes.	Unplanned A	High	\$10k - 25k	Arkansas Electric Cooperative Corporation (AECC)
Summary: Provide UI page and API operations to retrieve historical Reserve Cap notifications. The goal is to allow participants to review the stream of notifications that may have been delivered in the past. Requires MP Code Changes: No. The new API operations would be optional operations which would not require participant system modifications.	Unplanned A	High	\$10k - 25k	SPP
Summary: Add a Markets UI page and API operation to show total Real-Time LMP per hour. Requires MP Code Changes: No. There would be new, optional API operations added. Participants would not be required to make code changes.	Unplanned A	High	\$10k - 25k	Arkansas Electric Cooperative Corporation (AECC)
Summary: Allow users to submit, delete and query Virtual Bids/Offer within the same API operation. Today, participants must submit, delete and query Virtual Bids separately from Virtual Offers. Requires MP Code Changes: No. This change would result in new, optional API operations which would not require MPs to make code changes.	Unplanned C	High	\$25k - 50k	XO Energy SW, LP (XOSW)
A member requested that historical Markets data be available for more than 7 days via the Market UI/API.	Other			CRGL
This enhancement is to change the effective max and min logic in RTBM to no longer relax to initial mw for non-wind resources. For example if a Hydro resource has a scadamw of 110 MW and it has a submitted ecomax of 100 MW then RTBM will dispatch to resource to 100 MW or lower. For Wind resource, however, no logic needs to be changed. Their effective max can be set to SCADA MW if SCADA MW is above submitted max.	Current Release	Medium	\$10k - 25k	
MP's are requesting the SPP 5 minute interval data be rolled up into a separate hourly data file. There are three specific requests for data: Obtain time series settlement prices for a particular node over a time period, as a single time series data set. The Day-Ahead and Real-Time On-Peak LMP and Off-Peak LMP for by each Trading Hub for all Trading Hubs be available on the Portal. Hourly RTBM pricing files to facilitate easier analysis between the DAM and RTBM.	Current Release	Current Release	Current Release	SNL Financial
Extend out the SPP LOAD & Wind Forecast that is in the portal from a day and a half to 6 or 7 days. This is useful to allow MP's to know SPP net needs, so that they could make more informed decisions regarding self-committing their coal Units.	Current Release	Current Release	Current Release	Empire District
Provide historical load information at the hourly level by Settlement Area, but preferably by Load Settlement Location	Current Release	Current Release	Current Release	Invenergy Energy Mgmt (INVM)
LMP Annual Roll Up	Current Release	Current Release	Up to \$10k	SPP
Public Data request to provide more granular data - Actual/Forecast Load	Release +1	Medium	Up to \$10k	WoodMac
Add the RTBM/DA delta information to the Price Contour Map	Release +1	Medium	Up to \$10k	SPP
Post Total Congestion Dollars in DAMKT by Month and Constraint	Release +1	Low	Up to \$10k	SPP

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Remove "hour/minute" from file names of files representing an entire day	Release +1	Medium	Up to \$10k	SPP
Provide a table of SPP generating stations' fuel types broken down by SPP FTR case PSS/E bus numbers	Release +1	Medium	Up to \$10k	XO Energy
Revise vendor contract to provide Actual wind resource and Day Ahead forecast wind output by control area	Release +1	Medium	Up to \$10k	DC Energy Midwest LLC
Separate SLMP/SMCP Data File	Release +1	Low	Up to \$10k	SPSM
Price Contour Map - Weather and Transmission overlay	Release +1	Medium	Up to \$10k	OGE
Create "Look Ahead" report on day ahead total generation outage.	Release +2	High	Up to \$10k	Trumpet Trading
Add Resource-Zone Level Load Information	Release +2	Low	Up to \$10k	Tungston Power LP
Replace all GMT and Local timestamp columns with ISO-8601 compliant timestamp	Release +2	High	Up to \$10k	SPP
Consolidate Short Term Wind and Short Term Load Forecast files into daily folders	Release +2	Medium	Up to \$10k	SPP
Post DA & RT public Load data by zone	Release +2	Medium	Up to \$10k	Westar (WRGS)
Request that wind data be publicly posted in DA and RT markets by zone	Release +2	Medium	Up to \$10k	Westar (WRGS)
Expanding the Use of SPP CROW - The expectations are mostly on the members to submit, so we'll need tracking to ensure they are all submitting the new equipment (are able to for implementation, as well as maintain submission moving forward	Current Release	Low	Current Release	
Why does CROW not show the Implemented and Completed dates/times when you export them to Excel? I would like to use this for Compliance evidence but it only shows the Planned Start/End Date/Time. (submitted via RMS from GRDA on 1/5/2016 Currently the automatic "Export to Gantt" and "Export to Excel" do not include any information regarding the Request Type. I would use those features if it included the Request Type because without that column it is not known if it is a derate or an outage just by looking at the exported reports.	Unplanned C	Low	Up to \$10k	BASIN & GRDA
Westar requests an SPP modeling enhancement to either make CROW line/xfmr names consistent with EMS/TCR comment names for line/xfmrs or vice versa. The line/xfmrs names need to be the consistent between CROW and EMS/TCR .raw comment names.	Unplanned C	Low	Up to \$10k	WRGS
SPP would like a display that lists all of the generator and load shift factors per flowgate defined in RTLODF. The shift factors would need to be calculated based on the topology of the model in DTSPSM NETMOM.	Unplanned C	Unknown	Up to \$10k	
This functionality is standard in EMP 2.6 with a patch. SPP would like to backport this functionality to its EMP 2.5 system.	Unplanned C	Unknown	Up to \$10k	
SPP would like a way to more easily control an island's frequency during restoration in DTSPSM. One possibility is to have a way to input a target frequency and have the units in the island respond as needed. SPP would also like more information on the group-funded project for Blackstart Enhancements that has been mentioned in recent Users' Group meetings.	Unplanned C	Unknown	\$10k - 25k	
Currently during restoration drills a unit can generate well over its maximum MW. SPP would like for the DTSPSM to stop adding additional load MW to a generator if it reaches its maximum MW limit. SPP would also like for the DTSPSM solution to respect a unit's MW minimum output. While trying to solve for a high frequency the solution will cause a unit to motor with a negative MW output.	Unplanned C	Unknown	\$10k - 25k	

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
SPP would like the ability to truly "fix" a unit's MW output with no frequency response. Currently in the DTS when you remove the frequency control of the unit it will still respond to changes in load.	Unplanned C	Unknown	Up to \$10k	
This project will add functionality to enable SPP Operations to calculate the legacy BA actual loads after SPP is the BA. The existing BAs will continue to calculate and submit actual loads for SPP only in the short term, but have requested SPP take this requirement over shortly after Marketplace go-live since it is a function of a BA and SPP will be the BA.	Unplanned C	High	\$50k - 100k	SPP
Per an ORWG request (action item 56) we need to download and parse this file from NOAA and make the current index available on an ICCP point. We're asking MISO if they make the data available as well; if they do this request can be canceled.	Current Release	Current Release	Current Release	
Could SPP support a website for serving Next-day studies? Other RCs have implemented share space where next -day studies can be posted and reviewed by entity members. Currently, SPP members are emailing studies to other members. If SPP has been established to facilitate collaboration and coordination, a platform for next-day studies would be a step in the right direction.	Unplanned C	Low	\$10k - 25k	NPPD
Change to the Bilateral interface to limit the amount of profile data which can be retrieved during one search. Currently, all data is returned if the operating day is null. The changes will include a start and stop date range to restrict the amount of data returned.	Unplanned C	Low	Up to \$10k	ETEC
MP requested enhancement to auto-approve BSS profiles on subsequent re-submissions. Currently only the first submission of a BSS profile set to auto-approve will auto-approve, while subsequent changes require re-approval.	Unplanned C	Low	Up to \$10k	Tenaska
Multiple MPs have requested enhancement to add a date/last updated time stamp to BSS Profiles to assist in determining which profiles need to be validated when multiple profiles have been submitted for a single OD.	Unplanned C	Low	\$10k - 25k	SPSM, PCI, KCPL, KMEA, GRDA, Tenaska
In order to prevent typos and assist customers in determining the appropriate acronym for their counter parties, we would like to have an enhancement for BSS to include drop down menus for Buyer and Seller. We have a list we currently are providing to customers located at http://www.spp.org/publications/SMT%20FAQ%2010-1-2013.pdf that can be leveraged to create the dropdown. Model management team will have to provide the updated listing as it is updated.	Unplanned C	Low	Up to \$10k	KCPL

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
<p>Request a change that BSS profiles allow NULL values rather than forcing a value of 0 when no schedule is needed.</p> <p>Having '0' and 'null' is an industry understanding. "0" might actually be a real numerical value; where as "null" is an understanding that there shouldn't be any value for a particular hour or set of hours on a particular BSS. "0" vs "NULL" also can prevent clerical errors from being made since there is a distinguished understanding that nothing is purposely scheduled (ie unit outage), oppose to actually representing purposely a couple potential hours where no flow occurred (ie no load on a particular unit during a couple of off peak hours).</p> <p>Priority Grouping of O-Other: When developing the Market a business decision was made to not allow "NULL" values. If we were to allow "NULL" values we would not know if the Null value was intended or if the MP missed imputing data. Settlements is reaching out to the MP in regards to this request.</p>	Other	Unknown	\$10k - 25k	TEA
<p>MP and MA need the ability to see/validate submitted meter data and calibration between Initial and Final meter windows.</p> <p>Currently, the reports are locked and not updated between Initial and Final Meter Windows. Some MPs have requested a way to view what has been submitted and calibration that is continually updated and not stopped, but at a minimum, they need additional time for validation prior to close of Final.</p>	Unplanned C	High	\$50k - 100k	KMEA, WFEC, GRDA, KCPL
<p>Current Meter Agent Report Card displays detail information. We have had requests to show a summarized approach at the hourly interval.</p>	Unplanned C	Medium	\$25k - 50k	GRDA
<p>Currently, you get ALL meter locations for a Meter Agent and some have around 100. It would be more functional to be able to filter specific ones via a drop down box with available Meter Locations based on Meter Agent/MP logged in.</p>	Unplanned C	Medium	\$25k - 50k	GRDA
<p>Create a report that summarizes the submitted data and indicates when meter data has not been submitted. This report needs to be available to both a Meter Agent Level Role and also a MP/AO Level Role.</p>	Unplanned C	Medium	\$25k - 50k	Westar Energy
<p>Members have requested the ability to know when the last time an OD has been updated for meter processing via the portal. Since the meter process runs every 30 - 60 - minutes, we are requesting that the report show the last time the meter file has processed for that given day to display on report output and if window is open/closed.</p>	Unplanned C	Low	Up to \$10k	WFEC
<p>Add the ability to the GUI for processing Meter Requests within Soap Envelopes. This would allow the same file to be processed both via API or GUI without any changes. Currently, API requires the envelope and Portal requires it NOT be there. It would be much simpler if the same format could be used for both.</p> <p>Priority Group O - Other: Need further explanation of the benefits of this request. Need to understand the added value, this would only change the way this is currently done. Settlements reaching out to MP to see if this is still needed.</p>	Other	Unknown	Up to \$10k	SPS
<p>Currently we only pass through the Auction ID attribute through to the customers on their Bill Determinant Report. In the future we would like to have the Auction Name and the Peak/off peak auction type as attributes on TCR/ARR determinants that currently use the AID attribute.</p> <p>Priority Grouping of O-Other: Need further explanation of the benefits of this request.</p>	Other	Unknown	\$50k - 100k	

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Market Participant Vendor request to make Settlements notifications smart enough to know when there are multiple runs required for the OD, and only send 1 notification on all associated runs that are posted.	Unplanned C	Medium	\$25k - 50k	MCG Energy Solutions
Settlements notifications are currently the only type of notification from the Marketplace systems that don't include a MP/AO name in the actual message XML. All other notifications that we are aware of have the MP/AO name in the message. For consistency purposes and to make sure that all messages from SPP contain all the information they need for their context, we would like the MP/AO identifier to be added to the Settlements Notification XSD and messages, rather than leaving it to the vendor/MP's system to add that information as metadata when the messages are persisted on our side	Unplanned C	Low	Up to \$10k	Tenaska
The settlement notifications being delivered to the MP's include the settlement type. This causes multiple notifications to be issued at the same time. One for Initial, one for Final, and one for each resettlement. As a consequence, processes that automatically download statements when a notification is received are repeatedly downloading the data. We need a single notification to the MP's when the statement is ready.	Unplanned C	Medium	\$25k - 50k	PCI, MCG Energy Solutions
Would it be possible to provide the IM settlements calendar in XML format? Our meter submission is automatic and being able to import the "due dates" to compare against would be very handy, especially during the holiday adjusted schedules. I'm doing this with the Excel version, but due to the nature of Excel, it's a semi-manual process."	Unplanned C	High	\$50k - 100k	WFEC
A report to provide the Market Participants the costs allocated to the market caused by the GFA Carve Outs and the hourly/monthly deviations associated with the GFA Carve Out Schedules'	Unplanned C	Low	\$10k - 25k	
MP requesting the following data be added to the EQR reports. FERC Tariff reference; Contract service agreement; Transaction unique identifier; Type of rate; Term name; Increment name; Increment Peaking name; Product name; Transaction quantity; Transaction price; Product name; Combined 03-949 with this ticket as the requests were duplicates. 03-949 requested all of the data required by FERC to be included on the EQR report. Internal Design Discussions have started with requirements from the EQR Task Force, however this has not been assigned a release yet.	Unplanned A	High	\$50k - 100k	HQ Energy Services
Request for the FERC EQR data to be a month long, instead of the current 7 days	Unplanned A	High	Up to \$10k	AEP
Enhance the current Meter Agent Report Card to work similar to the MP Meter Report to improve performance and usability for the MPs.	Unplanned C	Low	\$10k - 25k	

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
<p>Make additional market-wide determinants available to Settlement determinant Report. The attributes for Market by Hour for DA and 5 min for RT requested are:</p> <p>DA RegUp Cleared Volume DA RegDn Cleared Volume DA Spin Cleared Volume DA Supp Cleared Volume DA RegUp Distribution Volume DA RegDn Distribution Volume DA Spin Distribution Volume DA Supp Distribution Volume RT RegUp Cleared Volume RT RegDn Cleared Volume RT Spin Cleared Volume RT Supp Cleared Volume RT RegUp Distribution Volume RT RegDn Distribution Volume RT Spin Distribution Volume RT Supp Distribution Volume</p> <p>Action Item from 12/2015 SPQM: Gary Cate Provided XCEL Energy Public Data URLs where to find this information on 12/11/15. SPP followed up on 12/18/15 and 2/3/16 and they have not had time to review the information. This ticket will remain open until they have reviewed the information provided to determine if it fits their needs.</p>	Unplanned C	Unknown	\$50k - 100k	SPSM
<p>Market Participant requested the ability for the Settlement Reports - View Settlement Statements role to be specified at the Asset Owner level, as opposed to only the Market Participant level. Priority Grouping of O-Other: Need further explanation of the benefits of this request. This data is already available to AOs in the determinant report. Settlements reaching out to MP to show where this data can be found.</p>	Other	Unknown	\$25k - 50k	Tenaska, TEA
<p>Market Participant requests to add GMT offset to the Operating Date and Invoice Date fields in the Settlement Statement Report. Their internal systems operate at GMT the offset is important to parsing of the file. Priority Grouping O-Other: Need further explanation of the benefits of this request. The Invoice date and Operating date are not time specific.</p>	Other	Unknown	\$10k - 25k	APX
<p>Currently the settlement billing determinant file is available at the AO level only and we would like to see it also available at the MP level. Priority Grouping of O-Other: This can only be done for the API, Data Volume would be too large through the UI. Settlements reaching out to MP.</p>	Other	Unknown	\$25k - 50k	Tenaska
Publish nomination caps during Verification period	Release +2	Medium	\$10k - 25k	SPP
Make Round cap , Round Nomination, and Round allocation information downloadable in the ARR Nomination Editor and via API	Unplanned A	Medium	\$25k - 50k	Customized Energy Solutions
Make the entitlement MW column of the downloadable Nomination Editor file available via API.	Unplanned B	Low	\$10k - 25k	Customized Energy Solutions
Have ARR nomination process directly mirror the TCR bid process (create portfolio, enter nominations, save, and submit portfolio).	Unplanned C	High	\$25k - 50k	OGE
Create a Public Download and API call for the list of Electrically Equivalent Settlement Locations (EESL) associated with each market in the TCR Markets UI API. UPDATE 2/19/2016: The files will be accessible via FTP which will serve the same purpose as an API.	Release +2	Medium	\$25k - 50k	MSWF, XO Energy, Saracen Energy
Addition of a "Submit" button inside the portfolio editor.	Release +2	Low	Up to \$10k	AEPM

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Append bus names as a comment in .raw file to facilitate MP processes.	Unplanned B	Medium	\$25k - 50k	Westar Energy, SPS

Legend:

Blue: Items which were not listed on the last Quarterly Portfolio Report

Projects

Project Name	Project Description	Cost Estimate	Targeted Implementation Date
MSS2.7	<ul style="list-style-type: none"> •RR29_MPRR 215 Product Substitution •RR77 - Reg Comp Clarification; 5-min to hourly change for DA regup and regdn offers •MPRR 196 Ancillary Service Manual Override on Regulation •RR16 - MPRR 190 MWP Start-up Offer Recover * RR25_MPRR211 - Self-Commit Run Time Make Whole Payment Exemption 	In flight	Q2 2016
Ratings Submission Tool	SPP Operations has identified a need to formalize the submittal of line rating changes that are submitted by Transmission Owners per NERC standard FAC-008-3. These line ratings are used in SPP's reliability function and the network model used by markets. This project is to create an SPP-hosted tool with a web-based user interface, which will allow the appropriate TOs to submit line ratings.	In flight	05/24/16
Schedule Data API	Four MPs (SPS, KCPL, AEP, OGE) request Schedule Data earlier than 7 days out -- within 2 to 3 days of Operating Day (for shadowing)* Balancing issue #328	\$50-100k	Q3 2016
Markets Release 1.18	This release includes changes for Hot Start, ECC Performance improvements, and several enhancements and defects.	In flight	06/01/16
Markets Release 1.19	This release includes all remaining ECC functionality as well as member requested enhancements to the User Interfaces and APIs.	In flight	11/01/16
RR126 Netting of TCR Credit Portfolio	Current credit exposure calculations, as found in Article 5A of Attachment X (Credit Policy), may result in excess Financial Security (cash or letter of credit) required for certain TCR bids/offers and ARR self-conversions during a TCR auction. The CPWG proposes to change the Credit Policy to allow a Credit Customer's positively-valued TCR portfolio to offset their credit requirements for TCR bids, offers, and ARR self-converts during a current auction period.	In flight	Q2 2016
TCR 2.7 Release	MPRR227/RR119	In flight	05/26/16
Z2 Crediting Process	The Crediting Process project will deliver a process for analyzing the stack list of long-term and short-term transmission service requests that impact creditable facilities/upgrades under the tariff.	In flight	11/04/16
CIP Version 5 Compliance Readiness	The scope of this Project includes all work associated with efforts to build new processes or enhance existing processes, as needed, which will support compliance with the CIP Version 5 Standards, as defined by the North American Electric Reliability Corporation (NERC). The effective date of these standards is 1 Apr 2016. This Project applies to those processes managed by the SPP Compliance Department. It is acknowledged that this Project is part of a Program which consists of other projects associated with efforts to support compliance.	In flight	03/01/16
CIP Version 5 EMBCReadiness	The scope of this Project includes all work associated with efforts to build new processes or enhance existing processes, as needed, which will support compliance with the CIP Version 5 Standards, as defined by the North American Electric Reliability Corporation (NERC). The effective date of these standards is 1 April 2016. This Project applies to those processes managed by the Business Process Improvement Department, namely those processes that support emergency management and business continuity.	In flight	03/31/16

