

Southwest Power Pool
CORPORATE GOVERNANCE COMMITTEE MEETING

September 22, 2006

Teleconference

• M I N U T E S •

Agenda Item 1 – Administrative Items

Chair Nick Brown called the meeting to order at 8:09 a.m. Other members in attendance or represented by proxy were: Jim Eckelberger (Director), Harry Dawson (OMPA), Kevin Easley (GRDA), Steve Parr (KEPCo), Mel Perkins (OG+E), and Stacy Duckett (SPP Staff Secretary).

Mr. Brown referred to draft minutes for the March 7 and July 17, 2006 meetings and asked for corrections or a motion for approval (CGC Minutes 3/7/06 and 7/17/06 – Attachment 1). The minutes of March 7, Agenda Item 4, last sentence were modified to read: *The group decided to table the remaining vacancies until nominees are provided by Westar for consideration by the committee.* Mr. Eckelberger moved that the March 17 minutes be approved as corrected and the July 17 minutes be approved as presented. Mr. Dawson seconded the motion, which passed unanimously.

Agenda Item 2 – Annual Self-assessment

Stacy Duckett reviewed the self-assessment form and the overall assessment process (CGC Self-Assessment – Attachment 2). With no comments from the group, the form will be submitted as drafted.

Agenda Item 3 – Vacancies

Nick Brown reviewed current vacancies. The group discussed the Strategic Planning Committee vacancy as a result of Jim Stanton's resignation. Rob Janssen (Redbud) has been recommended to fill this position; no other nominations were submitted. Kevin Easley moved to nominate Rob Janssen. Steve Parr seconded the motion, which passed unanimously. Jim Stanton also resigned from the Corporate Governance Committee. This position will be filled by the members of the IPP/Marketer sector, per the SPP Bylaws. Ms. Duckett is facilitating that process. Two vacancies are expected on the Members Committee in the near term, but no resignations are in hand. No action is required at this time.

Agenda Item 4 – Expiring Terms

Nick Brown reviewed expiring terms (Expiring Terms – Attachment 3). The incumbents have stated a desire to remain on the committee. The group discussed other nominees and potential candidates. Motions for nominees to fill expiring terms were:

Steve Parr moved to nominate Richard Spring for the Investor Owned Utilities seat. Mel Perkins seconded the motion, which passed unanimously.

Steve Parr moved to nominate Gary Roulet and Rick Tyler for the two cooperative seats. Harry Dawson seconded the motion, which passed unanimously.

Mel Perkins moved to nominate Trudy Harper for the IPP/Marketer seat. Kevin Easley seconded the motion, which passed unanimously.

Mel Perkins moved to nominate Kevin Easley for the State/Federal Agency seat. Steve Parr seconded the motion, which passed with Mr. Easley in abstention.

The committee discussed the nominating process in general and focused on getting additional member entities engaged in the committee structure.

Agenda Item 5 – Board of Directors Evaluation

Nick Brown reviewed the Board of Directors evaluation process and the questions included in the previous evaluation (BOD Evaluation Form – Attachment 4). The evaluation will be distributed following the October 24 Board of Directors meeting and using the 2005 questions. The results will be compiled and ready for review at the December 12 Board meeting.

Adjournment

Nick Brown thanked everyone for participating and adjourned the meeting at 8:45 a.m.

Respectfully Submitted,

Stacy Duckett, Secretary



Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE MEETING
September 22, 2006
Teleconference

• A G E N D A •

8:00 a.m. CDT

1. Call to Order and Administrative Items Nick Brown
2. Annual Self-assessment Stacy Duckett
3. Vacancies Nick Brown
4. Expiring Terms..... Stacy Duckett
 - a. Board of Directors
 - b. Members Committee
5. Board of Directors Evaluation Stacy Duckett

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

Southwest Power Pool
CORPORATE GOVERNANCE COMMITTEE MEETING

March 7, 2006
Teleconference

• M I N U T E S •

Agenda Item 1 – Administrative Items

Chair Nick Brown called the meeting to order at 3:32 p.m. Other members in attendance or represented by proxy were: Jim Eckelberger (Director), Harry Dawson (OMPA), Kevin Easley (GRDA), Steve Parr (KEPCo), Mel Perkins (OG+E), Jim Stanton (Calpine) and Stacy Duckett (SPP Staff Secretary).

Mr. Brown referred to draft minutes for the April 26, 2005; May 17, 2005; and January 23, 2006 meetings and asked for corrections or a motion for approval (CGC Minutes 4/26/05, 5/17/25, 1/23/06 – Attachment 1). Mr. Easley moved that the minutes be approved as presented. Mr. Eckelberger seconded the motion, which passed unanimously.

