



**Southwest Power Pool
FINANCE COMMITTEE MEETING**

June 13-14, 2017

Little Rock, AR

• M I N U T E S •

Administrative Items

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

Larry Altenbaumer	SPP Director
Bruce Scherr	SPP Director
Kelly Harrison	Westar Energy
Laura Kapustka	Lincoln Electric
Mike Wise	Golden Spread Electric Cooperative
Sandra Bennett	AEP
Tom Dunn	SPP
Others attending included:	
Traci Bender (phone)	NPPD
Jerry Peace	OG&E
Richard Ross	AEP
Angie Anderson (phone)	Sunflower
Harry Skilton	SPP Director
Phyllis Bernard	SPP Director
Don Shipley	SPP
Carl Monroe	SPP
Barbara Sugg	SPP
Jerry Wild	SPP
Michael Desselle	SPP
Will Vestal	SPP
Paul Suskie	SPP
Larry Middleton	Stephens Capital Management
Bo Brister	Stephens Capital Management

Minutes from the April 5, 2017 meeting were reviewed. Kelly Harrison motioned to approve the minutes. The motion was seconded by Bruce Scherr and approved by unanimous voice vote.

SPP staff reviewed the past action items list. A number of items had been completed and shared with the Committee since the last meeting and several more are on the agenda to be covered during this meeting. Discussions with BKD regarding cost savings if SPP Internal Audit performed some aspects of the annual financial audit revealed a potential 5% reduction in audit fees. SPP's Internal Audit department indicated resources to perform this additional work would need to be pulled from existing planned audit work. The Committee agreed the cost savings offered by BKD was not sufficient to justify engaging Internal Audit staff on this work at this time.

An item identified at the April meeting but not on the list was added related to review of insurance policies for cyber liabilities.

The Committee was presented with a request to approve an unbudgeted expenditure in the amount of \$1,600,000 on May 31, 2017 related to the payment of legal fees associated with the AES Shady Point arbitration findings. The following Committee members responded via email indicating their approval of this request: Larry Altenbaumer (May 31), Bruce Scherr (May 31), Kelly Harrison (May 31), Sandra Bennett (May 31), Mike Wise (June 1), Laura Kapustka (June 1).

Settlement System Replacement Project

Don Shipley, SPP's Director of Settlements, and Jerry Wild, SPP's Director of IT Applications, provided a detailed review of the project to replace SPP's settlement systems. The review addressed project objectives, timelines, budget, and risks and mitigations.

Several observations rose from the Committee dialogue, including but not limited to,

- SPP should work to improve its project review/transparency for stakeholders and Committee members;
- Forecast accuracy of the RRR file which is the basis for revenue distributions to transmission owners is below expectations (this observation is unrelated to the objectives of the new settlement system);
- SPP should review its capitalization policies for internal labor working on projects;
- Project plan should include a full reversion plan;

SPP staff will include project summaries for larger projects with the financial reports presented to the Committee at each meeting. SPP staff will attempt to focus Committee attention to capital projects during budget review. SPP Regulatory department will be advised of member issues related to revenue forecasts and RRR file processes.

Pension Plan Investment Manager Report

Larry Middleton and Bo Brister of Stephens Capital Management presented a performance report for the SPP Retirement Plan assets as of March 31, 2017. The portfolio experienced net annualized returns of 14.2% and 4.8% for the trailing 1 year and 3 year periods, respectively compared to a 70%/30% S&P 500/Barclays 1-10 bond index benchmark of 11.9% and 8.0%.

Middleton and Brister provided the Committee a copy of the Callan Periodic Table of Returns which the Committee had requested during the February 2017 meeting.

Middleton and Brister also presented information on the efficient investing frontier which the Committee had requested during the February 2017 meeting. Key concepts discussed were:

- View portfolio in two categories: i) Return-generating assets (core equities, satellite equities (emerging market, infrastructure, commodities, etc.), fixed income satellites (high yield bonds, convertibles, private loans), and other return investments; ii) Risk-managing assets (investment grade debt, treasury, cash, etc.)
- Forward looking forecast of existing portfolio yields an expected annualized return of 5.7% with a volatility of 10.1%.
- A higher allocation to Return-generating assets, particularly satellite equities and fixed income, would be expected to annually return 6.0% with a 9.0% volatility over the next 10 years.