Projects

Project Name	Project Description	Cost Estimate	Targeted Implementation Date
CIP Version 5 Facilities Readiness	The scope of this Project includes all work associated with efforts to build new processes or enhance existing processes, as needed, which will support compliance with the CIP Version 5 Standards, as defined by the North American Electric Reliability Corporation (NERC). The Project Team is now focused on the management of Physical Access Control Systems (PACS) and the deployment of the second authentication factor for the Physical Security Perimeter (PSP).	In flight	03/31/16
CIP Version 5 IT Readiness	The scope of this Project (CIP Version 5 IT Readiness) includes all work associated with efforts to build new processes or enhance existing processes, as needed, which will support compliance with the CIP Version 5 Standards, as defined by the North American Electric Reliability Corporation (NERC). This Project applies to those processes managed by the SPP IT Organization, including both the IT Operations and IT Applications Departments.	In flight	03/31/16
Enhanced Combined Cycle - Gas Day	This project will deliver two large areas of functionality related to Enhanced Combined Cycle (RR1- MPRR101, RR5-MPRR140, and RR112) and Gas Electric Harmonization (RR100).	In flight	03/01/17
FERC 676-H NITS Web Oasis Modification	Change to OATI systems caused by FERC Order 676-H NITS upgrade. The OATI webOASIS and webTrans data modules will be updated to incorporate all necessary structures to represent NITS requests via electronic templates.	In flight	03/01/16
TTSE Dispatcher Training Simulator	Phased approach to develop a more realistic simulator environment dedicated to SPP Operations Training by: Enhancing the current Dispatcher Training Simulator (DTS) Incorporating a Market System & Data Feeds Creating a Training and Testing Simulated Environment (TTSE). Adding Visualization Tools-Genview, Flowgate Explorer, etc.	\$4,835,000	
2-Factor Authentication	The Marketplace UIs and APIs use certificate based single factor of authentication mechanism. This project proposes adding a 2nd factor of authentication (like password) to the authentication process. While there is no 100% security, the 2-factor authentication will lower the Marketplace UI and API security vulnerability and reduce the risk to the Marketplace systems. Most of the other ISOs use 2-factor authentication with their UIs and APIs.	\$551,000	
Identity and Access Management System	This project is to purchase and deploy an automated IAM System and supporting processes. Currently, SPP is incurring significant cyber security and compliance risk as well as reduced efficiency due to continued use of manual Identity and Access Management processes.	\$1,112,000	
Z2 Crediting P2 and P3	The objectives of the Z2 Crediting Tool P2 and P3 project are to implement the priority 2 and 3 functional requirements of the Credit Stacking System to (1) enable SPP to reliably and consistently comply with the provisions of Attachment Z2 of the SPP Tariff, (2) to enhance efficiency and accuracy of the revenue crediting process, and (3) reduce the risk of inaccurate settlements and resulting customer disputes.	\$349,000	

Projects

Project Name	Project Description	Cost Estimate	Targeted Implementation Date
PMU Data Exchange	<p>SPP has a need to install the applicable components for Synchrophasor (aka Phasor measurement Unit PMU) data exchange and analytics. PMU devices can capture voltage, frequency, current, and angle for the 3 phases at a substation as fast as 60 measurements a second. This granularity of data would greatly enhance our after-the-fact event analysis. Along with event analysis, the data would assist in our real-time situational awareness. While the data could aid in identifying generator trips and island situations, it could also aid in our State Estimator accuracy. This aligns with the Operations strategic plan to expand our operations capabilities in the dynamic evaluation of the real-time operations.</p>	In flight	
Liferay Portal Replacement	<p>Existing Liferay version 6.1 needs to be upgraded and the new 6.2 version revealed changes to the Liferay GUI and compatibility with our existing SPP themes that would require changes to the look and feel of the Integrated Marketplace Portal. Liferay Portal usage has changed and therefore its infrastructure's value has diminished, leading to an opportunity to eliminate use of Liferay and save maintenance expenses.</p>	\$237,000	
EMS Software Upgrade	<p>Upgrade to a supported version of EMS software (Alstom e-terraplatform) running on a compatible and supported operating system in accordance with industry and SPP standards. The upgrade will also include server and operating system upgrades.</p>	\$6,900,000	
ICCP Software and OS Upgrade	<p>Upgrade to a supported version of ICCP (Alstom e-terracomm) software running on a compatible and supported operating system in accordance with industry and SPP standards. The 32 bit to 64 bit software upgrade will also allow more permissions to be granted to data items without reaching memory limitations. This upgrade will match the existing architecture of 6 production servers and 4 ITE servers.</p>	\$541,000	



75

SEVENTY-FIVE YEARS OF
RELIABILITY THROUGH RELATIONSHIPS



Settlements

Don Shipley, SPP Director Settlements

Office – 501-614-3581

Email – dshipley@spp.org

Presentation Objectives

- Identify Settlements Scope
- Settlements concerns
- Settlements Strategy for improvement



Settlements Scope



Settlements Scope

- Settled over \$18 billion worth of transactions in 2015 (market and transmission combined)
- SOC 1 Controls
 - Market Billing
 - 4 Control Objectives
 - 13 Control Activities
 - 3 Shared Control Objectives
 - Transmission Billing
 - 4 Control Objectives
 - 16 Control Activities
 - 1 Shared Control Objective

Settlements Scope

Market Settlement Process

- 63 market charge types
- Market settles real-time and day-ahead
 - 5-minute, hourly, daily, monthly, and yearly
- Market produces daily statements, weekly invoices
- Approximately 1500 Settlements in 2015

Transmission Settlement Process

- Transmission charge types are in the form of Tariff Schedules
- Point to Point
 - Schedules 1, 1A, 2, 7, 8, 11, and 12
- Network
 - Schedules 1, 1A, 3, 4, 5, 6, 9, 11, and 12
 - Monthly assessment, direct assignments, and resident load
- Transmission Produces daily statements, monthly invoices
- Approximately 1100 Settlements in 2015

Settlement Concerns



Settlements Concerns

- **Stakeholder Satisfaction Survey results**

- Indicate members and customer not satisfied with the SPP settlement process

- **Settlement structure creating risk to SPP members and customers**

- Small teams of 4-5 creating silos of knowledge
- Unable to leverage resources across transmission and market settlements

- **Settlement systems ineffective and inefficient**

- Performance and stability issues
- Transmission system has not been upgraded since 2011
- Transmission monthly close process has 68 Manual interventions

- **Cost management**

- Premium pay (large staff of non-exempt employees)
- System defects and enhancements

Settlements Strategy



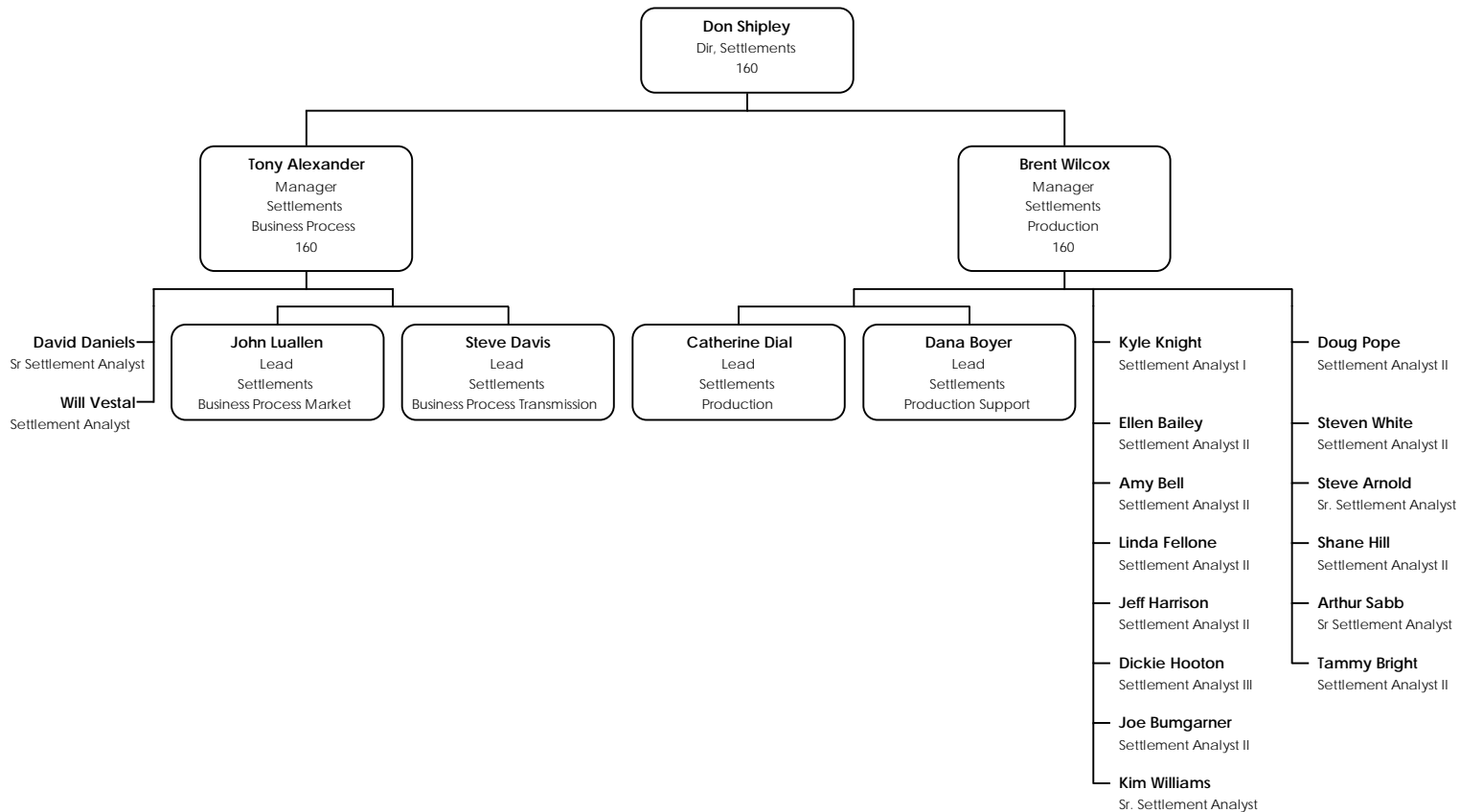
Settlements Strategy

1. Settlement Systems - Consolidate around a single, high-performance system.
2. Staff Engagement - Create an environment for staff to feel empowered and successful.
3. Cost Management - Develop strategies for effective budget and resource management.
4. Settlement Governance - Create better handoffs from upstream processes to downstream users.

Settlements Strategy

- As of February 1, Settlements has been reorganized
- Two primary areas of focus:
 - Settlements Production
 - Settlements Business Process
- Operate as One Team
 - Market and Transmission Production
 - Implement Process Improvements
 - Cross-train staff, provide additional bench strength and lower cost
- Create a Robust Business Focus
 - Increase our presence in upstream processes/groups that impact settlements (E.g., CWG, RTWG, MWG, FERC, Market Design, RRs, etc.)
- Work upstream to educate others on settlement impacts
 - Increase understanding of the impacts before decisions are made
 - Set appropriate expectations around timing when possible

Settlements Organizational Chart



Settlements Cost Management

- Reorganization allowed one headcount reduction
- Staff cross-training allows for increased efficiency; anticipate reduction in premium pay
- Settlement system enhancements estimated at \$4 million
 - Decision to develop a single, high-performance system instead of two separate systems
- Approved transmission upgrade project estimated at \$4.5 million dollars suspended in 2015

Settlements 2016 Mantra



Stephens Inc.

Larry Middleton

March 2016

The domestic and foreign markets for 2015 were influenced by the Federal Reserve's decision to raise rates and the devaluation in commodities. The Federal Reserve raised rates 25 basis points or ¼ of 1% in the fourth quarter based on the improving economic news while China, which is the world's second largest economy, reported that its economy was showing signs of weakness.

As of December 31st, the Southwest Power Pool portfolio was up 3.49% net of manager fees for the quarter vs the blended index return for the quarter of 3.38%.

Our outlook for the near term considers the following:

- Continued volatility in the energy sector
- Stabilized interest rates
- Stronger consumer spending and new home construction

Markets:

- Emerging markets will continue to be challenging
- Commodity prices will likely remain low based on the supply vs demand forecasts
- U.S. economy will continue to remain stable

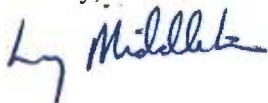
Based on current earnings reports, new home construction, lower jobless claims and consumer spending, we anticipate that the domestic equity market will continue to improve; however, oil prices are likely to continue to influence results in the short-term.

We forecast that the Gross Domestic Product (GDP) will grow at 2.5% in 2016. Based on this growth forecast, we will continue to add to the broader domestic equity market positions through manager and exchange traded fund allocations.

We will maintain a relatively low duration in the bond portfolio and anticipate that credit spreads will tighten.

Please feel free to contact me if you would like to discuss your portfolio or the economic factors that were outlined above.

Sincerely,



Larry Middleton
Executive Vice President

The statements contained herein, while not guaranteed, are taken from sources we consider to be reliable. Month-end statements should remain as your documents of record. Past performance is no guarantee of future results.

Investment Bankers

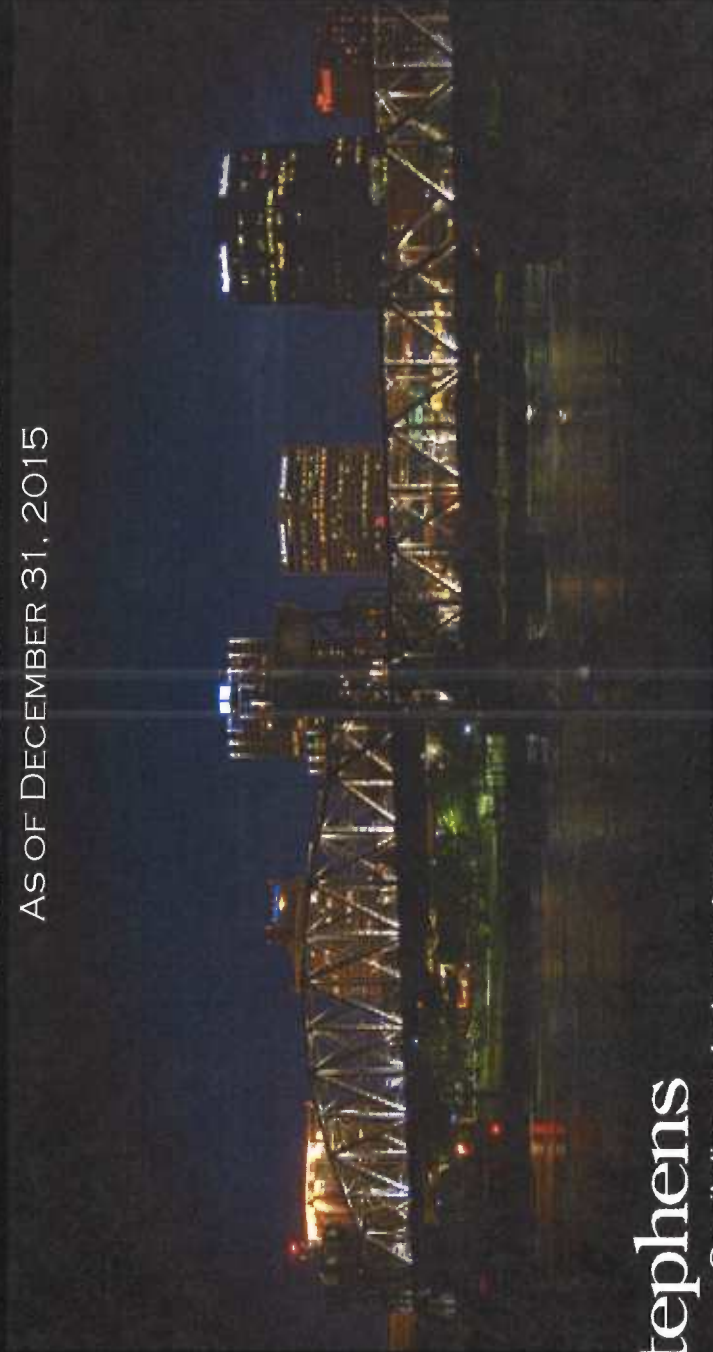
www.stephens.com

111 Center Street P.O. Box 3507 Little Rock, Arkansas 72203 501-377-3493 Fax 501-210-4619

SOUTHWEST POWER POOL

PORTFOLIO REVIEW

AS OF DECEMBER 31, 2015



Stephens

Capitalize on Independence™

Stephens

Capital Management

Stephens Inc.