Agenda Item 2 – Administrative Duties

Nick Brown noted a need to review responsibilities of the Corporate Governance Committee as outlined in the SPP Bylaws (SPP Bylaws 6.6 and 4.2 – Attachment 2). Mr. Brown reviewed the responsibilities and then asked the committee to discuss the status of each. Mel Perkins relayed a discussion with other Transmissions Owners regarding the filling of Board of Directors seats, particularly in the case where a term is expiring. It was proposed to establish a procedure to conduct a search every year, rather than only when an actual vacancy occurs. Following discussion, it was concluded that the current process of polling the Corporate Governance Committee, Members Committee and other memberships regarding performance of directors whose terms are expiring each year be continued. The committee will consider feedback and determine whether a search is needed on a case-by-case basis.

The group also discussed criteria for directors and the size of the Board of Directors. No changes are proposed for consideration.

Mr. Eckelberger moved and Mr. Dawson seconded the deletion of 6.6(e) and 6.6(f) of the SPP Bylaws as they are duplicative. The motion passed unanimously. This recommendation will be presented at the April Board of Directors meeting.

Agenda Item 3 – Annual Self-assessment

Stacy Duckett reviewed the annual assessment process and the expanded process for 2006 (CGC Assessment – Attachment 3). The group will receive a survey later this year.

Agenda Item 4 – Vacancies

Nick Brown reviewed current vacancies (Board Appointment Recommendation – Attachment 4). Mr. Dawson moved and Mr. Easley seconded the recommendation that Tom Grennan replace Steve Parr on the Members Committee and the Strategic Planning Committee. The motion passed unanimously.

The group decided to table the Westar vacancies until representatives are provided by Westar.

Agenda Item 5 – Expiring Terms

Nick Brown reported that the current Members Committee representatives whose terms expire at the end of 2006 are willing to continue to serve (Term Expirations – Attachment 5). Mr. Brown had no requests from other Members to be considered for service. Mr. Parr moved to approve the Members Committee slate. Mr. Dawson seconded the motion. Mr. Stanton suggested some additional notice to Members

regarding expiring terms and the process to fill/express interest. The motion failed with 4 against and 3 in favor. An announcement will be made at the Markets and Operations Policy Committee meeting on March 9. The Members Committee expiring terms will be reconsidered at the next Corporate Governance Committee meeting.

Mr. Dawson asked whether we are seeking retail and/or alternative power members. Mr. Brown responded that withdrawal fees continue to be a deterrent to their joining.

The Board of Directors expiring terms were discussed. Mr. Eckelberger adjourned due to the discussion of his position. Mr. Brown reported that polling results indicated support for Jim Eckelberger and Harry Skilton to continue serving on the Board; they are each willing to serve. The Board of Directors elects a chair and vice chair every two years. The Corporate Governance Committee and/or the Membership can provide opinions to the Board of Directors regarding the chairmanship. Mr. Dawson moved and Mr. Easley seconded the recommendation to nominate Jim Eckelberger and Harry Skilton to additional three-year terms. The motion passed unanimously. There was additional discussion regarding the chairmanship from an historical approach and SPP Bylaws requirements. The group consensus was that reconsideration of chair and vice chair should remain on a two-year cycle. This would be beneficial for the organization and give others the opportunity to serve. Mr. Brown is to communicate this to the Board of Directors.

The group discussed whether the corporation should consider a one-year term for the chair and/or to limit the number of terms a director or chair may serve. No action was taken at this time.

Agenda Item 6 – Future Meetings

Future meetings will be scheduled as needed.

Adjournment

Nick Brown thanked everyone for participating and adjourned the meeting at 4:47 p.m.

Respectfully Submitted,

Stacy Duckett, Secretary

Southwest Power Pool
CORPORATE GOVERNANCE COMMITTEE MEETING

July 17, 2006

Teleconference

• M I N U T E S •

Agenda Item 1 – Administrative Items

Chair Nick Brown called the meeting to order at 8:04 a.m. Other members in attendance or represented by proxy were: Jim Eckelberger (Director), Harry Dawson (OMPA), Kevin Easley (GRDA), Mel Perkins (OG+E), Jim Stanton (Calpine) and Stacy Duckett (SPP Staff Secretary).

Agenda Item 2 – Vacancies

Nick Brown reviewed the purpose of the meeting, to fill vacancies on committees (Members, Strategic Planning, and Finance) created by the departure of Michael Desselle from AEP to join the SPP Staff (Attachment). The Corporate Governance Committee (CGC) is to fill these vacancies on an interim basis. The group discussed nominees for various openings.

Kevin Easley moved to nominate Nick Akins (AEP) for the Members Committee. Harry Dawson seconded the motion, which passed unanimously.

Harry Dawson moved to nominate Tim Woolley (Xcel) for the Strategic Planning Committee. Jim Stanton seconded the motion, which passed unanimously.