The Committee requested the SPP Administrative Committee work with Stephens Capital Management to increase the transparency in the reporting to cover the total expenses incurred by the plan for investment management.

Compliance Hotline Report

SPP staff provided the Committee with a copy of the annual fraud report which is presented to the SPP Human Resources Committee as well as the documented Compliance Hotline Reporting Process. The Committee had 2 suggestions for SPP to consider:

- 1) Re-brand the hotline as the Ethics and Compliance Hotline. Most of the members have similar efforts and all refer to it as the Ethics hotline.
- 2) In the employee satisfaction survey this year, add a question similar to: "Why haven't you used the Compliance Hotline?"

AES Shady Point Arbitration

Paul Suskie, SPP's General Counsel, provided an overview of the AES Shady Point litigation and outcome which resulted in SPP paying \$1.6 million in fees to AES Shady Point. SPP to undertake a review of the default provisions of Attachment X of the tariff to determine the amount of discretion afforded the transmission provider is sufficient.

Year to Date Financial Review

Tom Dunn, SPP's Chief Financial Officer, presented SPP's YTD and full year forecast financials. Highlights included:

- Administrative fee revenues are above budget due to strong 4Q'16 monthly peaks,
- Salary & Benefit expenses are above budget due to 8 incremental unbudgeted positions approved for 2017 and overall vacancy running at 2% versus 4% budgeted,
- SPP's forecasted under-recover for 2017 is \$1.7 million

Finance Committee
June 13-14, 2017

Dunn next presented the expanded Quarterly Capital Project Review report which indicated SPP's 3 year capital expenditure forecast was now \$70.5 million versus budget of \$75 million. The major factors for the reduction are: i) delivery of the Enhanced Combined Cycle project for \$1.8 million less than budget and, ii) deferral of phases II and III of the PMU Data Exchange project to 2021 at the earliest.

Committee members requested 1-page summaries of the major projects and suggested presenting a consolidated project overview in a 2X2 risk/return chart.

Administrative Fee Billing Units

Tom Dunn presented the status of staff's efforts to move its cost recovery to market participants and off of transmission customers. Generally Committee members supported the effort as it better aligns the recovery of SPP's costs with a broader base of SPP's customers who benefit from SPP's services.

It was suggested that SPP expand its analysis to illustrate this effort doesn't unduly shift costs. The example presented to the Committee solely looked at allocation of the 1A fee, a more thorough analysis would also illustrate the expected increase in LMPs in SPP's footprint (LMPs increase as the new 1A fee is included as a marginal cost of generation).

SPP staff will present next at the joint SPC/FC meeting on September 26. Prior to then SPP expects to have numerous discussions with various members and customer representatives to more fully explain the proposal and solicit input and collaboration.

Future Meetings

The next meeting of the Finance Committee is scheduled for September 26, 2017 at the AEP office in downtown Dallas, TX beginning at 8:30 a.m. and ending at 2:30 p.m.

There being no further business, Larry Altenbaumer adjourned the meeting at 11:20 a.m. on June 14, 2017

Respectfully Submitted,

Thomas P. Dunn
Secretary



Southwest Power Pool, Inc.
FINANCE COMMITTEE
Action Items Status Report
June 13, 2017