Investment Banks

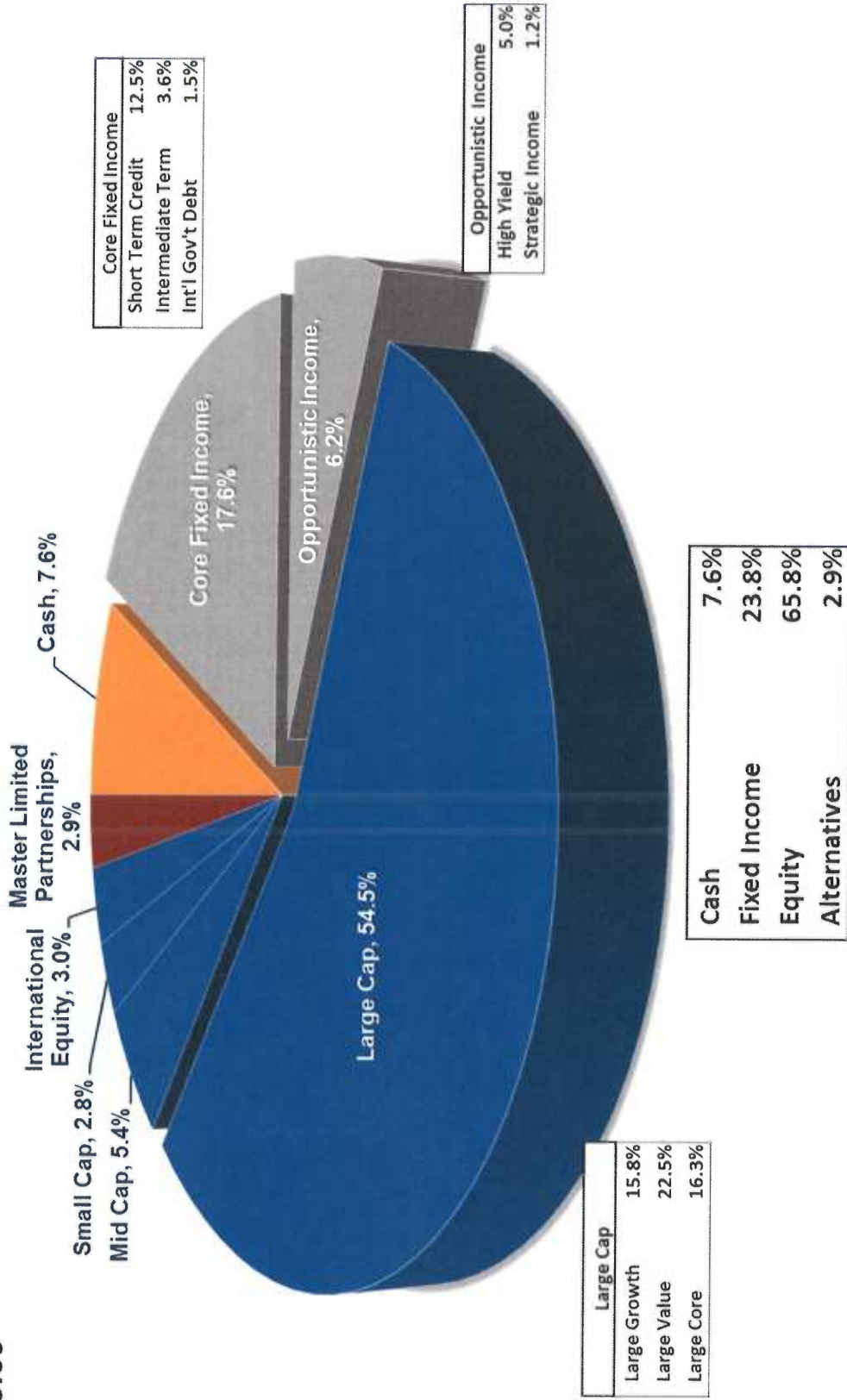
Member NYSE, SIPC

Portfolio Allocation as of December 31st, 2015

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Total Portfolio Value as of December 31st, 2015:

\$47,863,185.69



Broader Market Snapshot

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As of 12/31/2015	Asset Weight	QTD	YTD
Russell 3000	56.6%	6.270	-0.480
S&P Energy	6.1%	0.200	-21.120
Alerian MLP	2.9%	-2.800	-32.600
MSCI EAFE	3.0%	4.710	-0.810
Barclays US Aggregate	16.1%	-0.570	0.550
Barclays US Corp High Yield	6.2%	-2.070	-4.470
Barclays Global Agg Ex-US	1.5%	-1.260	-6.020
Cash - Citi 3 Month Treasury	7.6%	0.010	0.030

EQUITY ASSET CLASS RETURNS

Russell Index Returns by Style & Weight

4Q2015 YTD 2015

Large Cap Value	5.6	-3.8
Large Cap Core	7.0	1.4
Large Cap Growth	7.3	5.7
Mid Cap Value	3.1	-4.8
Mid Cap Core	3.6	-2.4
Mid Cap Growth	4.1	-4.4
Small Cap Value	2.9	-7.5
Small Cap Core	3.6	-4.4
Small Cap Growth	4.3	-1.4

GLOBAL EQUITIES

MSCI World	5.5	-0.9
MSCI EAFE	4.7	-0.8
MSCI EM	0.7	-14.9

FIXED INCOME INDEX RETURNS

Barclays US Aggregate	-0.6	0.6
Barclays U.S. Corp High Yld	-2.1	-4.5
Barclays Global Agg Ex- U.S.	-1.3	-6.0

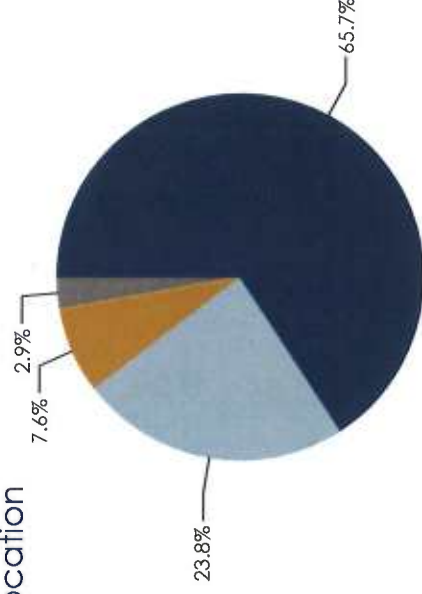
Portfolio Summary

Stephens

Southwest Power Pool Composite

	Month to Date	Quarter to Date	Year to Date	03/04/2014 to Date
Beginning Value	48,630,237.69	45,414,599.76	45,933,838.69	0.00
Contributions	268,697.29	806,091.87	5,998,796.46	52,516,279.22
Distributions	-85.00	-1,233.26	-2,863,233.26	-4,472,857.49
Asset Value Change	-1,035,664.29	1,643,727.32	-1,206,216.20	-180,236.04
Current Market Value	47,863,185.69	47,863,185.69	47,863,185.69	47,863,185.69
Accrued Income	71,331.20	71,331.20	71,331.20	71,331.20
Value with Accrued Income	47,934,516.89	47,934,516.89	47,934,516.89	47,934,516.89

Allocation



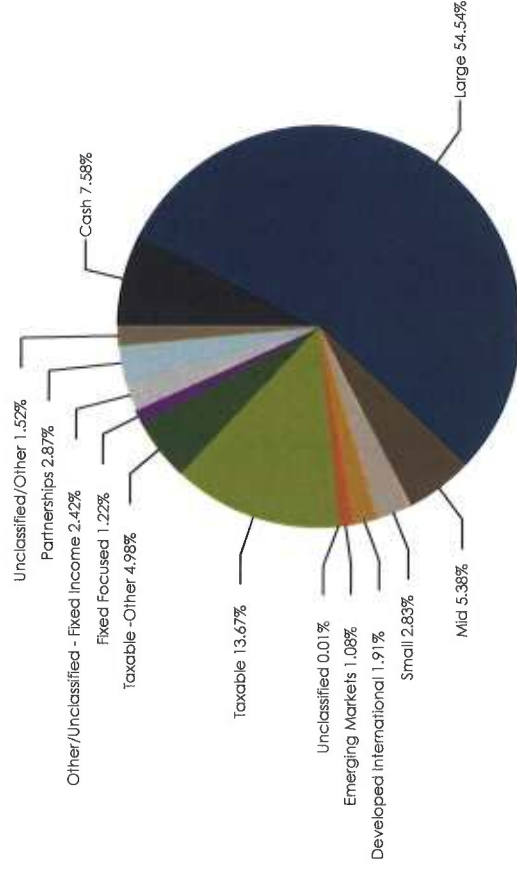
Asset Class	Market Value	% Assets	Yield
Equity	31,468,848.31	65.7	2.19
Fixed Income	11,391,599.62	23.8	3.83
Cash	3,628,468.57	7.6	0.00
Alternative	1,374,269.20	2.9	7.63
Totals	47,863,185.69	100.0	2.57

Performance

Account	Account Name	Strategy	Inception Date	MTD	QTD	YTD	1YR	ITD (Ann.)	ITD (Cum.)
530844571	Southwest Power Pool		3/4/2014	-2.14	3.49	-2.48	-2.48	0.09	0.17
530866612	Southwest Power Pool Equities		3/4/2014	-2.75	5.37	-3.31	-3.31	-0.05	-0.09
530866799	Southwest Power Pool Fixed		3/4/2014	-0.90	-0.65	-0.54	-0.54	0.21	0.38
	Southwest Power Pool Collect		3/4/2014	0.00	-0.03	-0.36	-0.36	0.08	0.15

Southwest Power Pool Composite

	Current Allocation	Percent
	\$	
Cash	3,628,469	7.58%
Large Value	10,743,054	22.45%
Large Core	7,800,319	16.30%
Large Growth	7,559,889	15.79%
Mid Value	673,061	1.41%
Mid Core	1,902,138	3.97%
Small Value	496,569	1.04%
Small Core	844,650	1.76%
Small Growth	13,530	0.03%
Developed Large Value	189,666	0.40%
Developed Large Core	725,192	1.52%
Emerging Markets Small/Mid Growth	517,387	1.08%
Other/Unclassified - Equity	3,395	0.01%
Short Term	5,972,854	12.48%
Intermediate Term	569,690	1.19%
High Yield Intermediate Term	2,381,338	4.98%
Other Fixed Focused	583,246	1.22%
Other/Unclassified - Fixed Income	1,158,662	2.42%
Partnerships	1,374,269	2.87%
Unclassified	725,810	1.52%



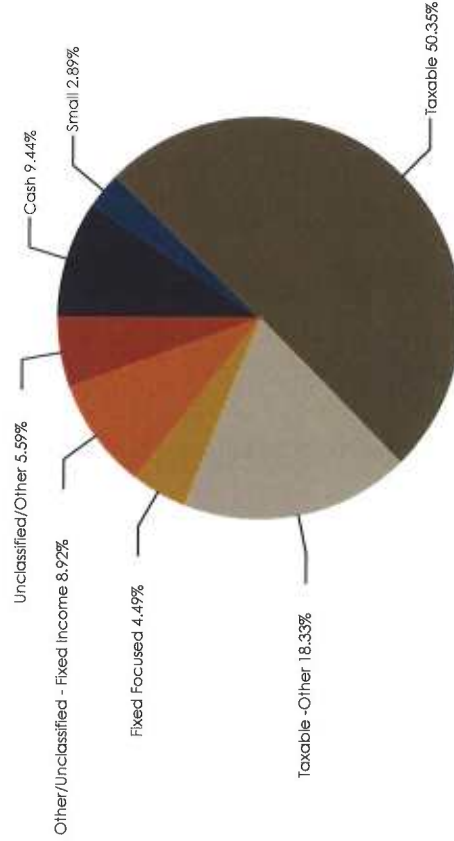
Current Asset Allocation

Stephens

Southwest Power Pool Fixed 530866612

12/31/2015

	Current Allocation	
	\$	Percent
Cash	1,226,522	9.44%
Small Value	376,019	2.89%
Short Term	5,972,854	45.97%
Intermediate Term	569,690	4.38%
High Yield Intermediate Term	2,381,338	18.33%
Other Fixed Focused	583,246	4.49%
Other/Unclassified - Fixed Income	1,158,662	8.92%
Unclassified	725,810	5.59%
Total	\$12,994,140	100.00%



	\$	Percent
Cash	1,226,522	9.44%
Small	376,019	2.89%
Taxable	6,542,543	50.35%
Taxable - Other	2,381,338	18.33%
Fixed Focused	583,246	4.49%
Other/Unclassified - Fixed Income	1,158,662	8.92%
Unclassified/Other	725,810	5.59%
Total	\$12,994,140	100.00%

Southwest Power Pool Fixed 530866612

12/31/2015

Top 10 Holdings

Security	Coupon	Maturity	Market Value	% Fixed Income
iShares 1-3 Year Treasury Bond ETF	-	-	1,195,381.20	10.5
iShares 1-3 Year Credit Bond ETF	-	-	993,700.00	8.7
PIMCO 0-5 Yr High Yld Corp Bd Index ETF	-	-	697,228.20	6.1
SPDR Barclays Short Term Hi Yld Bd ETF	-	-	634,799.90	5.6
Powershares Senior Loan Port ETF	-	-	589,680.00	5.2
Goldman Sachs Strategic Income Fd Inst	-	-	583,246.40	5.1
Western Asset High Income Fund Class A	-	-	581,223.00	5.1
Lennox International Sr Note	4.900	05/15/2017	515,990.00	4.5
Eaton Vance Floating Rate Advantaged I	-	-	472,448.74	4.1
Eaton Vance Income Fund of Boston Cl I	-	-	468,086.92	4.1
Top 10 Holdings Total			6,731,784.37	59.1

Weighted Averages

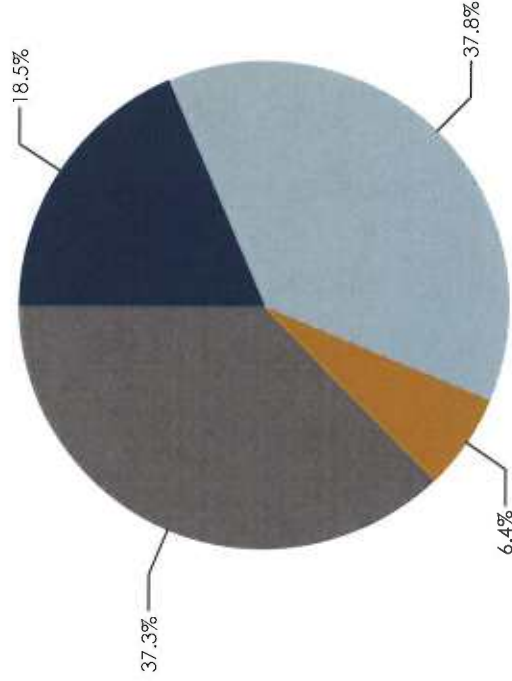
Average Yield	2.280
Average Maturity	2.310
Average Coupon	3.920
Average Duration	2.21
Average S&P	A+
Average Moody	A1

Funds/ETFs/UITs/Preferreds excluded from Weighted Average Calculation

Fixed Income Totals

Market Value	11,391,599.62
Total Cost	11,783,312.86
Unrealized Gain/Loss	-391,713.23
Estimated Annual Income	434,932.50
Accrued Income	39,342.26

Fixed Income Allocation

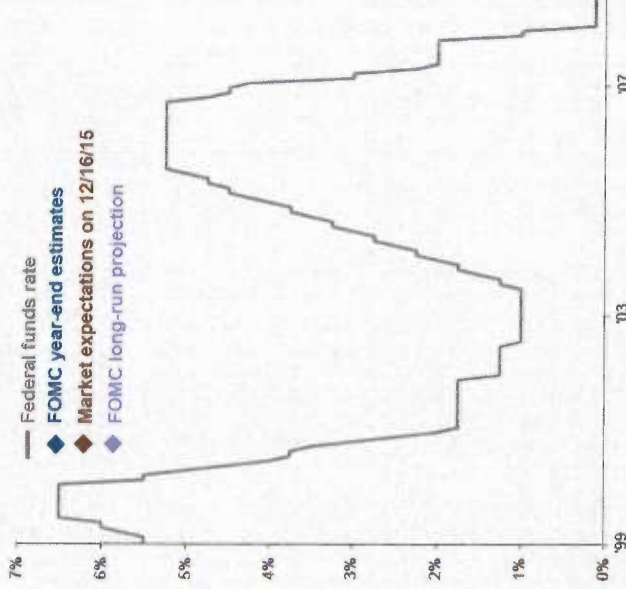


Fixed Income Type	Market Value	% Fixed Income	% Assets
Mutual Funds - Fixed Income	2,105,005.07	18.5	16.2
ETF - Fixed Income	4,307,953.05	37.8	33.2
Other Fixed Income	725,810.00	6.4	5.6
Corporate Bonds	4,252,831.50	37.3	32.7
Fixed Income Total	11,391,599.62	100.0	87.7

The Fed and interest rates

Federal funds rate expectations

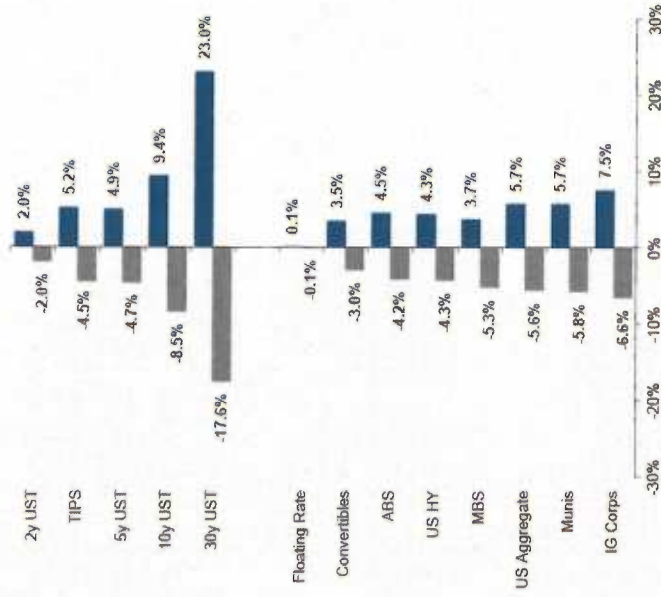
FOMC and market expectations for the fed funds rate



FOMC December 2015 forecasts*

Percent	2015	2016	2017	2018	Long run
Change in real GDP, Q4 to Q4	2.1	2.4	2.2	2.0	2.0
Unemployment rate, Q4	5.0	4.7	4.7	4.7	4.9
PCE inflation, Q4 to Q4	0.4	1.6	1.9	2.0	2.0

Price impact of a 1% rise/fall in interest rates



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. Market expectations are the federal funds rates priced into the fed futures market as of the date of the December 2015 Federal Open Market Committee (FOMC) meeting. *Forecasts of 17 FOMC participants, midpoints of central tendency except for federal funds rate, which is a median estimate. Guide to the Markets - U.S. Data as of December 31, 2015.

Source: Barclays Capital, U.S. Treasury, FactSet, J.P. Morgan Asset Management. Sectors shown above are provided by Barclays Capital and are represented by - Broad Market; U.S. Treasury; U.S. Aggregate Securitized - MBS; U.S. Corporate Securitized - MBS; Corporate; U.S. Municipal; U.S. High Yield; Corporate High Yield; TIPS; Treasury Inflation Protection Securities (TIPS); Floating Rate; FRN (BBB); Convertibles; U.S. Convertibles Composite; ABS; ABS + CMB. Treasury securities data for number of issues based on U.S. Treasury benchmarks from Barclays Capital. Yield and return information based on 10-years of monthly returns for Treasury securities. Sector yields reflect yield to worst, while Treasury yields are yield to maturity. Correlations are based on 10-years of monthly returns for all sectors. Change in bond price is calculated using both duration and convexity according to the following formula: $\Delta \text{Price} = (\text{Price} \times \text{Duration} + \text{Change in Interest Rates}) \times (0.5 \times \text{Price} \times \text{Convexity})$. (Change in Interest Rates)/2. Chart is for illustrative purposes only. Past performance is not indicative of future results. Guide to the Markets - U.S. Data as of December 31, 2015.