Jim Eckelberger moved to nominate David Sartin (AEP) for the Finance Committee. Harry Dawson seconded the motion, which passed with one abstention from Mel Perkins.

Agenda Item 3 – Other

Nick Brown reminded the committee of upcoming activities:

- Annual self assessment as part of the organizational effectiveness effort;
- Nominees to the Membership for the Members Committee and Board of Directors terms expiring at the end of 2006;
- Bi-annual review of organizational group rosters and chairs.

Adjournment

Nick Brown thanked everyone for participating and adjourned the meeting at 8:30 a.m.

Respectfully Submitted,

Stacy Duckett, Secretary

SPP Organizational Group Self-Evaluation/Assessment
(2006)

GROUP NAME: **Corporate Governance Committee**

CHARTER/SCOPE UPDATE: Attached Charter/Scope has been reviewed: **See Bylaws**

MEMBER ROSTER/ATTENDANCE:

Member	Company	Sector	# Present	# Absent
Brown, Nick	Chairman	SPP	4	0
Eckelberger, Jim	Director	N/A	4	0
* Christiano, David	City Utilities, Springfield, Missouri	Municipals	1/1	0
Easley, Kevin	Grand River Dam Authority	State Agencies	4	0
Parr, Steve	Kansas Electric Power Cooperative	Cooperatives	2	2
Perkins, Melvin	OG&E Electric Services	Investor-Owned	4	0
Stanton, James R.	Calpine Energy Services, L.P.	Independent Power Producer	4	0
* Dawson, Harry	Oklahoma Municipal Power Authority	Municipals	2/2	0
Duckett, Stacy	Staff	SPP	4	0

* Only on Committee for part of the assessment period.

AVERAGE OVERALL ATTENDANCE (INCLUDING NON-GROUP MEMBERS): 4

MEETINGS HELD TO DATE: **Live** 0 **Teleconference** 4

AVERAGE LENGTH OF MEETINGS: 1 hour

NUMBER OF VOTES TAKEN: 10

*MEETING COST(S): **\$2,052.40**

MAJOR ACCOMPLISHMENTS/ISSUES ADDRESSED BY THE GROUP:

- 1. Board of Directors annual evaluation**
- 2. Addressed multiple vacancies throughout the period**

MAJOR PENDING ISSUES BEFORE THE GROUP:

- 1. Annual slate of candidates for Board and Members Committee**
- 2. Bi-annual review of organizational group membership**

* Meeting costs include hotel expenses (room rental, A/V, food and beverage), estimate of teleconference expenses, and Director fees for attendance.

Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE
October 24, 2006

NOMINATIONS TO FILL EXPIRING TERMS

Background

Representatives on the Board of Directors and Members Committee serve three-year terms. To achieve the initial staggering of terms, seats were assigned one, two and three-year terms. The two-year term positions expire at the end of 2006.

Analysis

The Corporate Governance Committee is responsible for nominating candidates for the Board of Directors and the Members Committee to the Membership for consideration and election at the Annual Meeting of Members. The committee is to notify the President of the specific candidates at least one month prior to the October meeting and publish the ballots to the Membership. The President is to issue the ballot at least two weeks in advance of the meeting.

The elections will be held at the Annual Meeting of Members on October 24. As noted on the attached ballot, the following are nominated for three-year terms:

Board of Directors: Jim Eckelberger
 Harry Skilton

Members Committee (sector): Richard Spring (IOU)
 Gary Roulet (Cooperatives)
 Rick Tyler (Cooperatives)
 Trudy Harper (IPP/Marketer)
 Kevin Easley (State/Federal Agencies)

Other nominations may be made from the floor. One expiring position on the Members Committee will remain vacant as there are no members in the sector at this time: Public Interest/Alternative Power member.

Action Requested

Conduct of the elections at the Annual Meeting of Members on October 24.



DRAFT

**Southwest Power Pool
ANNUAL MEETING OF MEMBERS
October 24, 2006**

**Ballot for
SPP Annual Elections**

SPP BOARD OF DIRECTORS:

Recommended by Corporate Governance Committee:

- Jim Eckelberger
- Harry Skilton

Additional Nominees:

- _____
- _____

SPP MEMBERS COMMITTEE:

Each Member should vote for the number of nominees allocated for each sector.

Investor Owned Utilities:

(All members should vote for 1 nominee)

Recommended by Corporate Governance Committee:

- Richard Spring (KCPL)

Additional Nominees:

- _____
- _____

Cooperatives:

(All members should vote for 2 nominees)

Recommended by Corporate Governance Committee:

- Gary Roulet (WFEC)
- Rick Tyer (NTEC)

Additional Nominees:

- _____
- _____

**Ballot for SPP Members Committee
October 24, 2006**

**IPPs/Marketers:
(All members should vote for 1 nominee)**

Recommended by Corporate Governance Committee:

Trudy Harper (Tenaska)

Additional Nominees:

State/Federal Agencies:

Recommended by Corporate Governance Committee:

Kevin Easley (GRDA)

Additional Nominees:

Alternative Power/Public Interest:

There are currently no members in this sector.