	Action Item	Date Originated	Status	Comments
1.	Investigate alternative metrics to use in allocating SPP's costs to the region. Expand analysis to illustrate impact on LMP and total cost of service from SPP	July 6, 2016	In Process	Present at Sept 2017 meeting
2.	Engage firm to review work of actuary on benefit plans	April 5, 2016	New	
3.	Staff response to planning linkage framework	Feb 24, 2017	New	
4.	IPS – SPP Administrative Committee to develop return and expense benchmarks and document in IPS	Feb 24, 2017	New	Present at Dec 2017 meeting
5.	Review cyber insurance programs	April 5, 2017	New	Present at Dec 2017 meeting
6.	Include 1-page summaries of major projects in financial reports	June 13, 2017	New	
7.	Review default provisions of Attachment X – Credit Policy	June 13, 2017	New	
8.	Suggest re-branding of Compliance Hotline to Ethics Hotline, add question in employee satisfaction survey on why employees don't utilize the hotline	June 13, 2017	New	Suggestion given to Malinda See June 21, 2017
9.	Accounting review of policy regarding capitalization of assets and internal staff time when working on projects	June 13, 2017	New	Present at Oct 2017 meeting
10	Evaluate inclusion of credit process controls in SSAE 16 audit scope	July 6, 2016	New	
11	Investigate how SPP member utilities insure against cyber liabilities	July 6, 2016	In Process	To be presented at April 2017 meeting
12	Distribute 10-year financial model	Feb 24, 2017	Complete	Sent April 17, 2017
13	Efficient decision frontier and quilt chart from Stephens	Feb 24, 2017	New	Present at June 13 2017 meeting
14	Provide report of audit firms used for other ISO/RTO financial audits	April 5, 2017	New	Submitted with meeting minutes
15	Fraud Hotline report (process and awareness)	April 5, 2017	New	Present at June 13 2017 meeting
16	Determine capability, capacity, and financial impact for Internal Audit to assist BKD on 2017 financial statement audit	April 5, 2017	New	
17	Customer deposit recon processes, internal audit reviews, construction deposits	Feb 24, 2017	New	
18	IPS – adopt performance benchmarks, report on fund performance vs. benchmarks	Feb 24, 2017	New	Present at June 13 2017 meeting
19				
20				
21				



Southwest Power Pool, Inc.
FINANCE COMMITTEE MEETING
June 13-14, 2017
SPP Offices – Little Rock, AR

• A G E N D A •

June 13, 2017
2:00 p.m. – 5:00 p.m.

- 1. Administrative Items Larry Altenbaumer
 - a. Review of Past Action Items Tom Dunn
- 2. Settlement System Replacement Project.....Don Shipley / Jerry Wild
- 3. Pension Plan Investment Manager Report..... Larry Middleton of Stephens Capital Management
- 4. Fraud Hotline Report Tom Dunn
- 5. AES Shady Point Arbitration..... Paul Suskie
- 6. Year to Date Financial Review Tom Dunn

June 14, 2017

8:00 a.m. - 12:00 p.m.

- 7. Administrative Fee Billing Units Tom Dunn
- 8. Written Reports.....
 - a. April 2017 Financials
 - b. Financial, Settlements, and Credit Metrics
 - c. SPP Portfolio Report
- 9. Future Meetings.....



Southwest Power Pool
FINANCE COMMITTEE MEETING

April 5, 2017

Atlanta, GA

• M I N U T E S •

Administrative Items

Chair Larry Altenbaumer called the meeting to order at 7:30 a.m. The following members of the Finance Committee participated:

Larry Altenbaumer	SPP Director
Bruce Scherr	SPP Director
Kelly Harrison	Westar Energy
Laura Kapustka	Lincoln Electric
Mike Wise	Golden Spread Electric Cooperative
Tom Dunn	SPP

Others attending included:

Sandra Bennett (phone)	AEP
Jerry Peace	OG&E
Dianne Branch	SPP
Scott Smith	SPP
Don Shipley (phone)	SPP
Barrett Breeding	BKD
Steve Osborn (phone)	Osborn, Carreiro & Associates

Minutes from the February 24, 2017 meeting were reviewed. Kelly Harrison motioned to approve the minutes. The motion was seconded by Laura Kapustka and approved by unanimous voice vote.

SPP staff reviewed the past action items list. It was determined to have SPP's Internal Audit department perform an audit of SPP's credit process controls and provide a report to the Committee in 2018 with their findings.

2017 Benefit Plan Funding

Steve Osborn of Osborn, Carreiro & Associates presented actuary reports on both the SPP Retirement Plan and the SPP Post-retirement Healthcare Plan.

SPP staff recommended \$5.20 million in contributions to the SPP Retirement Plan in 2017, consistent with the suggested contribution calculation of the actuary. The SPP 2017 budget included \$5.70 million in funding.

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SPP staff recommended \$0.12 million in contributions to the SPP Post-retirement Healthcare Plan in 2017, consistent with the contribution calculation of the actuary. The SPP 2017 budget included \$0.25 million in funding. The Committee discussed whether to provide any additional funding for this plan since the market value of the assets SPP has set aside to fund future benefits exceeds the calculated accumulated benefit obligation by over \$1 million (10.7%) as of year-end 2016.