Southwest Power Pool Fixed 530866612

12/31/2015

Quantity	Symbol	Security Description	Unit Cost	Total Amount	Current Price	Market Value	% Unrealized Gain/Loss	% of Assets	Estimated Annual Income	Curr. Yld./YTM
Cash										
Cash										
-CASH-		Cash Balance	1.00	0.00	1.00	0.00	-	0.00	-	-
1,226,522	OA0100	Federated Treas Oblig	1.00	1,226,521.68	1.00	1,226,521.68	-	9.44	-	-
				1,226,521.68		1,226,521.68		9.44	0	
				1,226,521.68		1,226,521.68		9.44	-	
Equity										
ETF - Equity										
23,850	BIZD	Market Vectors BDC Income ETF	21.02	501,315.08	15.77	376,019.10	-24.99%	2.89	34,296	9.12
				501,315.08		376,019.10		2.89	34,296	
				501,315.08		376,019.10		2.89	34,296	
Fixed Income										
Corporate Bonds										
200,000	002824AU4	ABBOTT LABORATORIES 5.125% 4/01/19 002824AU4 5.125 04/01/2019	114.47	228,938.00	109.50	218,998.00	-4.34%	1.69	10,250	-
100,000	009158AS5	Air Products Chemicals Whole Call 10bps 009158AS5 1.200 10/15/2017	99.00	98,997.00	99.43	99,427.00	0.43%	0.77	1,200	-
100,000	037833AJ9	Apple Inc Sr Note 037833AJ9 1.000 05/03/2018	97.48	97,481.00	99.19	99,188.00	1.75%	0.76	1,000	-
100,000	055482AJ2	BJ Service Co Call Make Whole 40bp 055482AJ2 6.000 06/01/2018	115.59	115,586.00	108.38	108,376.00	-6.24%	0.83	6,000	-
150,000	097023BE4	Boeing Co .95% 097023BE4 0.950 05/15/2018	97.42	146,127.00	98.85	148,276.50	1.47%	1.14	1,425	-
100,000	120569AA6	Bunge NA Finance 5.9% 120569AA6 5.900 04/01/2017	111.90	111,902.00	104.26	104,257.00	-6.83%	0.80	5,900	-
250,000	166764AE0	CHEVRON CORP 1.718% 6/2018 166764AE0 1.718 06/24/2018	100.36	250,897.50	99.49	248,722.50	-0.87%	1.91	4,295	-

Southwest Power Pool Fixed 530866612

12/31/2015

Quantity	Symbol	Security Description	Unit Cost	Total Amount	Current Price	Market Value	% Unrealized Gain/Loss	% of Assets	Estimated Annual Income	Curr. Yld/YTM
250,000	17275RAE2	CISCO SYSTEMS INC 17275RAE2 4.950 02/15/2019	113.66	284,145.00	109.28	273,200.00	-3.85%	2.10	12,375	-
250,000	219350AY1	Coming Inc Nt 1.45% 219350AY1 1.450 11/15/2017	98.52	246,302.50	99.15	247,862.50	0.63%	1.91	3,625	-
100,000	268648AP7	EMC Corp Mass 1.875 268648AP7 1.875 06/01/2018	100.06	100,062.00	93.31	93,308.00	-6.75%	0.72	1,875	-
250,000	4062168C4	Halliburton Co 2.0% 4062168C4 2.000 08/01/2018	100.91	252,282.50	99.31	248,277.50	-1.59%	1.91	5,000	-
150,000	458140AL4	Intel Corp 458140AL4 1.350 12/15/2017	99.94	149,908.50	100.13	150,199.50	0.19%	1.16	2,025	-
500,000	526107AC1	Lennox International Sr Note 526107AC1 4.900 05/15/2017	103.63	518,135.91	103.20	515,990.00	-0.41%	3.97	24,500	-
200,000	529772AE5	Lexmark Intl Inc 6.65% 529772AE5 6.650 06/01/2018	112.37	224,748.00	107.70	215,396.00	-4.16%	1.66	13,300	-
200,000	585055AN6	Medtronic Inc 5.6% 585055AN6 5.600 03/15/2019	116.14	232,274.00	110.77	221,540.00	-4.62%	1.70	11,200	-
150,000	666807BA9	Northrop Grumman Corp 5.05% 666807BA9 5.050 08/01/2019	111.58	167,364.00	108.45	162,673.50	-2.80%	1.25	7,575	-
200,000	68389XAN5	Oracle Corp 68389XAN5 1.200 10/15/2017	99.70	199,390.00	100.05	200,106.00	0.36%	1.54	2,400	-
200,000	71713UAQ5	Pharmacia Corp 6.5% 71713UAQ5 6.500 12/01/2018	120.88	241,760.00	112.80	225,596.00	-6.69%	1.74	13,000	-
250,000	74005PBC7	Praxair Inc 1.05% 74005PBC7 1.050 11/07/2017	98.62	246,560.00	99.11	247,777.50	0.49%	1.91	2,625	-
200,000	911312AK2	United Parcel Service 5.125% 911312AK2 5.125 04/01/2019	114.57	229,146.00	110.35	220,694.00	-3.69%	1.70	10,250	-
200,000	931142DJ9	Wal Mart Stores Inc 931142DJ9 1.950 12/15/2018	100.77	201,548.00	101.48	202,966.00	0.70%	1.56	3,900	-
				4,343,554.91				32.73	143,720	

Southwest Power Pool Fixed 530866612

12/31/2015

Quantity	Symbol	Security Description	Unit Cost	Total Amount	Current Price	Market Value	% Unrealized Gain/Loss	% of Assets	Estimated Annual Income	Curr. Yld/YTM
ETF - Fixed Income										
26,325	BKLN	PowerShares Senior Loan Port ETF	24.67	649,380.23	22.40	589,680.00	-9.19%	4.54	24,298	4.12
9,500	CSJ	iShares 1-3 Year Credit Bond ETF	105.37	1,000,986.98	104.60	993,700.00	-0.73%	7.65	11,761	1.18
7,610	HYS	PIMCO 0-5 Yr High Yld Corp Bd Index ETF	104.71	796,814.71	91.62	697,228.20	-12.50%	5.37	36,376	5.22
5,075	PFF	iShares US Preferred Stock ETF	39.35	199,700.74	38.85	197,163.75	-1.27%	1.52	11,363	5.76
14,170	SHY	iShares 1-3 Year Treasury Bond ETF	84.71	1,200,406.17	84.36	1,195,381.20	-0.42%	9.20	6,433	0.54
24,710	SJNK	SPDR Barclays Short Term Hi Yld Bd ETF	30.36	750,179.12	25.69	634,799.90	-15.38%	4.89	36,867	5.81
				4,597,467.95		4,307,953.05		33.15	127,098	
Mutual Funds - Fixed Income										
86,683	EIBIX	Eaton Vance Income Fund of Boston CII	6.10	528,905.69	5.40	468,086.92	-11.50%	3.60	-	6.83
46,777	EIFAX	Eaton Vance Floating Rate Advantaged I	11.16	522,057.75	10.10	472,448.74	-9.50%	3.64	-	5.26
60,629	GSZIX	Goldman Sachs Strategic Income Fd Inst	10.57	642,157.31	9.62	583,246.40	-9.17%	4.49	-	4.41
113,520	SHIAX	Western Asset High Income Fund Class A	5.38	710,917.99	5.12	581,223.00	-18.24%	4.47	-	7.60
				2,404,038.73		2,105,005.07		16.20	0	
Other Fixed Income										
200,000	ED4972490	Australia CMNWLTH 6.0% 2/15/17 6.000 02/15/2017	97.46	194,924.08	108.17	216,340.00	10.99%	1.66	12,000	(1.33)
225,000	ED9034833	New Zealand Govt 6.0% 12/15/17 6.000 12/15/2017	0.00	0.00	106.22	238,995.00	999500.00%	1.84	13,500	2.68
250,000	EI4806804	Australia CMNWLTH 5.5% 1/21/18 5.500 01/21/2018	97.33	243,327.18	108.19	270,475.00	11.16%	2.08	13,750	1.41
				438,251.26		725,810.00		5.59	39,250	
				11,783,312.85		11,391,599.62		87.67	310,068	
				13,511,149.61		12,994,140.40		100.00	344,365	

Account Total

Equity Investment Summary

Stephens

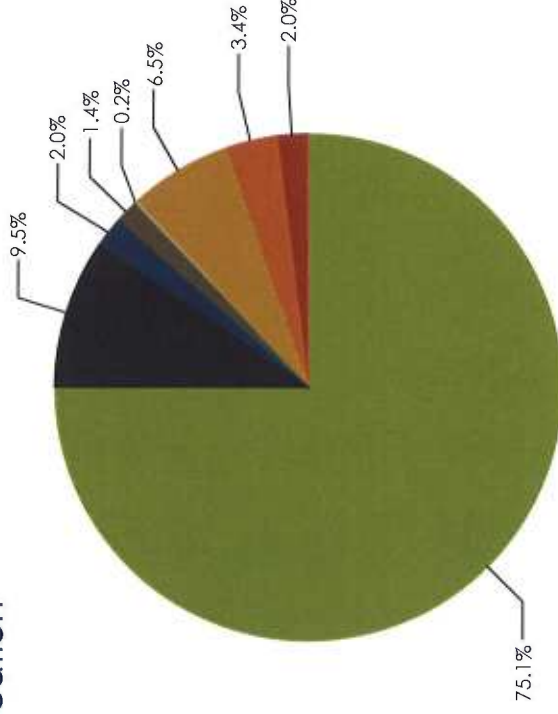
Southwest Power Pool Equities 530844571

12/31/2015

Top 10 Holdings

Symbol	Security	Market Value	% Equity
DIA	SPDR Dow Jones Industrial Average ETF	3,271,012.00	10.5
RGAFX	American Funds Growth Fund Of Ameri	3,042,538.69	9.8
IWF	iShares Russell 1000 Growth ETF	2,616,821.40	8.4
IWV	iShares Russell 3000 ETF	2,280,476.05	7.3
IWD	iShares Russell 1000 Value ETF	2,040,870.30	6.6
DODGX	Dodge & Cox Stock Fund	1,916,012.87	6.2
IWR	iShares Russell Midcap ETF	1,902,137.50	6.1
SPY	SPDR S&P 500 ETF	1,809,346.25	5.8
HACAX	Harbor Captl Appreciation Fund Inst Cl	1,195,997.03	3.8
MRK	Merck & Co Inc	1,080,169.00	3.5
Top 10 Holdings Total		21,155,381.10	68.0

Equity Allocation



Equity Style

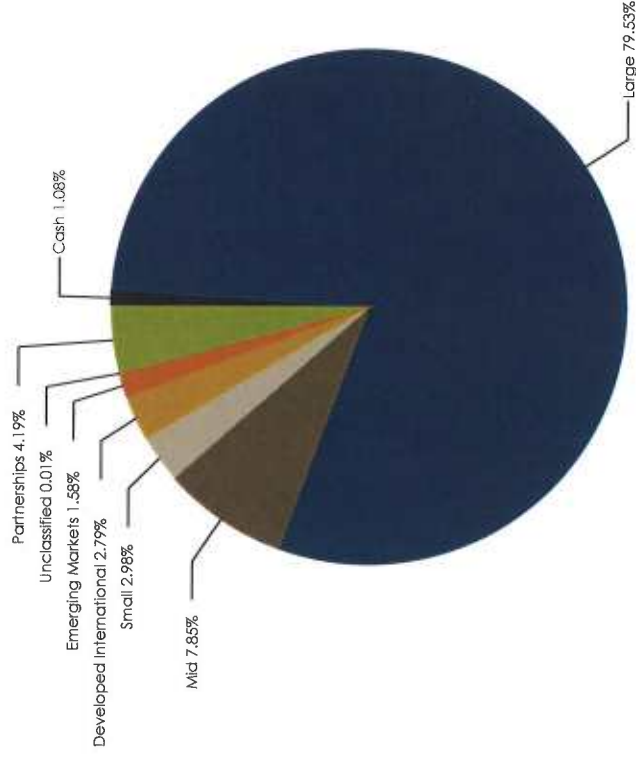
	Value	Core	Growth
Large	34.6%	25.1%	24.3%
Mid	2.2%	6.1%	0.0%
Small	0.4%	2.7%	0.0%
Intl. Emerg. Other			
	2.9%	1.7%	0.0%

Industry Sector	Market Value	% Equity	% Assets
Energy	2,941,722.52	9.5	9.0
Materials	609,082.53	2.0	1.9
Industrials	449,642.25	1.4	1.4
Consumer Discretionary	61,996.00	0.2	0.2
Health Care	2,009,833.00	6.5	6.1
Financials	1,047,211.05	3.4	3.2
Telecommunication Services	616,050.50	2.0	1.9
Unclassified	23,357,291.36	75.1	71.2
Total	31,092,829.21	100	94.7

Current Asset Allocation

Southwest Power Pool Equities 530844571

	Current Allocation	
	\$	Percent
Cash	356,069	1.08%
Large Value	10,743,054	32.73%
Large Core	7,800,319	23.76%
Large Growth	7,559,889	23.03%
Mid Value	673,061	2.05%
Mid Core	1,902,138	5.80%
Small Value	120,550	0.37%
Small Core	844,650	2.57%
Small Growth	13,530	0.04%
Developed Large Value	189,666	0.58%
Developed Large Core	725,192	2.21%
Emerging Markets Small/Mid Growth	517,387	1.58%
Other/Unclassified - Equity	3,395	0.01%
Partnerships	1,374,269	4.19%
Total	\$32,823,167	100.00%



	\$	Percent
Cash	356,069	1.08%
Large	26,103,261	79.53%
Mid	2,575,198	7.85%
Small	978,730	2.98%
Developed International	914,858	2.79%
Emerging Markets	517,387	1.58%
Unclassified	3,395	0.01%
Partnerships	1,374,269	4.19%
Total	\$32,823,167	100.00%

Southwest Power Pool Equities 530844571

12/31/2015

Quantity	Symbol	Security Description	Unit Cost	Total Amount	Current Price	Market Value	% Unrealized Gain/Loss	% of Assets	Estimated Annual Income	Curr. Yld/YTM
Cash										
Cash										
	-CASH-	Cash Balance	1.00	751.71	1.00	751.71	-	0.00	-	-
355,317	OA0100	Federated Treas Oblig	1.00	355,317.17	1.00	355,317.17	-	1.08	-	-
				356,068.88		356,068.88		1.08	0	
				356,068.88		356,068.88		1.08	-	
Equity										
Equity										
25,700	ABX	Barrick Gold Corp	20.36	523,252.00	7.38	189,666.00	-63.75%	0.58	2,056	1.08
8,425	ARCC	Ares Capital Corp	17.81	150,024.69	14.25	120,056.25	-19.98%	0.37	12,806	10.67
2	BRK A	Berkshire Hathaway Inc Cl A	180864.99	361,729.98	197800.00	395,600.00	9.36%	1.21	-	-
4,000	BRK B	Berkshire Hathaway Inc Cl B	118.57	474,280.00	132.04	528,160.00	11.36%	1.61	-	-
17,508	COP	ConocoPhillips	60.80	1,164,282.00	46.69	817,448.52	-29.79%	2.49	51,824	6.34
6,450	CVE	Genovus Energy Inc	26.41	170,344.50	12.62	81,399.00	-52.22%	0.25	3,135	3.85
2,100	CVX	Chevron Corporation	115.32	242,172.00	89.96	188,916.00	-21.99%	0.58	8,988	4.76
2,200	DVN	Devon Energy Corp	64.64	142,208.00	32.00	70,400.00	-50.50%	0.21	2,112	3.00
4,400	F	Ford Motor Co	15.37	67,628.00	14.09	61,996.00	-8.33%	0.19	2,640	4.26
11,520	FCX	Freeport-McMoran Inc	33.53	386,265.60	6.77	77,990.40	-79.81%	0.24	2,304	2.95
20,450	MRK	Merck & Co Inc	54.27	1,166,877.00	52.82	1,080,169.00	-7.43%	3.29	37,628	3.48
18,775	NEM	Newmont Mining Corporation	15.14	453,228.50	17.99	337,762.25	-25.48%	1.03	1,878	0.56
23,100	PBT	Permian Basin Royalty Trust	13.07	301,917.00	5.06	116,886.00	-61.29%	0.36	7,970	6.82
28,800	PFE	Pfizer Incorporated	30.19	941,472.00	32.28	929,664.00	-1.25%	2.83	34,560	3.72
120	PJT	PJT Partners Inc	29.07	3,488.50	28.29	3,394.80	-2.69%	0.01	-	-
6,725	PSX	Phillips 66	77.21	519,267.96	81.80	550,105.00	5.94%	1.68	15,064	2.74
484	RFP	Resolute Forest Products Inc	20.87	10,101.08	7.57	3,663.88	-63.73%	0.01	-	-
5,400	RIG	Transocean Ltd	42.00	226,800.00	12.38	66,852.00	-70.52%	0.20	-	-
8,400	T	AT & T Inc	35.66	299,532.93	34.41	289,044.00	-3.50%	0.88	16,128	5.58
500	TRGP	Targa Resources Corporation	99.02	49,509.95	27.06	13,530.00	-72.67%	0.04	1,820	13.45

Southwest Power Pool Equities 530844571

12/31/2015

Quantity	Symbol	Security Description	Unit Cost	Total Amount	Current Price	Market Value	% Unrealized Gain/Loss	% of Assets	Estimated Annual Income	Curr. Yld/YTM
13,600	VLO	Valero Energy Corporation	49.22	669,392.00	70.71	961,656.00	43.66%	2.93	27,200	2.83
7,075	VZ	Verizon Communications	49.43	349,711.12	46.22	327,006.50	-6.49%	1.00	15,990	4.89
8,425	WM	Waste Management Inc	44.66	376,248.34	53.37	449,642.25	19.51%	1.37	12,975	2.89
2,900	WMB	Williams Companies Inc	51.90	150,506.83	25.70	74,530.00	-50.48%	0.23	7,424	9.96
				9,200,239.98		7,735,537.85		23.57	264,499	
ETF - Equity										
18,800	DIA	SPDR Dow Jones Industrial Average ETF	164.70	3,096,293.05	173.99	3,271,012.00	5.64%	9.97	76,366	2.33
12,350	EFA	iShares MSCI EAFE Index ETF	68.08	840,788.00	58.72	725,192.00	-13.75%	2.21	20,007	2.76
20,855	IWD	iShares Russell 1000 Value ETF	98.61	2,056,558.94	97.86	2,040,870.30	-0.76%	6.22	50,490	2.47
26,305	IWF	iShares Russell 1000 Growth ETF	89.52	2,354,697.47	99.48	2,616,821.40	11.13%	7.97	35,854	1.37
7,500	IWM	iShares Russell 2000 ETF	119.85	898,910.63	112.62	844,650.00	-6.04%	2.57	12,990	1.54
11,875	IWR	iShares Russell Midcap ETF	157.76	1,873,453.00	160.18	1,902,137.50	1.53%	5.80	30,269	1.59
18,955	IWV	iShares Russell 3000 ETF	113.42	2,149,833.97	120.31	2,280,476.05	6.08%	6.95	45,359	1.99
4,150	QQQ	PowerShares QQQ Trust	96.14	398,983.69	111.86	464,219.00	16.35%	1.41	4,586	0.99
8,875	SPY	SPDR S&P 500 ETF	197.37	1,751,664.88	203.87	1,809,346.25	3.29%	5.51	37,328	2.06
				15,421,183.63		15,954,724.50		48.61	313,249	
Mutual Funds - Equity										
15,326	DDVIX	Delaware Value Fd CII	17.08	261,795.16	17.59	269,580.05	2.97%	0.82	-	1.89
11,771	DODGX	Dodge & Cox Stock Fund	157.82	2,057,796.52	162.77	1,916,012.87	-6.89%	5.84	-	1.61
3,664	FNCMX	Fidelity Nasdaq Composite	56.31	206,351.97	65.58	240,312.53	16.46%	0.73	-	0.84
3,074	FUSEX	Fidelity Spartan 500 Index Fund Inv CI	68.13	209,469.59	71.80	220,738.98	5.38%	0.67	-	2.11
58,794	GSYIX	Goldman Sachs N-11 Equity Fund Inst CI	11.10	652,428.59	8.80	517,386.70	-20.70%	1.58	-	0.89
19,668	HACAX	Harbor CapIt Appreciation Fund Inst CI	60.31	1,186,167.75	60.81	1,195,997.03	0.83%	3.64	-	0.08
73,776	RGAFX	American Funds Growth Fund Of America	44.02	3,247,995.76	41.24	3,042,538.69	-6.33%	9.27	-	0.95
				7,822,005.34		7,402,566.86		22.55	0	
				32,443,428.95		31,092,829.21		94.73	577,748	