MEMBER: _____

REPRESENTATIVE'S SIGNATURE: _____

SPP BOARD OF DIRECTORS

	TERM EXPIRES
Phyllis Bernard	2007
Nick Brown	N/A
Jim Eckelberger	2006
Quentin Jackson	2007
Josh Martin	2008
Larry Altenbaumer	2008
Harry Skilton	2006

Class of 2006
Jim Eckelberger
Harry Skilton

Class of 2007
Phyllis Bernard
Quentin Jackson

Class of 2008
Josh Martin
Larry Altenbaumer

SPP MEMBERS COMMITTEE

SECTOR		COMPANY	TERM EXPIRES
Investor Owned Utilities	Tom Stuchlik	Westar	2007
	Mel Perkins	OG+E	2008
	Richard Spring	KCPL	2006
	Nick Akins	AEP	2007
Cooperatives	Tom Grennan	KEPCo	2008
	Gary Roulet	WFEC	2006
	Gary Voigt	AECC	2007
	Rick Tyler	NTEC	2006
Municipals	Jeff Knottek	City Utilities of Springfield	2007
	Harry Dawson	OMPA	2008
IPPs/Marketers	Trudy Harper	Tenaska	2006
	Jim Stanton	Calpine	2007
	Walt Yeager	Cinergy	2008
State/Federal Agencies	Kevin Easley	GRDA	2006
Large Retail Customer	vacant		2008
Small Retail Customer	vacant		2007
Public Interest/ Alternative Power	vacant		2008
	vacant		2006

Class of 2006

Richard Spring
 Gary Roulet
 Rick Tyler
 Trudy Harper
 Kevin Easley
 Publ Int/Alt Pwr (vacant)

Class of 2007

Tom Stuchlik
 Nick Akins
 Gary Voigt
 Jeff Knottek
 Jim Stanton
 Sm. Retail (vacant)

Class of 2008

Mel Perkins
 Tom Grennan
 Harry Dawson
 Walt Yeager
 Lg. Retail (vacant)
 Publ Int/Alt Pwr (vacant)

Southwest Power Pool, Inc.
BOARD OF DIRECTORS EVALUATION FORM
November 2005

	Considerations	5 Strongly Agree	4	3	2	1 Strongly Disagree	2005 Results	2005 Average	2004 Average
1	Board has full and common understanding of the roles and responsibilities of a Board						N/A	N/A	4.22
2	Board members understand the organization's mission and its services	3 - D	2 - D 3 - M	4 - M	2 - M		4.60 D 3.10 M	3.64	3.50
3	Organization structure is clear (Board, officers, committees, executive and staff)	3 - D	2 - D 7 - M	1 - M	1 - M		4.60 D 3.67 M	4.00	4.28
4	Board has clear goals and actions resulting from relevant and realistic strategic planning	2 - D	1 - M	3 - D 7 - M	1 - M		3.80 D 3.00 M	3.29	3.39
5	Board attends to policy-related decisions which effectively guide operational activities of staff	2 - D	2 - D 5 - M	1 - D 2 - M	2 - M		4.20 D 3.33 M	3.64	3.67
6	Board receives regular reports on finances/budgets, performance and other important matters	1 - D	3 - D 7 - M	1 - D 2 - M			4.00 D 3.78 M	3.86	4.22
7	Board effectively represents the organization to the stakeholder community	3 - D	1 - D 4 - M	1 - D 2 - M	3 - M		4.40 D 3.11 M	3.57	3.28
8	Board meetings facilitate focus and progress on important organizational matters	2 - D	1 - D 4 - M	2 - D 4 - M	1 - M		4.00 D 3.33 M	3.57	3.72
9	Board regularly monitors and evaluates progress toward strategic goals and objectives	1 - D	3 - D 2 - M	1 - D 6 - M	1 - M		4.00 D 3.11 M	3.43	3.22
10	Board regularly evaluates and provides development plans for the Chief Executive	3 - D 1 - M	1 - D 5 - M	1 - D 3 - M			4.40 D 3.78 M	4.00	3.50
11	Each member of the Board is involved and interested in the Board's work	4 - D 3 - M	1 - D 3 - M	3 - M			4.80 D 4.00 M	4.29	4.22
12	All necessary skills, stakeholders and diversity are represented on the Board						N/A	N/A	3.44
13	Board considers the diverse positions of the membership in a non-discriminatory manner	5 - D	3 - M	2 - M	4 - M		5.00 D 2.89 M	3.64	N/A