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Mike Wise made a motion to contribute \$5.20 million to the SPP Retirement Plan and \$0.00 million to the SPP Post-retirement Healthcare Plan during 2017. The motion was seconded by Kelly Harrison and approved by unanimous voice vote.

2016 Financial Audit

Dianne Branch and Barrett Breeding presented the results of the 2016 financial report audit. Dianne Branch covered highlights on the financial statements and related footnotes. Barrett Breeding presented the audit opinion letter and the management letter. Following this presentation, SPP staff was dismissed from the meeting as the Committee went into executive session with Barrett Breeding.

Finance Committee
April 5, 2017

Following executive session, Kelly Harrison made a motion to accept the audit report as presented and recommend approval of the audit report to the SPP Board of Directors. The motion was seconded by Laura Kapustka and approved by unanimous voice vote. SPP staff was directed to provide the Committee a report on SPP's Fraud Hotline detailing the process used when calls are received and efforts to create awareness of the hotline. Additionally, staff was informed that BKD was open to using SPP's Internal Audit staff to assist with the financial statement audit for fiscal year 2017 and staff should investigate the capacity of Internal Audit staff to assist and what role they can play to help reduce SPP's audit fees.

The Committee next discussed continuing the engagement of BKD for the 2017 financial audit. Bruce Sherr made a motion to engage BKD to perform an audit of SPP's 2017 financial statements and Thomas & Thomas to perform audits of SPP's benefit plans for 2017. The motion was seconded by Mike Wise and approved by unanimous voice vote. SPP staff was directed to provide a report to the Committee illustrating the auditors used by other ISO/RTO organizations.

Year to Date 2017 Financial Review

Tom Dunn, SPP's chief financial officer, presented a review of the year to date 2017 financial results. The major themes were: i) projected over-recovery due to higher than budgeted NITS billing units, lower projected interest expense, and lower projected benefit plan funding; ii) projected over-spend in personnel costs due to eight incremental out of budget positions added in early 2017 and additional study costs related to membership expansion. Also identified were factors which could adversely impact the current forecast. These factors related to various legal and compliance issues as well as decisions by others to join SPP.

SPP Settlement System Replacement Project

Don Shipley, SPP's director of settlements, provided the Committee with a report on the process SPP used to develop the project and select a vendor to build the system. Some Committee members expressed concern over integration risk, scope creep, training, and project management capability. Don Shipley and Barbara Sugg, SPP's VP of IT, were asked to provide a progress report at the June meeting of the Finance Committee.

Cyber Risk Insurance

Scott Smith, SPP's director of treasury and risk management, presented information on SPP's approach to cyber risk identification and prevention processes and on SPP's efforts to determine if this risk should be insured. The insurance market is evolving to satisfy identified cyber risks beyond loss of personally identifiable information. The Committee requested a follow-up report in December 2017.

Committee Scope/Meeting Schedule

Larry Altenbaumer reviewed a proposed annual work schedule for the Committee. The intent of the proposal was to focus the Committee's efforts on work that needed to be completed and potentially reduce the number of Committee meetings. The proposal included delegating responsibility for direct engagement and oversight of investment managers for SPP's ERISA benefit plans to SPP's Administrative Committee (comprised of SPP's CEO, General Counsel, CFO, and VP of Corporate Services). This change was reflected in an amended organizational group scope document for the Finance Committee.

Mike Wise made a motion to accept the changes to the scope document. The motion was seconded by Laura Kapustka and approved by unanimous voice vote.

Future Meetings

The next meeting of the Finance Committee is scheduled for June 13-14, 2017 at the SPP corporate office in Little Rock, Arkansas beginning at 2:00 p.m. and ending at 12:00 p.m. on June 14th.

There being no further business, Larry Altenbaumer adjourned the meeting at 1:00 p.m.

Respectfully Submitted,

Thomas P. Dunn
Secretary



Southwest Power Pool, Inc.
FINANCE COMMITTEE
Action Items Status Report
April 5, 2017

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1.	Investigate alternative metrics to use in allocating SPP's costs to the region	July 6, 2016	In Process	Present at June 13 2017 meeting
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11	Evaluate inclusion of credit process controls in SSAE 16 audit-scope	July 6, 2016	New	
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HELPING OUR MEMBERS WORK TOGETHER
TO KEEP THE LIGHTS ON... TODAY AND IN THE FUTURE.