Southwest Power Pool Equities 530844571

12/31/2015

Quantity	Symbol	Security Description	Unit Cost	Total Amount	Current Price	Market Value	% Unrealized Gain/Loss	% of Assets	Estimated Annual Income	Curr. Yld/YTM
Alternative										
ETF - Equity										
21,175	AMLPL	Alerian MLP ETF	17.99	380,885.35	12.05	255,158.75	-33.01%	0.78	25,114	9.84
				380,885.35		255,158.75		0.78	25,114	
Master Limited Partnerships										
1,375	BPL	Buckeye Partners LP	73.06	100,454.36	65.96	90,695.00	-9.72%	0.28	6,463	7.13
4,800	BX	Blackstone Group	41.04	197,000.11	29.24	140,352.00	-28.76%	0.43	13,920	9.92
11,564	EPD	Enterprise Products Partners LP	33.21	383,990.18	25.58	295,807.12	-22.96%	0.90	17,809	6.02
600	EQM	EQT Midstream Ltd Partners LP	82.23	49,336.20	75.46	45,276.00	-8.23%	0.14	1,620	3.58
6,400	ETE	Energy Transfer Equity LP	25.02	160,129.28	13.74	87,936.00	-45.08%	0.27	7,296	8.30
8,270	KKR	KKR & Co LP	24.22	200,280.37	15.59	128,929.30	-35.63%	0.39	13,067	10.13
1,425	MMP	Magellan Midstream Partners LP	70.04	99,813.11	67.92	96,786.00	-3.03%	0.29	4,346	4.49
1,850	PAA	Plains All American Pipeline LP	54.00	99,903.24	23.10	42,735.00	-57.22%	0.13	5,180	12.12
3,300	WGP	Western Gas Equity Partners LP	50.17	165,577.06	36.29	119,757.00	-27.67%	0.36	5,033	4.20
				1,456,483.91		1,048,273.42		3.19	74,732	
Mutual Fund Unclassified										
7,880	IMLPX	MainGate MLP Fund C I I	13.00	102,427.56	8.99	70,837.03	-30.84%	0.22	-	7.01
				102,427.56		70,837.03		0.22	0	
				1,939,796.82		1,374,269.20		4.19	99,846	
				34,739,294.66		32,823,167.28		100.00	677,594	

Southwest Power Pool Collect 530866799

12/31/2015

Quantity	Symbol	Security Description	Unit Cost	Total Amount	Current Price	Market Value	% Unrealized Gain/Loss	% of Assets	Estimated Annual Income	Curr. Yld/YTM
Cash										
Cash										
-CASH-		Cash Balance	1.00	0.00	1.00	0.00		0.00		
2,045,878	OA0100	Federated Treas Oblig	1.00	2,045,878.01	1.00	2,045,878.01		100.00		
				2,045,878.01		2,045,878.01		100.00	0	
				2,045,878.01		2,045,878.01		100.00	-	
		Account Total		2,045,878.01		2,045,878.01		100.00	0	

SOUTHWEST POWER POOL RETIREMENT PLAN

INVESTMENT POLICY STATEMENT

September 23, 2014

1.01 PURPOSE OF THIS STATEMENT

The Finance Committee (“the Named Fiduciary”) of the Southwest Power Pool, Inc. Board of Directors, on behalf of Southwest Power Pool, Inc. (“the Plan Sponsor”), hereby establishes the following policy for administering the Southwest Power Pool Retirement Plan (“the Plan”) investment program. The Investment Policy Statement (“the Statement”) sets forth the investment objectives and guidelines that will be applied within the investment program to insure the assets of the Plan are managed in a manner consistent with the Plan document and applicable statutory requirements. In addition, the Statement is to provide a framework for management of the assets of the Plan within levels of risk acceptable to the Named Fiduciary. The Statement provides the investment manager(s) with a written statement of specific quality, quantity and rate of return standards.

This Statement is based on the “prudent expert rule” to ensure all fiduciaries under the Plan act with skill, care, prudence, and diligence. It is expected that decisions related to management of the Plan and its assets will follow a careful, skillful, prudent and diligent process.

1.02 AMENDMENTS TO THE STATEMENT

The Named Fiduciary reserves the right to amend this Statement at any time as deemed prudent or necessary. Should any amendment to this Statement be required due to changes in the Plan document or a change in applicable law, the Named Fiduciary shall have due time to review such changes and prepare and implement an appropriate amendment. Because of the dynamic nature of the economic environment, developments in financial theories, and advances in technology, this Statement will be examined by the Named Fiduciary from time to time on a formal or informal basis and may, as a result of such examination, be revised by the Named Fiduciary.

1.03 BACKGROUND OF THE FUND

The Plan was established by the Southwest Power Pool, Inc. Board of Directors effective January 1, 1996. The purpose of the Plan is to provide annuity payments to qualified retirees of the Plan Sponsor.

1.04 PLAN PROFILE

The Plan was established to receive assets from the Plan Sponsor. Thereafter, assets in the Plan are used to provide annuity payments to retired employees of the Plan Sponsor meeting the qualification guidelines detailed in the Plan. The Plan is regulated

by the Employee Retirement Income Security Act ("ERISA"). Earnings or losses of the Plan are not subject to taxation. Distributions of benefits to retirees are taxable to the retiree/beneficiary.

1.05 PLAN FUNDING

The Plan Sponsor contributes periodic funds to the Plan based on guidance provided by the Plan's actuary and decisions made by the Named Fiduciary and accepted by the Southwest Power Pool, Inc. Board of Directors. It is expected that the Plan Sponsor will continue to make periodic contributions to the Plan into the foreseeable future.

2.01 INVESTMENT OBJECTIVES

The overall objective of this Statement is to provide guidance for the investment of contributions and other Plan assets and to help maintain adequate funding for Plan liabilities. It is crucial the investment philosophy follow the guidelines of ERISA, primarily that the funds are managed solely in the interest of plan participants. The Named Fiduciary will utilize a portfolio approach when evaluating Plan return, risk, and cost.

2.02 RETURN OBJECTIVES

The primary goal is to obtain a return annualized over the preceding five calendar years equal to or exceeding the actuarially assumed rate of return (currently 7%). Long-term returns above the actuarially assumed rate may serve to reduce the periodic funding required of the Plan Sponsor.

2.03 RISK OBJECTIVES

The Plan assets will be managed with an average to above average risk profile. Currently the pension liabilities are relatively long-term in nature with minimal near term liquidity requirements, allowing for volatility above what one would expect from a portfolio with shorter term investment horizon.

Investments held by the Plan should at all times have readily available prices and sufficient trading volume so that investments can be bought and sold easily without significantly impacting the price of the investments.

2.04 COST OBJECTIVES

The Named Fiduciary will strive to minimize the costs of managing Plan assets while maintaining risk and return at a reasonable level and consistent with market costs for engaging qualified professionals to provide asset management and administration services.

2.05 ASSET ALLOCATION

The assets of the Plan will be invested in one or more of the following asset classes:

Cash: Comprised of demand deposit accounts, savings accounts, money market accounts, debt instruments with maturities of 3 months or less

Debt Securities: U.S. Dollar denominated fixed income securities with maturities in excess of 3 months including, but not limited to, Government and Agency issues, mortgage and asset backed securities, and corporate issues, or investment in professionally managed funds, including Exchange Traded Funds (“ETF”) investing in the previously mentioned types of securities. Although fixed income investments rated less than investment grade are permitted, the average credit quality of the aggregate fixed income allocation should be investment grade. At no time will investments in debt securities rated below investment grade exceed 5% of the total portfolio value.

U.S. Equities: Common and preferred equity securities of companies domiciled in the United States or in professionally managed funds, including ETFs, investing primarily in the previously mentioned securities

International Securities: Direct investment or investment in professionally managed funds, including ETFs, investing in common and preferred equity securities and debt securities of companies domiciled outside of the United States. Security issues of non U.S. domiciled entities may be acquired either through U.S. exchange traded American Depository Receipts or directly through non U.S. based exchanges. In no event will the market value of International Securities holdings exceed 20% of the market value of the Plan Assets. The Named Fiduciary will review the total international security holdings of the plan annually and determine if the level of holdings is appropriate. The Named Fiduciary may direct the investment managers to increase or reduce international security holdings at any time.

Derivative Instruments: No direct investment in derivative instruments is permitted, although investment is permitted in professionally managed funds that do use derivatives. Funds making use of derivatives must specifically prohibit the use of derivatives to achieve leverage.

In aggregate, the assets of the Plan shall target the asset allocation ranges listed below:

<u>Security Description</u>	<u>Lower Limit</u>	<u>Target</u>	<u>Upper Limit</u>
Cash	0%	5%	15%
Debt Securities	15%	25%	35%
Equity Securities (growth)	30%	35%	40%
Equity Securities (value)	30%	35%	40%

The Named Fiduciary will take appropriate action should the invested assets of the Plan stray more than 10% outside of the established allocation range.

2.06 PROHIBITED INVESTMENTS

The assets of the Plan shall not be used to invest in any investment not specifically permitted by this Statement. Direct investments to short securities are also prohibited. The Named Fiduciary does not limit investments in specific entities except as noted above. Investment managers are allowed to invest in electric utilities, including

members of the Named Fiduciary, should they wish without restrictions. The Named Fiduciary shall not be permitted to direct any investment manager to invest in any particular individual security nor require the investment manager to provide notice to the Named Fiduciary prior to making investments permitted by this Statement.

3.01 SELECTION OF INVESTMENT MANAGER(S)

The Named Fiduciary shall select investment managers and, where appropriate, investment options based on the evaluation of qualitative and quantitative factors. The manager selection process will focus on the following five key aspects of an investment management firm and investment option:

1. **Organization** – evaluate the key elements of an efficient and successful investment management organization such as stable firm ownership, clear business objectives, industry reputation, and experienced and talented investment staff.
2. **Investment Philosophy and Process** – evaluate the key elements of a valid and well-defined investment approach such as unique sources of information, disciplined buy/sell decisions, systematic portfolio construction, and adequate risk controls.
3. **Resources** – evaluate the state of current and proposed resources supporting the investment process including the quality and depth of research and the adequacy of information management, compliance and trading systems.
4. **Performance** – evaluate historical returns and risks relative to passive indexes, peer groups, and other competing firms.
5. **Management Fees** – evaluate the proposed fee structure relative to the industry and other competing candidates.

These factors are chosen to insure manager/option selections are made with a prudent degree of care, and excessive risk is avoided. Notwithstanding the above, the Named Fiduciary may also include other factors that may be appropriate to a specific manager/option selection exercise.

3.02 ACKNOWLEDGEMENT OF FIDUCIARY RESPONSIBILITY

Any and all investment managers selected to invest the assets of the Plan will be required, as a condition of their selection, to acknowledge their fiduciary status and responsibility to the Plan, in writing. This requirement shall not require the investment manager of a mutual fund in which the Plan invests to acknowledge fiduciary status.

3.03 MONITORING THE INVESTMENT MANAGER

The objective of the investment manager monitoring process is to identify on a timely basis any adverse changes to the investment manager's organization or investment process by periodically evaluating a number of qualitative and quantitative factors. In

addition, once adverse changes are identified, the monitoring process shall also dictate the timing and manner of response.

The Named Fiduciary shall evaluate the investment managers/options at least annually using the framework in 3.01 above, in addition to using any other factors the Named Fiduciary believes are appropriate to the inquiry. These factors are intended to insure that decisions to retain investment managers/options are made with a prudent degree of care and excessive risk is avoided.

If results from the monitoring process indicate substandard investment performance or a potentially adverse change in the investment manager's organization or investment process, the Named Fiduciary may choose one of several courses of action including assigning the investment manager/option a temporary probationary status known as the Watch List, undertaking an in-depth review, or terminating the investment manager/option.

Being placed on the Watch List is meant to convey the Named Fiduciary's increased level of concern about a particular issue or event, which if left unresolved, could endanger the future relationship. An in-depth review may be undertaken as a result of the manager/option failing to rectify the issues that led to their placement on the Watch List, or in response to a major adverse change in the investment manager's organization or investment process to the extent the Named Fiduciary seriously questions the firm's ability to manage the portfolio going forward. The purpose of the in-depth review is to determine whether terminating the manager/option is an appropriate course of action.

3.04 TERMINATION/REPLACEMENT OF INVESTMENT MANAGERS

The Named Fiduciary may eliminate or replace the investment manager/option any time the Named Fiduciary deems it in the best interests of the Plan.

Disclaimers

The information in the accompanying report has been prepared solely for informative purposes and is not a solicitation, or an offer, to buy, sell or hold any security or a recommendation of the services supplied by any money management organization. It does not purport to be a complete description of the securities, markets or developments referred to in the report. The information is obtained from sources which we consider reliable but we have not independently verified such information, and we do not guarantee that it is accurate or complete. The information or opinion is subject to change without notice. We, or our officers and directors, may from time to time have a long or short position in the securities mentioned and may sell or buy such securities.

Any prices reflected herein are indicative and are subject to change without notice. Prices, yields and availability will change with market movement. The yield may differ if bonds are sold before maturity. Bonds might be subject to other calls that may exist. Product credit ratings may change without notice. Unpriced securities are not included in the current value of the portfolio.

Annuities are held outside your Stephens account by the issuing insurance companies and are not covered by SIPC. Annuity information is provided by the insurance companies, and Stephens cannot guarantee its accuracy. Please refer to statements sent by the insurance companies for annuity valuations, tax reporting information and other details. Alternative investments which are externally held are included on the statement solely as a service to the customer and are not covered by SIPC. All information about externally held Alternative Investments (including valuation) is derived from the customer or other external source, and Stephens cannot verify the accuracy of this information and is not responsible therefor.

The indexes referenced are unmanaged and do not reflect any transaction costs or management fees. They were chosen to give you a basis of comparison for market segment performance. Actual investment alternatives may invest in some instruments not eligible for inclusion in such an index and may be prohibited from investing in some instruments included in such an index. You cannot invest directly in an index.

The investment return and principal value of an investment will fluctuate so that the value of an investment, when sold or redeemed, may be more or less than the original cost.

Performance data quoted represents past performance. Past performance is no guarantee of future results. Performance for periods subsequent to the periods reflected in this report may be lower or higher than the performance reflected in this report. Performance greater than one year is annualized. You may obtain the most current month-end performance data from your Financial Consultant by calling 800-643-9691.

For fee based accounts, the performance data may or may not be shown after considering Stephens' investment advisory fees (net performance). Advisory fees and other expenses and charges reduce the returns realized by the client account. Advisory clients are referred to Part 2A Appendix 1 ("Brochure") of Stephens Form ADV for additional information regarding advisory fees.

Income Projection has certain limitations. Cost Basis presented reflects current IRS regulation.

Estimated Annual Income (EAI) and Estimated Yield (EY):

- EAI and EY does not include a return of principal or capital gains in which case the EAI and EY would be overstated.
- EAI and EY are estimates and the actual income and yield might be lower or higher than the estimated amounts.
- EY reflects only the income generated by an investment. It does not reflect changes in its price, which may fluctuate.

Deferred losses marked with an asterisk are so marked to disclose that your cost basis has been adjusted on buys generating wash sales pursuant to a calculation designed to make the wash sale cost basis adjustment in accordance with IRS regulations. This deferred loss amount will be reported to the IRS on Form 1099B.

This information is not to be considered your official notification of transactions and/or positions maintained/executed with Stephens Inc. Trade confirmations and month-end statements will remain as your documents of record.

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January 8, 2016

Victory in a major bowl game by one's favorite football team can often lighten mid-winter blues. Likewise, positive economic news may alleviate winter gloom for investors and economists. Let's hope the good economic reports in late 2015 were just the kickoff for this winter's economy. These upbeat reports include:

- Positive economic growth in the third quarter even though the headline number looked a little weak
- Strong consumer spending
- Optimistic housing industry reports
- Strong employment conditions with multi-decade lows in initial jobless claims
- Muted inflation aided by low commodity prices
- Hesitancy by the Federal Reserve to raise short term interest rates—merely a quarter percent in late December
- A two-year budget agreement in Congress , which should postpone government funding issues

These reports provide a clear indication of the **potential** for the U.S. economy in 2016.

Economic Growth

The headline Gross Domestic Product (GDP) in the third quarter of 2015 grew at what appeared to be an anemic 2.0%. (*See Figure 1.*) But the real story is more positive. The real growth in the economy was close to 2.7%, but a one-time subtraction of .71% for inventory reduction occurred in the third quarter. Most economists would ignore the ephemeral change in inventories.

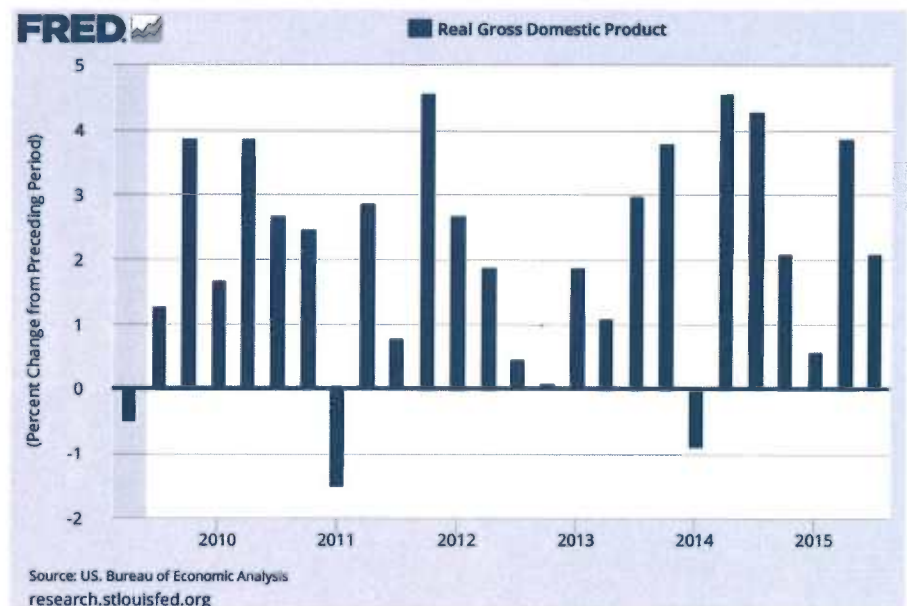
Figure 1:
Change in Real Gross Domestic Product (2013 to Present)

	2013		2014			2015		
	4th	1st	2nd	3rd	4th	1st	2nd	3rd
Final Sales	3.96	0.40	3.46	4.34	2.13	-0.23	3.94	2.73
Consumption	2.36	0.85	2.60	2.34	2.86	1.19	2.42	2.04
Fixed Investment	0.79	0.91	0.87	1.23	0.39	0.52	0.83	0.60
Nonresidential	1.05	1.00	0.56	1.12	0.09	0.20	0.53	0.33
Residential	-0.26	-0.09	0.31	0.11	0.31	0.32	0.30	0.27
Government	-0.51	0.00	0.21	0.33	-0.26	-0.01	0.46	0.32
Federal	-0.49	0.02	-0.08	0.26	-0.41	0.08	0.00	0.02
State and Local	-0.01	-0.03	0.29	0.07	0.15	-0.09	0.46	0.30
Net Exports	1.26	-1.39	-0.24	0.39	-0.89	-1.92	0.18	-0.26
Changes in Inventory	-0.08	-1.29	1.12	-0.01	-0.03	0.87	0.02	-0.71
Real GDP Growth	3.82	-0.92	4.57	4.28	2.07	0.64	3.92	1.98

Source: Federal Reserve Bank of St. Louis. *National Economic Trends*. November 2015.