Settlement System Replacement Project

Jerry Wild

Don Shipley

Objectives of this Project

- Increase process efficiency and effectiveness for SPP and it's customers
- Expected to save over \$1 million annually
 - The new system will be supported by SPP Information Technology
 - Removes most of the dependency on outside vendors
 - Allows for better control of changes and enhancements
- Reduce the risk of SOC-1 violations through automating manual processes
- Increase system scalability and flexibility to better serve an expanding footprint

Project Timeline

Project Start

• April 2017

Calculation Engine & Data Visualization

• February 2018

Core Dev Complete - Begin Market Trails

December 2018

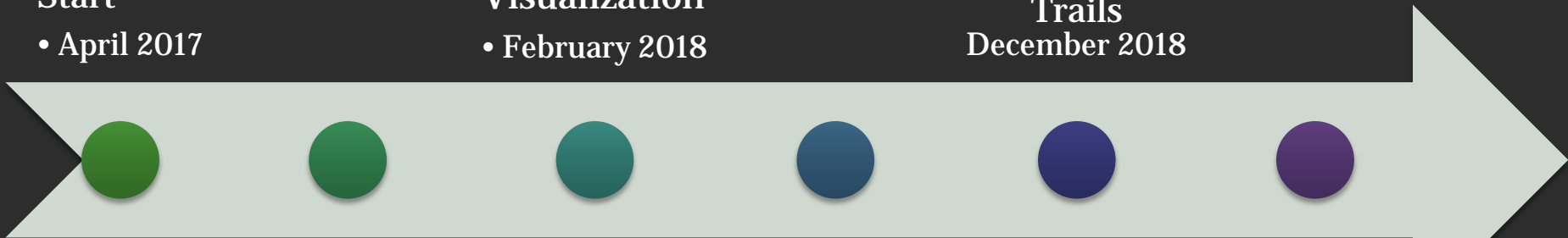
Formula Builder

• July 2017

User Interface, Business Process, Audit, Workflow

• July 2018

Production Go Live
May 2019



Budget

- Capital Budget \$5.1 Mil system development

<u>Implementation Cost Summary</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
Vendor Developed New Solution	\$1,600,000	\$1,600,000	\$1,600,000	\$4,800,000
Post go-live support	\$0	\$0	\$300,000	\$300,000
Total Cost	\$1,600,000	\$1,600,000	\$1,900,000	\$5,100,000

- Capital Hardware and Software \$1.2 Mil

<u>New Hardware & Software Cost</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
Total Server Cost*	\$788,200	\$0	\$0	\$788,200
Total Storage Cost**	\$126,000	\$96,000	\$27,000	\$384,000
Total DB S/W Cost	\$66,180	\$14,080	\$14,080	\$98,560
Total Cost	\$980,380	\$110,080	\$41,080	\$1,270,760

- Non-Capital \$ 2.8 Mil (internal SPP resources dedicated to development, implementation and ongoing support, and testing)

Project Risk

RISK

- This fully automated solution is not in production in the electric utility industry at this time; however, implementation of this solution at MISO is scheduled for Fall 2017
- Project Delays would impact projected Rate of Return
- Largest scale software application owned and maintained internally by SPP IT

MITIGATION

- Closely monitoring MISO project implementation.
- Vendor specializes in large scale enterprise software development
- Dedicated project team
- 18 month development of project scope
- IT staff dedicated and fully involved in project development

Memorandum

To: **SPP Human Resources Committee**
From: **Malinda See**
Date: **08/09/2016**
Re: **SPP Fraud Prevention Report**

Southwest Power Pool (“SPP”) administers and funds benefit plans for its employee’s insurance coverage and retirement benefits. SPP complies with federal regulations requiring an annual audit of medical and retirement plans by an independent firm which includes auditing the processes and procedures governing the plans as well as reviewing activities designed to limit possible fraud within the plans. The following documentation is provided to highlight the fraud risk and mitigation procedures currently in place.

SPP utilizes multiple fraud prevention and detection measures. These measures are reviewed by SPP’s Internal Audit department and independent auditors for proper documentation, appropriateness, and thoroughness. SPP’s Internal Audit department has specifically reviewed process documentation of the following SPP HR processes related to benefit plans:

- Form 5500
- 401(k) Enrollment
- Payroll (to ensure benefits are properly deducted)
- Benefit Billing Reconciliation

Different types of fraud could impact the SPP benefit plans; collusion between employees charged with plan administration, false information supplied by SPP employees and actions taken by only one employee involved in plan administration. SPP staff has taken the following steps to address and mitigate fraud risk:

- **Payroll:** Human Resources management has segmented human resource and payroll duties by staff members. The Human Resources Information System (HRIS) contains security features that allow for very specific segmentation of duties and access by user. Only the “Master User” (Vice President of Corporate Services, HR Software Administrator) may change security features of the software. The Compensation Specialist has checks in place prior to creating payroll that serves as a check for any false information (i.e. creation of a “phantom” employee) entered by the Master User. The payroll procedure and checks and balances is listed below:
 - In order to create a new employee, data must be input by two different HR personnel (HR Employee Benefits Specialist and HR Compensation Specialist).
 - Payroll is created and initiated by the Compensation Specialist, and submitted to a financial clearing house.
 - Only four employees at SPP can login to the financial clearing house and initiate payroll payments: the Sr. Vice President Finance and CFO, the Controller, the HR Manager and the Vice President, Corporate Services.
 - Prior to payroll approval, reports are generated and reviewed by the approver (typically the Manager, Human Resources), to examine all employee additions, changes, and terminations. These reports are printed and included in a hard copy payroll approval file.

- **Medical Plan:** SPP has a third party administrator (TPA) for the self-insured medical plan. This TPA (United Healthcare) has provided documentation of controls and procedures regarding the handling of confidential SPP data. The TPA provides monthly reports to SPP on medical and pharmacy plan usage. These reports are reviewed for plan participant accuracy by HR staff, to ensure that claims paid for are SPP employees and their dependents enrolled in the plan.
- **Benefits Enrollment:** SPP requires employees to provide proof of eligibility at enrollment (i.e. marriage certificates, birth certificates), prior to final confirmation. SPP also performs background checks on employees at initial hiring and every 7 years thereafter.
- **5500 Benefit Plan Reporting:** Employers are required to file a 5500 benefit plan report annually for every plan with more than 100 participants. Several of the 5500 benefit plan reports are created by independent third parties. The 401(k) Plan report is created by the plan platform provider. The Medical Plan report is created by SPP's external auditors. The Retirement Plan (Defined Benefit Plan) report is created by the SPP third party actuary. These reports are then reviewed by the SPP Controller, Vice President Corporate Services and Sr. Vice President Finance and CFO.

All other benefit plan 5500 reports are created by the Manager, Human Resources and Vice President, Corporate Services, and signed by the Sr. Vice President Finance and CFO, resulting in a two-tiered review process. SPP's Internal Audit department routinely reviews this reporting function. In addition, SPP's independent external auditors review the reporting process annually. SPP's Internal Audit department and SPP's independent external auditor agree that controls and procedures are in place to ensure reporting accuracy.

- **Training:** SPP conducts annual training for all employees on the following topics:
 - Ethics and Code of Conduct
 - Preventing Discrimination and Harassment (Manager and staff versions)
 - SPP Policies – read at hire date and annually thereafter
 - Security Awareness
 - Management Skills Training (mandatory for management)
 - What Does the Tariff Say
 - Responsible Social Media Use
 - Compliance Awareness Training

Employees are required to complete each training class in a 30 day time period. If an employee fails to complete the training, their employee badge is disabled and they are prohibited from entering SPP office space until their training is complete.

- **Compliance and Fraud Alert “Hotline”** The SPP Compliance Hotline has been in place since October 3, 2005. The hotline is available to employees of SPP, Inc. and is answered 24 hours a day, 7 days a week for confidential reporting of suspected or known compliance/ethical concerns. This number is included in the “Ethics and Code of Conduct” training and is listed on the front page of the employee intranet web site. This number is also publicized periodically in articles posted on the employee intranet web site. These issues could include, but are not limited to, financial, compliance, safety, or human resources issues. The hotline is administered by an

independent, third-party organization. The hotline provides an anonymous avenue for employees to voice concerns when they do not feel comfortable speaking to supervisors or Human Resources employees. All calls to the hotline are documented, immediately reported to the SPP Vice President, Corporate Services, HR Manager, and Associate General Counsel, Corporate and investigated. If a call is received concerning any of these employees, the report is directed to the SPP Executive Vice President and General Counsel.