The quarterly changes in GDP over the past five years (See *Figure 2.*) are very similar to the two-year changes shown above—quarters of strong growth followed by weak or negative growth. This erratic change is a characteristic of this current recovery.

Figure 2:
Change in Gross Domestic Product (2009 Q4 to Present)



Source: U.S. Bureau of Economic Analysis
research.stlouisfed.org

Source: Federal Reserve of St. Louis. Extracted from the Federal Reserve Economic Database (FRED) on December 18, 2015.

In simplest terms, the current recovery is characterized by growth in GDP of about 2.2%. This growth rate is weaker than most post-World War II recoveries but comparable to several of the recent ones. (See *Figure 3*.)

Figure 3:
GDP Growth Rates During Post-World
War II Presidencies

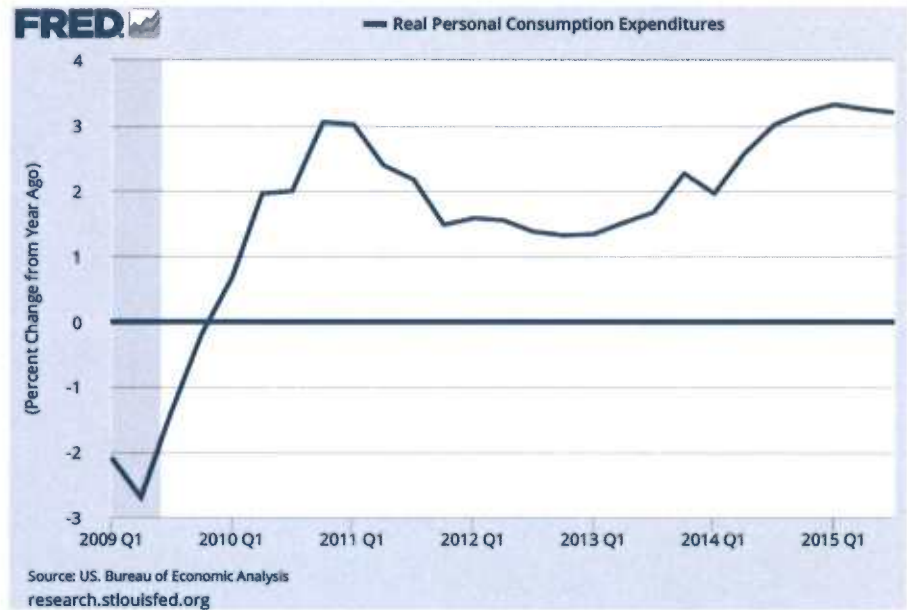
President	Average GDP Growth
Truman	4.8%
Eisenhower	2.4
Kennedy	5.2
Johnson	5.1
Nixon	3.1
Ford	2.2
Carter	3.3
Reagan	3.5
Bush (GHWB)	2.2
Clinton	3.8
Bush (GWB)	1.7
Obama	2.2

Source: The Washington Post.com. "The Clinton economy, in charts." (by Dylan Matthews). September 6, 2012. And author's calculations.

Notwithstanding the weak growth during both the George W. Bush and the Barack Obama presidencies, hopeful signs for additional growth are present in recent government reports.

Real personal consumption, the largest component of GDP, is strong. (See *Figure 4*.) For the last 12 months real personal consumption has grown in excess of 2%, and for the past two quarters the economy has grown at a rate of over 3%. These rates are measured after removing the effects of inflation.

Figure 4:
Change in Real Personal
Consumption Expenditures.
(2009 to Present)



Source: Federal Reserve of St. Louis. Extracted from the Federal Reserve Economic Database (FRED) on December 18, 2015.

Residential investment strength is also contributing to GDP. U.S. housing starts have more than doubled since the depths of the recession in 2009. (See Figure 5.) However, the number of starts is far below those in the peak of the housing bubble in 2005-7.

Figure 5:
Housing Starts Seasonally Adjusted
(1990 to Present)



Source: Federal Reserve of St. Louis. Extracted from the Federal Reserve Economic Database (FRED) on December 20, 2015.

The current level of housing starts is probably more indicative of a healthy housing market than the conditions that prevailed during the housing bubble when far too many houses were built and sold to financially less-qualified buyers.

A third component of strength in the recent GDP is the **modest** negative impact of trade on domestic GDP. In a normal business cycle as the economy improves, the U.S. trade balance deteriorates because consumers purchase larger amounts of imported goods. This deterioration has not occurred in the current recovery. (See *Figure 6*.)

Figure 6:
Trade Balance: Goods and Service
(1990 to Present), Seasonally Adjusted



Source: Federal Reserve of St. Louis. Extracted from the Federal Reserve Economic Database (FRED) on December 20, 2015.

Figure 6 shows a significant deterioration in America's trade balance as recoveries progressed during the Clinton and G.W. Bush presidencies. In the current recovery, the trade balance stabilized at a deficit of about \$45 billion per month or about \$.5 trillion on an annual basis. Almost all of that improvement is attributable to the drop in energy imports as the U.S. ramped up oil and gas production via fracking in places like North Dakota and Texas.

Is a trade deficit of \$.5 trillion per year an optimal situation? Absolutely not. But it is far better than the \$.75 trillion trade deficit the U.S. was experiencing during the last decade. That difference of \$250 billion per year is being spent domestically instead of seeping out of the U.S. economy. This improvement in the trade deficit is another positive factor in the U.S. GDP story.

Best Guess on U.S. Economic Growth

The combination of strong housing, solid consumer spending, and stabilized trade will support economic growth in 2016. Economic growth as measured by real GDP will be about 2.5%. In other words, the economy will experience growth in line with rates that have prevailed through the current recovery. The economy will score a field goal but no touchdown.

U.S. Labor Markets

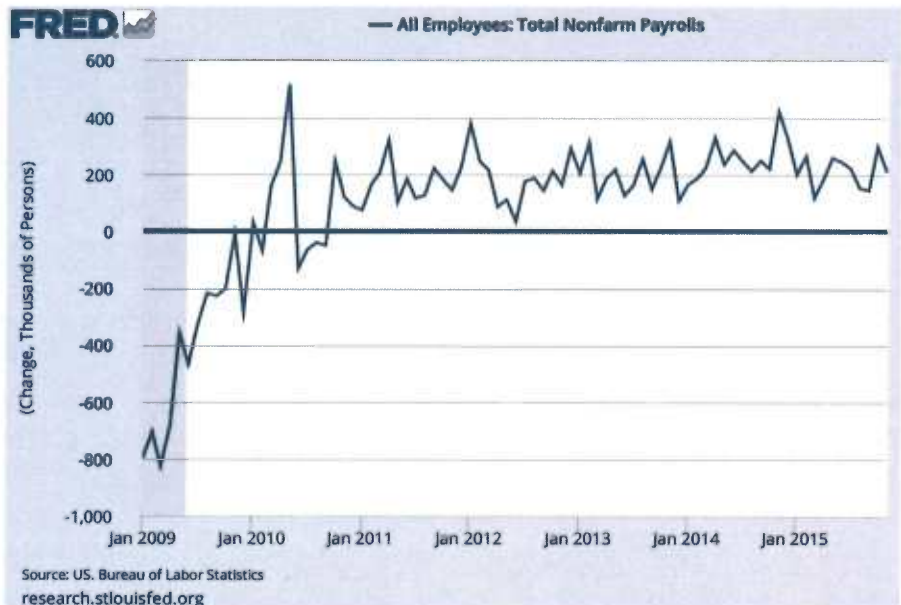
American labor markets are brimming with positive news.

- Drop in unemployment
- Strong job creation
- Higher real wages
- Lower initial jobless claims

For the first time since 2007, unemployment has fallen as low as 5% as it did in November 2015. We saw very strong job creation of 211,000 in that month.

Since the beginning of 2011, the economy has created on average 205,000 jobs per month. (See Figure 7.) The economy needs to create at least 100,000 jobs to absorb new entrants into the labor market from increases in U.S. population as well as new immigrants. The extra 105,000 jobs help to bring individuals who were on the unemployment rolls back into the job market.

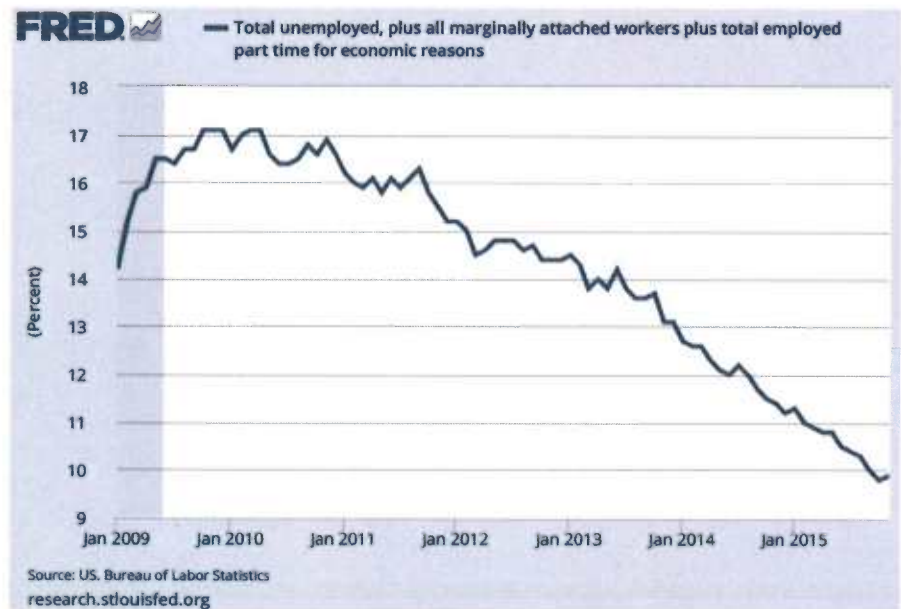
Figure 7:
Change in Nonfarm Payrolls
(2009 to Present)



Source: Federal Reserve of St. Louis. Extracted from the Federal Reserve Economic Database (FRED) on December 20, 2015.

Strength in labor markets is also apparent in the drop in the U-6 rate, the broadest measure of unemployment. (See *Figure 8*.) This measure includes a range of unemployed and underemployed workers, especially those who are employed part-time but would like full-time employment.

Figure 8:
The U-6 Measure of U.S. Unemployment
(2009-to Present), seasonally adjusted

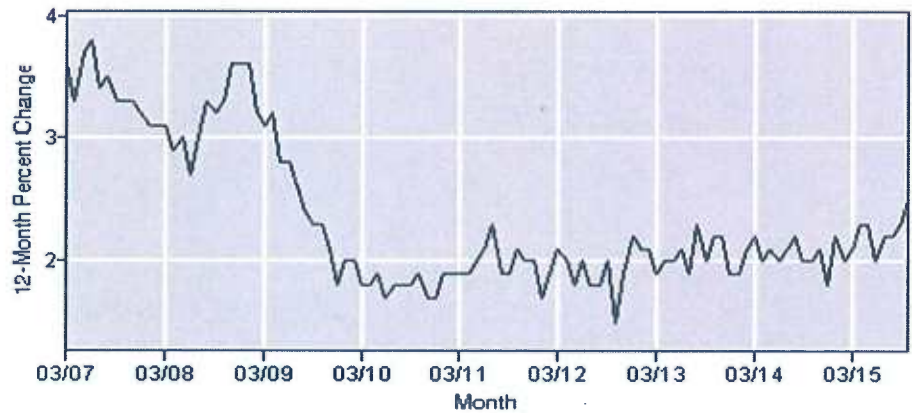


Source: Federal Reserve of St. Louis. Extracted from the Federal Reserve Economic Database (FRED) on December 20, 2015.

The U-6 unemployment rate is now at the lowest level (9.9%) since the beginning of the financial crisis in 2008. The rate is still higher than the 7.9% during the George W. Bush presidency, but it is slowly approaching an historically normal rate during a typical recovery.

Not only has employment improved, but also average hourly earnings have begun to trend slightly upward in the past few months. (See *Figure 9*.) The hourly earnings are now increasing at a rate above core inflation, which means that **real** hourly earnings are increasing for the first time in several years.

Figure 9:
Average Hourly Earnings of All
Employees (2007 to Present)

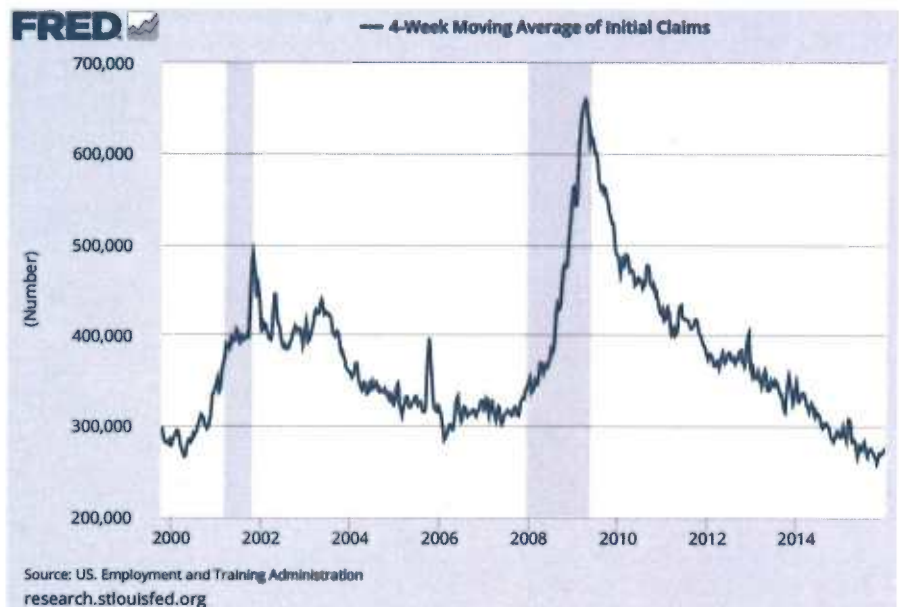


Source: Bureau of Labor Statistics. Database for Earnings, Hours and Earnings from the Current Survey Statistics. Extracted from the database on December 5, 2015.

Although the increase in real hourly earnings is modest, it is an important step toward sustained growth in consumer spending and real GDP growth. Hourly compensation increased faster in November than in any month during the last five years. Again, the increase is not spectacular, but it is headed in a positive direction.

A fourth positive indicator of labor market strength is the ongoing drop in initial jobless claims. (See Figure 10.) Initial jobless claims are now at the lowest level since the start of the new millennium. In fact, jobless claims are at a four decade low.

Figure 10:
Four-Week Moving Average of Initial
Jobless Claims (2000 to Present)



Source: US. Employment and Training Administration
research.stlouisfed.org

Source: Federal Reserve of St. Louis. Extracted from the Federal Reserve Economic Database (FRED) on January 1, 2016.

Best Guess on American Labor Market Conditions

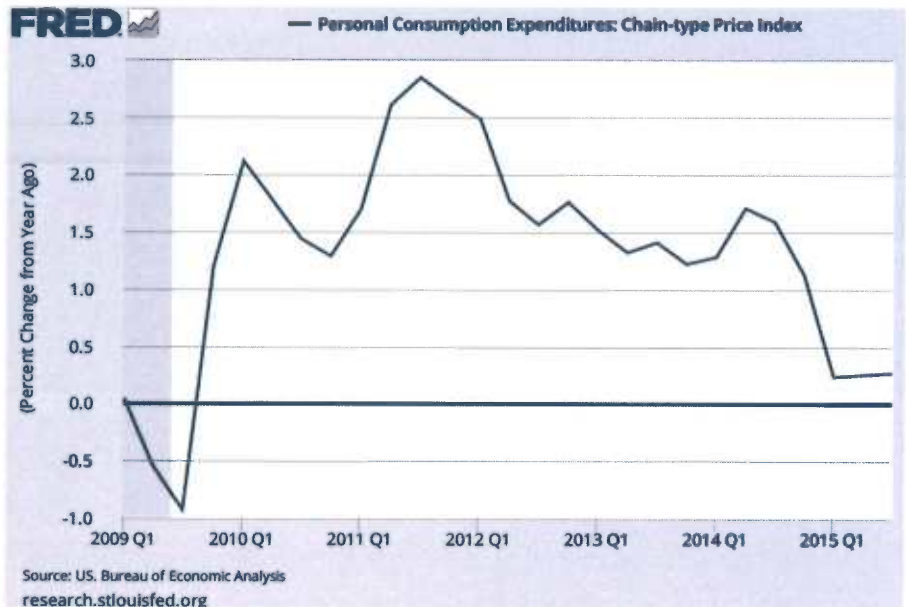
The brightest spot in the U.S. economy is its almost full-employment. This situation will continue in 2016 with unemployment at or near 5% for the whole year. In addition, workers will experience **wage increases of 3%, or about 1% after inflation.**

The tightening of labor markets and the general improvement in U.S. wage growth usually means that inflationary pressures are building in the economy. Surprisingly inflation does not seem to be on the horizon.

Inflation and Price Levels

Consumers may observe an increase in the price of some goods and services. That is normal. At any one time some items may become more expensive than in the past. Nevertheless, the broad measures of inflation are tame. The inflation measure used by the Federal Reserve for policy making decisions, the Personal Consumption Expenditures Price Index (PCE), is increasing at a modest rate. (See Figure 11.)

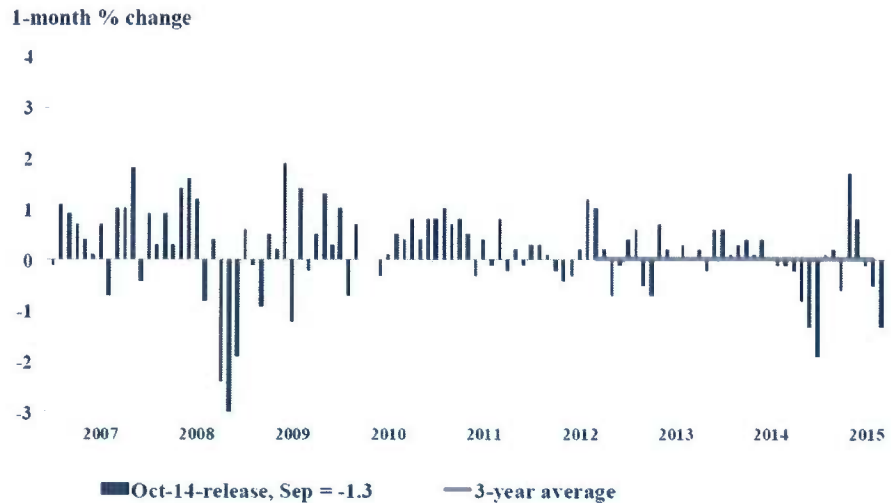
Figure 11:
Personal Consumption Expenditures
Price Level (2009 to Present),
seasonally adjusted



Source: Federal Reserve of St. Louis. Extracted from the Federal Reserve Economic Database (FRED) on December 21, 2015.

Consumer prices are increasing at a slow rate and producer prices are not increasing at all. (See Figure 12.) Producer prices in the past 3 years are flat as shown by the solid line in the graph. Such tame prices at the producer level suggest that negligible inflation is seeping into the economy as goods move from producers to retail stores.

Figure 12:
Monthly Change in the U.S. Producer
Price Index (2007 to Present)



Source: Federal Reserve of Dallas. Dallas Fed Economic Data. October 2015.

Best Guess About Inflation

Stronger wage growth suggests that America is on the cusp of higher inflation. Yet, it will not happen in 2016. Soft commodity prices combined with weak import prices from the strong dollar will keep a lid on inflation. We think that core inflation will be about 1.5% to 1.8% in 2016. Such a moderate rate of inflation will give the Federal Reserve second thoughts about dramatic increases in short-term interest rates.

The Federal Reserve and Monetary Policy

Almost full employment and tame inflation create a quandary for the policy makers at the Federal Reserve because this outcome does not fit nicely into established economic theory. Under “normal” circumstances, full employment leads to inflationary pressures, which in turn leads to higher interest rates.

Even though the Fed’s models do not suggest significant discernable inflation in the near future, it decided to raise short-term interest rates in December 2015. Given that the Fed has not raised interest rates since the start of the financial crisis, a modest increase of a quarter percent is hardly a draconian move on its part.

This rate increase is likely to have a few negative (but small) impacts on the economy.

- A strengthening of the dollar caused by higher interest rates will hurt U.S. exports, especially manufactured goods in the ensuing quarters.
- A modest slowdown in the housing recovery caused by borrowers paying slightly higher mortgage rates
- A small increase in the size of the Federal deficit caused by the higher cost the government pays when it borrows money on a short-term basis in capital markets

On balance a single modest increase in interest rates will largely be a non-event for the American economy. However, if the Federal Reserve continues the rate increases for the remainder of 2016, it could perhaps have a negative consequence for the economy, especially for American manufacturers.

Best Guess on Fed Monetary and Interest Rates

We think that short-term interest rates will be no higher than 1.25% by the end of 2016. The Fed will be cautious in making rate changes given the lack of inflationary pressures in the U.S. and global economies.

Final Thoughts

The American economy is like a defense-minded football team. The team is keeping its opponent from scoring, but the home team is scoring only an occasional field goal.

For more than five years the U.S. economy was powered by fiscal policy (large budget deficits) as well as monetary policy (easy money and low interests). The positive, but modest, economic results so far are encouraging:

- Moderate growth fueled by a relatively strong housing market
- Almost full employment with modest real wage increases for many workers
- Little inflationary pressure
- A stable trade picture along with a strong dollar

Even with all this good news it's too early to declare a "victory" in this recovery. We need a touchdown in 2016.

Thomas Goho, Ph.D. is Chief Economic Consultant for Stephens Inc. He also serves as the Co-Director of Stephens University at Wake Forest University. Tom enjoys a successful career in both education and business. He served as a professor of finance, Wayne Calloway School of Business and Accountancy, Wake Forest University for 30 years. Before retiring in 2007, Tom was the first to hold the Thomas S. Goho Chair of Finance. Tom also served on the Board of Directors of the Wells Fargo Family of Mutual Funds for 20 years, and also was on the Board of Directors of Lifepath Funds of Barclay's Bank. A former Certified Financial Planner, Tom earned his BS and MBA from Pennsylvania State University and his Ph.D. from the University of North Carolina-Chapel Hill.

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Southwest Power Pool, Inc.
FINANCE COMMITTEE
Recommendation to the Board of Directors
April 26, 2016
Revolving Line of Credit Facility

Organizational Roster

The following persons are members of the Finance Committee:

Harry Skilton, Director
 Laura Kapustka, Lincoln Electric
 Mike Wise, Golden Spread

Larry Altenbaumer, Director
 Kelly Harrison, Westar
 Sandra Bennett, AEP

Background

The Southwest Power Pool, Inc. ("SPP") capital structure currently consists of the following term notes:

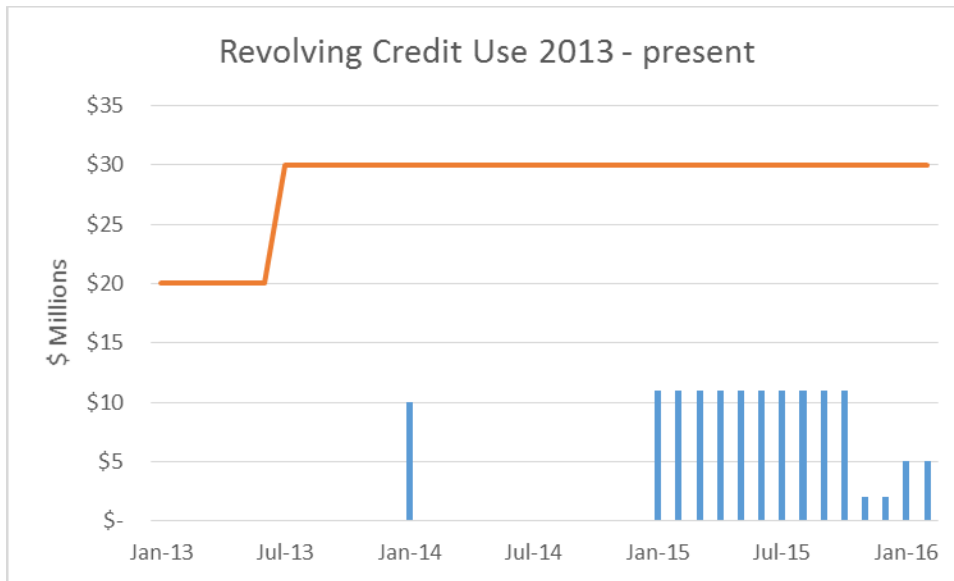
Due Date	Rate	Balances (\$MM)		Funding Year	Primary Purpose
		Original	Current		
2016 Sr. Notes	5.45%	\$ 30	\$ 3	2009	Capital projects 2008-2011
2024 Sr. Notes (C)	3.55%	\$ 70	\$ 58	2011	Integrated Marketplace
2024 Sr. Notes (D1)	3.00%	\$ 50	\$ 41	2012	Integrated Marketplace
2024 Sr. Notes (D2)	3.25%	\$ 50	\$ 44	2012	Capital projects 2012-2014
2024 Sr. Notes	4.98%	\$ 33	\$ 33	2016	Capital projects 2014-2016
2025 Sr. Notes (E)	3.80%	\$ 37	\$ 37	2014	Capital projects 2014-2016
2027 Sr. Notes	6.36%	\$ 5	\$ 3	2007	Maumelle Operations Center
2042 Sr. Notes (A & B)	4.82%	\$ 65	\$ 62	2010	Corporate campus
Totals		\$ 340	\$ 281		

All notes are unsecured except for the 2027 notes which are secured by a first mortgage on SPP's Maumelle, AR operations facility.

SPP also has available a \$30 million unsecured revolving line of credit maturing June 2016. The line is used to support a 6 month debt service reserve required by SPP's term credit agreements and to provide a temporary liquidity resource for the Company. The revolving line currently has \$5 million outstanding as of February 29, 2016. Pricing of draws is variable based on SPP's issuer rating by Fitch Ratings. Currently, draws under the revolving facility are priced at LIBOR + 1.25%. SPP pays a 20bp per year unused commitment fee on this facility.

Analysis

SPP's revolving line of credit matures in June 2016. SPP negotiated an increase in the commitment under line at its 2013 renewal which upped the commitment by \$10 million to the current \$30 million level. Usage under the expiring facility has been minimal during its term, as illustrated in the following chart showing outstanding balance at month end



SPP’s operating cash flow, in simple terms, is comprised of a once a month cash inflow with outflows occurring weekly. Most of the Company’s outflows are spread evenly throughout the years, including compensation and benefit expenses, travel, meetings, communication circuits, etc. Outflow variability occurs primarily in maintenance, consulting and insurance expenditures. Inflows arrive in the form of Schedule 1A revenues of \$12 - \$13 million per month.

	\$ Millions		
	2016	2017	2018
Average inflows/month	\$12.6	\$12.6	\$12.8
Average steady outflows/month	\$7.7	\$7.9	\$8.0
Annual irregular outflows	\$37.1	\$36.6	\$38.0

The financial institution currently providing the facility has indicated a desire to renew the facility for a three year term at the same pricing as the expiring facility. The interest rate on draws are matrix priced based on SPP’s Fitch rating at the time of the draw:

AAA to A	LIBOR + 125bps
A- to BBB	LIBOR + 150bps
BBB-	LIBOR + 200bps
BB+ or worse	LIBOR + 325bps

SPP also pays a 20bps unused commitment fee

Recommendation

Renew revolving credit facility in the amount of \$30 million for up to a three year term with pricing as indicated above. The facility will remain unsecured. Authorize the SPP President and Chief Financial Officer to execute documentation to effectuate the renewal.



Approved:

SPP Finance Committee

[Date]

[Vote Count (for example: x For, y Against or Passed Unopposed)]

Action Requested:

[Simple action statement, such as "Approve Recommendation"]

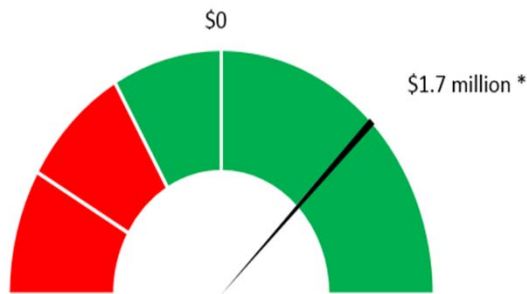
Executive Summary - January 2016

2016 Over / (Under) Recovery and Cash Balances

<u>Cost Recovery (\$ millions)</u>	2016 Budget	2016 Forecast	Fav/ (Unfav)
Gross Revenue Requirement (GRR) *	\$155.7	\$154.0	\$1.7
Net Revenue Requirement (NRR)	150.7	147.9	2.8
Admin Fee Revenue	150.7	150.4	(0.3)
Over / (Under) Recovery	(\$0.0)	\$2.5	\$2.5

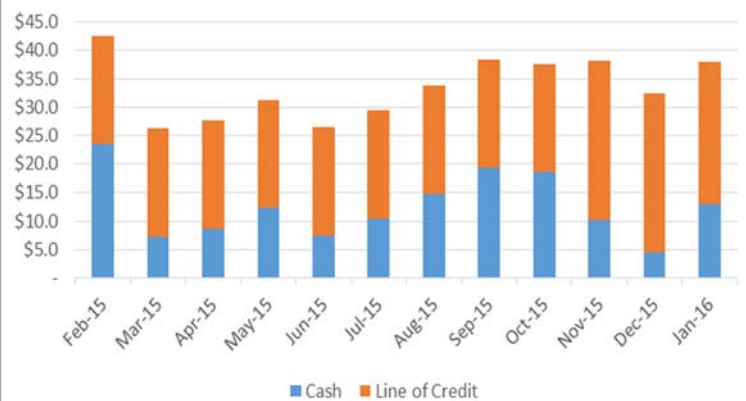
* GRR for HR metric excludes FERC fees and Regional Entity expenses

Gross Revenue Requirement Metric



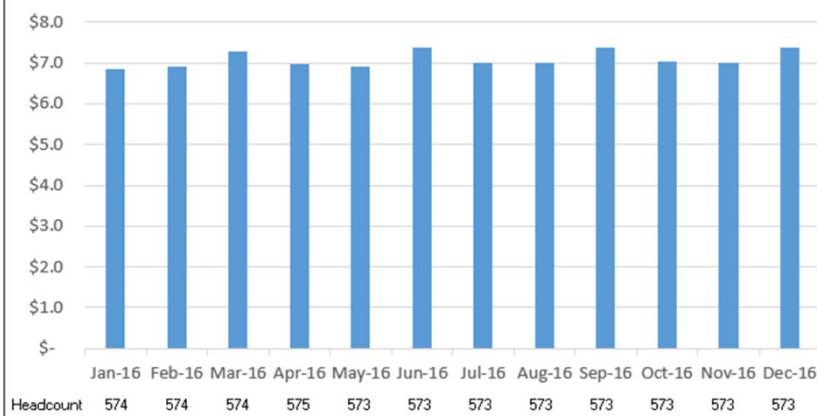
* Between = \$2M under GRR to <= \$2M over GRR = 125%

Available Cash (\$millions)

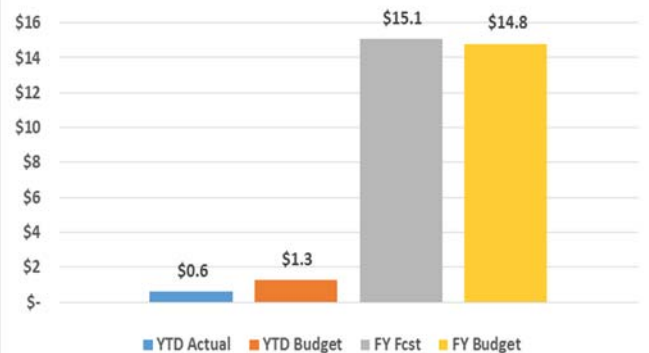


Salary, Benefits, Taxes and Outside Services Expenses

Salary, Benefits, Taxes (\$ millions)



Services Expense (\$ millions)





2016 Financial Commentary
 January 31, 2016
 (in thousands)

Summary

	2016 FY Forecast	2016 FY Budget	Fav/(Unfav) Variance	
Revenues	\$181,908	\$182,079	(\$170)	(0.1%)
Expenses	217,475	217,092	(383)	(0.2%)
Net Income/(Loss)	<u>(\$35,567)</u>	<u>(\$35,013)</u>	<u>(\$554)</u>	(1.6%)

Revenue

	2016 FY Forecast	2016 FY Budget	Fav/(Unfav) Variance	
Tariff Administration Service	\$150,399	\$150,660	(\$261)	(0.2%)
FERC Fees & Assessments	16,677	16,500	177	1.1%
NERC ERO Regional Entity Rev	10,253	10,432	(180)	(1.7%)
Miscellaneous Income	3,517	3,400	117	3.5%
Contract Services Revenue	499	498	0	0.1%
Annual Non-Load Dues	564	588	(24)	(4.1%)
Total Revenue	<u>\$181,908</u>	<u>\$182,079</u>	<u>(\$170)</u>	(0.1%)

NERC ERO Regional Entity revenue is based on Regional Entity (RE) budgeted expenditures and anticipated pass-thru expenses for SPP resources outside the RE. The primary drivers of the variance reside in compensation and outside services. Although the budget assumed the RE would be fully staffed at the beginning of the year, currently two positions are vacant. The services variance is related to a delay in commencing audits.

The favorable variance in Miscellaneous Income is attributed to the higher studies revenues in January. This is potentially attributed to timing in the forecast, which will be reviewed and updated in the next forecast cycle.

Annual Non-Load Dues were budgeted based on the expected number of members of 98. The forecast represents dues billed for the existing 94 members. The variance could decrease with the addition of any new members during the year.



2016 Financial Commentary
 January 31, 2016
 (in thousands)

Expense				
	2016 FY Forecast	2016 FY Budget	Fav/(Unfav) Variance	
Salary & Benefits	\$85,110	\$85,153	\$43	0.1%
Assessments & Fees	17,000	17,000	0	(0.0%)
Communications	4,072	4,091	19	0.5%
Maintenance	16,762	16,847	85	0.5%
Outside Services (Including RSC)	15,334	15,066	(268)	(1.8%)
Administrative & Leases	5,175	5,198	22	0.4%
Travel & Meetings	3,351	3,433	82	2.4%
Depreciation & Amortization	59,724	59,736	12	0.0%
Other Expenses	10,947	10,569	(378)	(3.6%)
Total Expense	\$217,475	\$217,092	(383)	(0.2%)

The FY unfavorable variance in Outside Services is related to additional costs associated with IT staff augmentation for CIP (critical infrastructure protection) compliance.

Other Income / Expense includes interest expense, capitalized interest, investment income, SWAP valuation adjustments, and various other income and expense amounts. Due to the unpredictability, the only amounts budgeted in this category include interest expense and capitalized interest. The current variance is primarily due to unrealized losses on retiree healthcare investments.



Southwest Power Pool
 Monthly Overview
 January 31, 2016
 2015 Preliminary and Unaudited
 (in thousands)

	Actual Jan-16	Fcst Feb-16	Fcst Mar-16	Fcst Apr-16	Fcst May-16	Fcst Jun-16	Fcst Jul-16	Fcst Aug-16	Fcst Sep-16	Fcst Oct-16	Fcst Nov-16	Fcst Dec-16	FY 2016 Fcst	FY 2016 Budget	Variance Fav/(Unfav)	FY 2015 Actual	Variance Fav/(Unfav)
Income																	
Tariff Administrative Service	\$12,294	\$12,555	\$12,555	\$12,555	\$12,555	\$12,555	\$12,555	\$12,555	\$12,555	\$12,555	\$12,555	\$12,555	\$150,399	\$150,660	(\$261)	\$143,826	\$6,572
Fees & Assessments	2,811	2,249	2,249	2,249	2,249	2,249	2,249	2,249	2,249	2,229	2,229	2,229	27,494	27,520	(27)	27,706	(212)
Contract Services Revenue	40	40	42	42	42	42	42	42	42	42	42	42	499	498	0	975	(477)
Miscellaneous Income	348	306	300	306	300	236	230	236	550	236	230	236	3,517	3,400	117	6,040	(2,523)
Total Income	15,492	15,150	15,147	15,153	15,147	15,083	15,077	15,083	15,397	15,063	15,057	15,063	181,908	182,079	(170)	178,548	3,360
Expense																	
Salary	4,700	4,636	4,636	4,643	4,643	4,741	4,742	4,742	4,741	4,742	4,742	4,741	56,449	56,586	137	54,913	(1,536)
Benefits & Taxes	2,095	2,214	2,586	2,267	2,219	2,587	2,217	2,212	2,583	2,216	2,212	2,583	27,992	27,879	(113)	28,767	775
Continuing Education	37	56	59	62	56	58	57	55	58	61	56	55	670	688	18	363	(306)
Salary & Benefits	6,833	6,906	7,281	6,972	6,918	7,386	7,015	7,009	7,382	7,018	7,009	7,380	85,110	85,153	43	84,043	(1,068)
Employee Travel	130	200	201	205	210	209	203	201	209	209	200	202	2,379	2,449	70	1,903	(476)
Administrative	187	284	268	707	257	702	548	257	401	989	260	317	5,175	5,198	22	4,928	(247)
Assessments & Fees	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	17,000	17,000	0	13,939	(3,061)
Meetings	108	70	57	96	90	49	121	50	73	152	65	40	972	983	11	825	(147)
Communications	324	334	334	334	334	334	346	346	346	346	346	346	4,072	4,091	19	3,758	(313)
Leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	123	123
Maintenance	1,056	1,186	1,186	1,226	1,226	1,226	1,609	1,609	1,609	1,609	1,610	1,609	16,762	16,847	85	13,553	(3,209)
Services	586	1,307	1,176	1,191	1,647	1,318	1,206	1,334	1,334	1,459	1,287	1,237	15,083	14,803	(280)	12,329	(2,754)
Regional State Committee	10	22	22	22	22	22	22	22	22	22	22	22	251	263	12	200	(51)
Depreciation & Amortization	4,896	4,906	4,917	4,943	4,966	4,987	5,033	5,046	5,068	5,056	5,061	4,844	59,724	59,736	12	59,285	(439)
Total Expense	15,547	16,633	16,858	17,113	17,088	17,650	17,519	17,291	17,861	18,278	17,277	17,413	206,528	206,523	(5)	194,886	(11,642)
Other Income/(Expense)																	
Investment Income	3	-	-	-	-	-	-	-	-	-	-	-	3	-	3	1,768	(1,765)
Interest Expense	(811)	(826)	(947)	(926)	(926)	(926)	(903)	(902)	(902)	(886)	(885)	(885)	(10,727)	(10,731)	4	(10,623)	(103)
Capitalized Interest	-	-	22	-	-	34	-	-	46	-	-	59	162	162	-	102	60
Change in Valuation of Swap	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(726)	726
Other Income/Expense	(82)	-	-	-	-	-	-	-	-	-	-	-	(82)	-	(82)	(1,097)	1,014
Unrealized Gain on Investment	(303)	-	-	-	-	-	-	-	-	-	-	-	(303)	-	(303)	(2,011)	1,708
Change in Funded Status of Employee Benefit Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,730)	13,730
Net Other Income (Expense)	(1,193)	(826)	(924)	(926)	(926)	(892)	(903)	(902)	(856)	(886)	(885)	(826)	(10,947)	(10,569)	(378)	(26,317)	15,370
Net Income (Loss)	(\$1,248)	(\$2,309)	(\$2,635)	(\$2,887)	(\$2,867)	(\$3,460)	(\$3,346)	(\$3,111)	(\$3,320)	(\$4,101)	(\$3,106)	(\$3,177)	(\$35,567)	(\$35,013)	(\$554)	(\$42,655)	\$7,088
2016 Headcount Actual / Forecast	576	576	576	576	576	577	577	577	577	577	577	577	577				
2016 Headcount Budget	600	600	600	600	600	599	599	599	599	599	599	599	599				
Over / (Under) Budget	(24)	(24)	(24)	(24)	(24)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)				
Headcount Vacancy	-4%	-4%	-4%	-4%	-4%	-4%	-4%	-4%	-4%	-4%	-4%	-4%	-4%				
NRR Over / (Under) Recovery	\$4,004	\$2,597	(\$3,554)	\$2,253	\$2,096	(\$5,062)	\$1,883	\$1,932	(\$3,344)	\$1,151	\$1,950	(\$3,428)	\$2,478				



Southwest Power Pool
Actual Results Overview
January 31, 2016
2015 Preliminary and Unaudited
(in thousands)

	Current Month Compared to Forecast			YTD Actual Compared to YTD Budget			YTD 2016 Compared to YTD 2015		
	Jan-2016	Jan-2016	Variance	Jan-2016	Jan-2016	Variance	Jan-2016	Jan-2015	Variance
	Actual	Forecast	Fav/(Unfav)	Actual	Budget	Fav/(Unfav)	Current Year	Prior Year	Fav/(Unfav)
Income									
Tariff Administrative Service	\$12,294	\$12,555	(\$261)	\$12,294	\$12,555	(\$261)	\$12,294	\$11,866	\$428
Fees & Assessments	2,811	2,787	23	2,811	2,298	512	2,811	2,407	404
Contract Services Revenue	40	40		40	40		40	38	2
Miscellaneous Income	348	230	117	348	620	(273)	348	88	260
Total Income	<u>15,492</u>	<u>15,612</u>	<u>(120)</u>	<u>15,492</u>	<u>15,513</u>	<u>(21)</u>	<u>15,492</u>	<u>14,398</u>	<u>1,094</u>
Expense									
Salary & Benefits	6,833	7,007	\$173	6,833	7,026	\$193	6,833	6,699	(\$134)
Employee Travel	130	201	70	130	201	70	130	99	(31)
Administrative	187	242	55	187	432	245	187	249	62
Assessments & Fees	1,417	1,417	(0)	1,417	1,417	(0)	1,417	1,363	(54)
Meetings	108	120	11	108	121	13	108	78	(30)
Communications	324	334	11	324	341	17	324	294	(30)
Leases	-	-	-	-	-	-	-	15	15
Maintenance	1,056	1,140	85	1,056	1,404	348	1,056	1,111	56
Services	586	725	139	586	1,273	686	586	583	(3)
Regional State Committee	10	22	12	10	22	12	10	7	(3)
Depreciation & Amortization	4,896	4,908	12	4,896	4,908	12	4,896	4,672	(224)
Total Expense	<u>15,547</u>	<u>16,115</u>	<u>568</u>	<u>15,547</u>	<u>17,144</u>	<u>1,597</u>	<u>15,547</u>	<u>15,171</u>	<u>(376)</u>
Other Income/(Expense)									
Investment Income	3	-	3	3	-	3	3	-	3
Interest Expense	(811)	(816)	4	(811)	(816)	4	(811)	(1,007)	196
Capitalized Interest	-	-	-	-	-	-	-	-	-
Change in Valuation of Swap	-	-	-	-	-	-	-	-	-
Other Income/Expense	(82)	-	(82)	(82)	-	(82)	(82)	(24)	(59)
Unrealized Gain on Investment	(303)	-	(303)	(303)	-	(303)	(303)	-	(303)
Net Other Income (Expense)	<u>(1,193)</u>	<u>(816)</u>	<u>(378)</u>	<u>(1,193)</u>	<u>(816)</u>	<u>(378)</u>	<u>(1,193)</u>	<u>(1,031)</u>	<u>(162)</u>
Net Income (Loss)	<u>(\$1,248)</u>	<u>(\$1,318)</u>	<u>\$70</u>	<u>(\$1,248)</u>	<u>(\$2,446)</u>	<u>\$1,198</u>	<u>(\$1,248)</u>	<u>(\$1,803)</u>	<u>\$555</u>
Headcount	576	575	1	576	600	(24)	576	576	-



Southwest Power Pool
Balance Sheet
January 31, 2016
2015 Preliminary and Unaudited
(in thousands)

	1/31/2016	12/31/2015	Net Change
ASSETS			
Current Assets			
Cash & Equivalents	\$63,360	\$42,003	\$21,358
Restricted Cash Deposits	190,756	196,918	(6,162)
Accounts Receivable (net)	29,885	39,789	(9,904)
Other Current Assets	16,143	8,420	7,722
Total Current Assets	\$300,144	\$287,131	\$13,014
Total Fixed Assets	132,555	136,480	(3,925)
Total Other Assets	2,466	6,051	(3,585)
Investments	9,052	9,352	(300)
TOTAL ASSETS	\$444,218	\$439,014	\$5,204
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable (net)	\$33,274	\$30,609	\$2,665
Customer Deposits	194,114	196,918	(2,805)
Current Maturities of LT Debt	21,944	21,944	-
Other Current Liabilities	53,220	46,092	7,128
Deferred Revenue	5,041	5,503	(461)
Total Current Liabilities	307,593	301,066	6,527
Long Term Liabilities			
US Bank Maumelle Mortgage - 2027	3,135	3,135	-
Campus 4.82% Senior Notes - 2042	60,722	60,722	-
Integrated Marketplace 3.55% Senior Note - 2024	50,750	50,750	-
Senior Notes - 2024	75,000	75,000	-
Senior Notes - 2025	37,000	37,000	-
Capital Lease Obligation	5,674	5,674	-
Other Long Term Liabilities	35,192	35,267	(75)
Total Long Term Liabilities	267,473	267,548	(75)
Net Income	(1,248)	(42,655)	41,407
Members' Equity	(129,600)	(86,945)	(42,655)
Total Members' Equity	(130,848)	(129,600)	(1,248)
TOTAL LIABILITIES & EQUITY	\$444,218	\$439,014	\$5,204

2016-2018 Capital Project Forecast

Project (\$000's)	Prior Year(s)	2015 Actual	2016 Forecast	2017 Forecast	2018 Forecast	Total Forecast	Total Budget	Over / (Under)	
<u>2016 New Projects</u>									
EMS Software & OS Upgrade			\$ -	\$ 2,800	\$ 2,400	\$ 5,200	\$ 5,162	\$ 38	1%
TTSE Dispatcher Training Simulator			210	3,207	400	3,817	3,817	(0)	0%
PMU Data Exchange			446	116	1,326	1,888	1,888	(0)	0%
Z2 Crediting P2 and P3			349	200	200	749	749	(0)	0%
Identity and Access Management System			452	100	100	652	692	(40)	-6%
Local Reliability Assessment			-	500	-	500	500	-	0%
2-Factor Authentication (Part 2 of 2 - Software Development)			194	-	-	194	194	-	0%
FERC 676-H NITS Web Oasis Modification			108	-	-	108	108	(0)	0%
Liferay Portal Replacement			100	-	-	100	100	0	0%
Circuit Redesign			80	8	8	96	96	0	0%
ICCP Software & OS Upgrade			-	35	-	35	62	(27)	-43%
Voltage Stability Tools			10	-	-	10	30	(20)	-66%
ProLaw Upgrade			23	1	1	24	24	-	0%
Total 2016 New Projects			\$ 1,972	\$ 6,967	\$ 4,435	\$ 13,374	\$ 13,422	\$ (48)	
<u>Carryover Projects</u>									
Enhanced Combined Cycle - Gas Day	\$ 1,301	\$ 388	\$ 5,378	\$ 650	\$ -	\$ 7,717	\$ 7,708	\$ 9	0%
Transmission Settlements Upgrade ETSE3	-	-	-	3,000	900	3,900	3,836	64	2%
Z2 Crediting P1 ⁽¹⁾	351	1,247	130	-	-	1,728	1,643	85	5%
IS Integration ⁽²⁾	-	-	11	-	-	11	-	11	
Total Carryover Projects	\$ 1,652	\$ 1,635	\$ 5,519	\$ 3,650	\$ 900	\$ 13,356	\$ 13,188	\$ 168	

Notes:

(1) The project for Z2 Crediting P1 was established in early 2012 at an estimated cost of \$295. Ongoing challenges in establishing requirements resulted in an impairment loss (\$351) and additional expense to settle with the previous vendor in 2015. A new vendor was selected to move forward with the project. Minimal expense for phase 1 was expected to continue into 2016, thus the project was included in the 2016 budget under Carryover Projects.

2) The timing of receipt/recording of the IS Integration project causes a variance of approximately \$11 in 2016; however, these expenses were expected to be received in 2015 and were included in the 2015 budget.

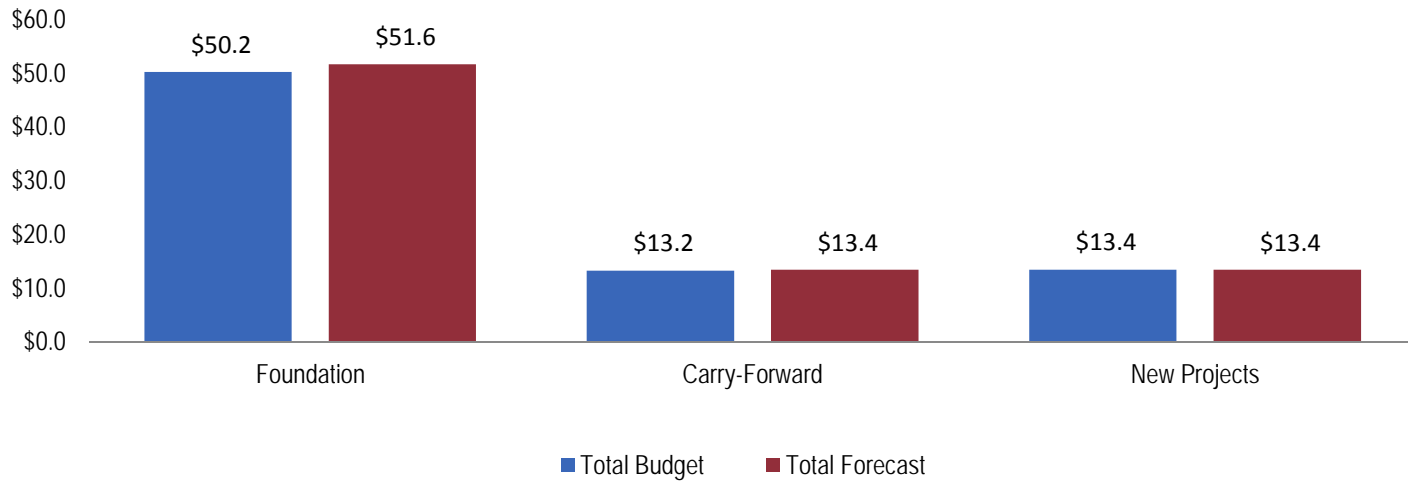
2016-2018 Capital Project Forecast

Project (\$000's)	Prior Year(s)	2015 Actual	2016 Forecast	2017 Forecast	2018 Forecast	Total Forecast	Total Budget	Over / (Under)			
Foundation											
IT Foundation ⁽³⁾			\$ 10,892	\$ 14,675	\$ 11,005	\$ 36,572	\$ 35,160	\$ 1,412	4%		
Other (Non-IT) Department Foundation			2,200	1,230	1,130	4,560	4,560	-	0%		
Ops Foundation			2,633	2,818	3,043	8,494	8,494	0	0%		
Facilities Foundation			723	220	250	1,193	1,193	0	0%		
Settlements Foundation			250	250	250	750	750	(0)	0%		
Total Foundation			<u>\$ 16,698</u>	<u>\$ 19,193</u>	<u>\$ 15,678</u>	<u>\$ 51,569</u>	<u>\$ 50,157</u>	<u>\$ 1,412</u>			
Total Capital Project Expense			<u><u>\$ 1,652</u></u>	<u><u>\$ 1,635</u></u>	<u><u>\$ 24,189</u></u>	<u><u>\$ 29,810</u></u>	<u><u>\$ 21,013</u></u>	<u><u>\$ 78,299</u></u>	<u><u>\$ 76,767</u></u>	<u><u>\$ 1,532</u></u>	2%

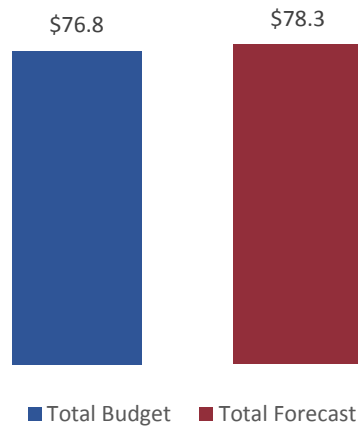
Notes:

3) The timing of receipt/recording of IT equipment purchases causes a variance of approximately \$1.4 million in the IT Foundation budget for 2016, however these purchases were expected to be received in 2015 and were included in the 2015 budget.

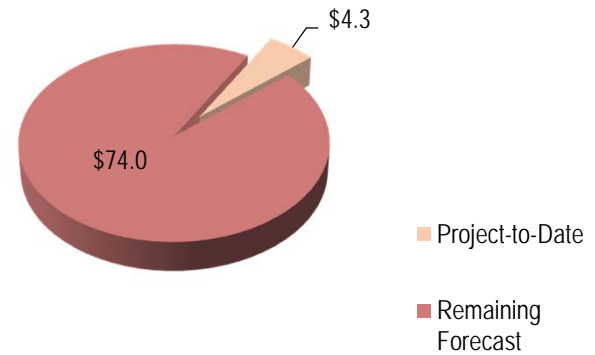
2016-2018 Total Project Budget vs. Forecast (millions)



Total Project Budget vs. Forecast



Project-to-Date vs. Remaining Forecast





Southwest Power Pool
Headcount Analysis
January 31, 2016

	Current Month Actual vs. Budget			Year End Forecast vs. Budget		
	Actual Jan-2016	Budget Jan-2016	Over/(Under) Budget	2016 Forecast	2016 Budget	Over/(Under) Budget
Officers	11	11	0	11	11	0
Accounting	11	11	0	11	11	0
Credit	4	4	0	4	4	0
Settlements	21	24	(3)	23	24	(1)
Administration	47	50	(3)	49	50	(1)
Corporate Services	28	28	0	28	28	0
Interregional Affairs	4	4	0	4	4	0
SPP Compliance	9	11	(2)	9	11	(2)
Project Management	12	14	(2)	13	14	(1)
Training	11	11	0	11	11	0
Customer Service	9	9	0	9	9	0
Process Management	3	4	(1)	3	3	0
Internal Audit	6	6	0	6	6	0
Process Integrity	54	59	(5)	55	58	(3)
Information Technology	145	146	(1)	152	146	6
Markets	6	7	(1)	7	7	0
Interregional Relations	3	3	0	3	3	0
Operations	156	161	(5)	161	161	0
Engineering	67	76	(9)	76	76	0
Regulatory Policy & General Counsel	37	40	(3)	40	40	0
Communications & Gov't Affairs	5	5	0	5	5	0
SPP Regional Entity	26	28	(2)	28	28	0
Open Positions / Adjustments	0	(3)	3	0	(3)	3
TOTAL HEADCOUNT	574	600	(26)	604	599	5

2016 Approved positions	602
Unidentified positions to be eliminated	(3)
2016 Budgeted positions	599
Incremental out-of-budget positions	3
Remaining unidentified eliminations	2
2016 Current total positions	604
Vacancy factor (open positions)	(27)
2016 Active Positions	577

Memorandum

To: **Finance Committee Members**
From: **Tom Dunn**
CC: **Shaun Scott**
Date: **March 4, 2016**
Re: **2016 Meeting Schedule**

Detailed below is a schedule for face-to-face meetings of the Finance Committee for 2015/2016 along with suggested agenda items to be covered at the meetings.

<u>Meeting Date</u>	<u>Time</u>	<u>Meeting Location</u>	<u>Major Agenda Items</u>
March 11, 2016	10:00	Dallas, TX	Fiduciary review of 2015 Investment Manager performance
April 5, 2016	7:30	Dallas, TX	Financial Audit Review (dinner 4/4) 2017 New Debt Issuance Ongoing Auditor Engagement Process
July 6, 2016	7:30	Dallas, TX	BPI Review (dinner 7/5) Mid Year Review 2016 Admin Fee Forecast Financial Audit Engagement
August 23, 2016	10:00	Dallas, TX	FC, SPC, & MOPC Chair meeting
September 27, 2016	8:30	Dallas, TX	Joint FC/SPC Meeting to review 2017 Operating Plan
October 25, 2016	3:00	Teleconference	Preliminary 2016 Budget Review
November 10, 2016	7:30	Dallas, TX	2016 Budget Review (dinner 11/9)
November 22, 2016	10:30	Dallas, TX	2016 Budget
December 5, 2016	2:00	Little Rock, AR	SSAE-16 Audit Report, BPI Review Corporate Insurance Review, Authority Review, Actuary Assumption Review