The Internal Audit (IA) department periodically tests the Southwest Power Pool (SPP), Inc. Compliance Hotline administration process to verify that SPP's Compliance Hotline functions as designed.



Compliance Hotline Reporting Process

Document ID

Human Resources Department

Approved By: Malinda See

Published: March 26, 2012

Latest Revision: February 2, 2015

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SPP Confidential: The business record is for internal SPP use only

Revision History

Revisions to this procedure will be tracked in the following table

Version Number	Revision Date	Effective Date	Revised By	Summary of Changes
1.0	03/26/2012	03/26/2012	Malinda See	Initial creation of documentation
2.0	02/02/2015	02/02/2015	Malinda See	Updated title change for VP, Corporate Services.

Approved by:

Double click on the line below to insert your digital signature. If more than one signature is required, add what is needed or attach a signature page in the appendix.

/s/ Malinda See

Malinda See
Vice President, Corporate Services

Details

Purpose

The objective of this procedure is to document the process utilized in reporting use of the compliance “hotline” number.

User Requirements

Any employee with access to a telephone, either land line or cellular, may use the hotline.

Overview and Background

This hotline number is a telephone line open 24 hours a day for employees to confidentially report any suspected or known compliance issues. These issues could encompass but not be limited to, financial, compliance, safety, or human resources issues. This hotline is administered by an independent third party. Any calls to the hotline are reported immediately to the SPP Vice President, Corporate Services.

Details/Outline

1. SPP maintains a yearly contract with third party provider to staff and administer the hotline.
2. The hotline number is published on the SPP employee internet site (The Circuit), and included in required annual training on ethics for all employees.
3. The SPP internal audit staff periodically tests the hotline to ensure proper functioning of the service and ensure staff follows the process.
4. Any calls to the hotline are reported to the SPP Vice President of Corporate Services, Manager, Human Resources, and Associate General Counsel. The call is documented by the SPP Vice President, Corporate Services and immediately reported to the SPP HR department for additional review and investigation. The report arrives via email in a password protected file.
5. In the event that the call is in reference to any of the parties in the reporting chain listed above, the call information is provided to the SPP General Counsel.

SPP Confidential: The business record is for internal SPP use only

Supporting Information

Contact

Please provide the Department name by which this document is owned

Department Name	Role
Corporate Services	Malinda See, Vice President, Corporate Services

Affected Organizational Areas

Mark all Organizational Area's with and X that are directly affected by the procedure and specify the department(s); include customers and suppliers

X	Organizational Area	Specify Department(s)
	Process Integrity	
	Finance	
X	General Counsel	Legal
	Regulatory Policy & SPP Engineering	
	Market	
	Operations	
	Contract Services	
	Information Technology	
	Working Group	
	Member or Customer	

Regulations, Standards, Requirements, and Policy

If actions directed by this procedure are designed to be compliant with relevant regulations, standards or policies please mark all applicable categories with an X and **provide a specific explanation** in the following table.

X	Select All Applicable	Specify; Paragraph, Section, Standard, etc.
	OATT	
	SPP Policy/Procedure	
	SPP Criteria	
	SPP Business Practices	
	FERC CFR, or other FERC Regulation	
	NERC Standard: Requirement(s)	
	Regional Standard or Compliance	
	NAESB Standard	
	SAS 70 Control Activities	
	Market Protocols	
	State or Federal Regulation	
	Other	

SPP Confidential: The business record is for internal SPP use only

Related Processes and Procedures

Internal processes and procedures that have a direct impact on or are directly impacted by this procedure

ID	Title

Other Related Documentation and Materials

Documentation directly related to the procedure and location (e.g., external documentation, industry documents)

Reference	Location/Link

Terms and Acronyms

To provide clarity, define the terms and acronyms used throughout this document.

Term	Definition

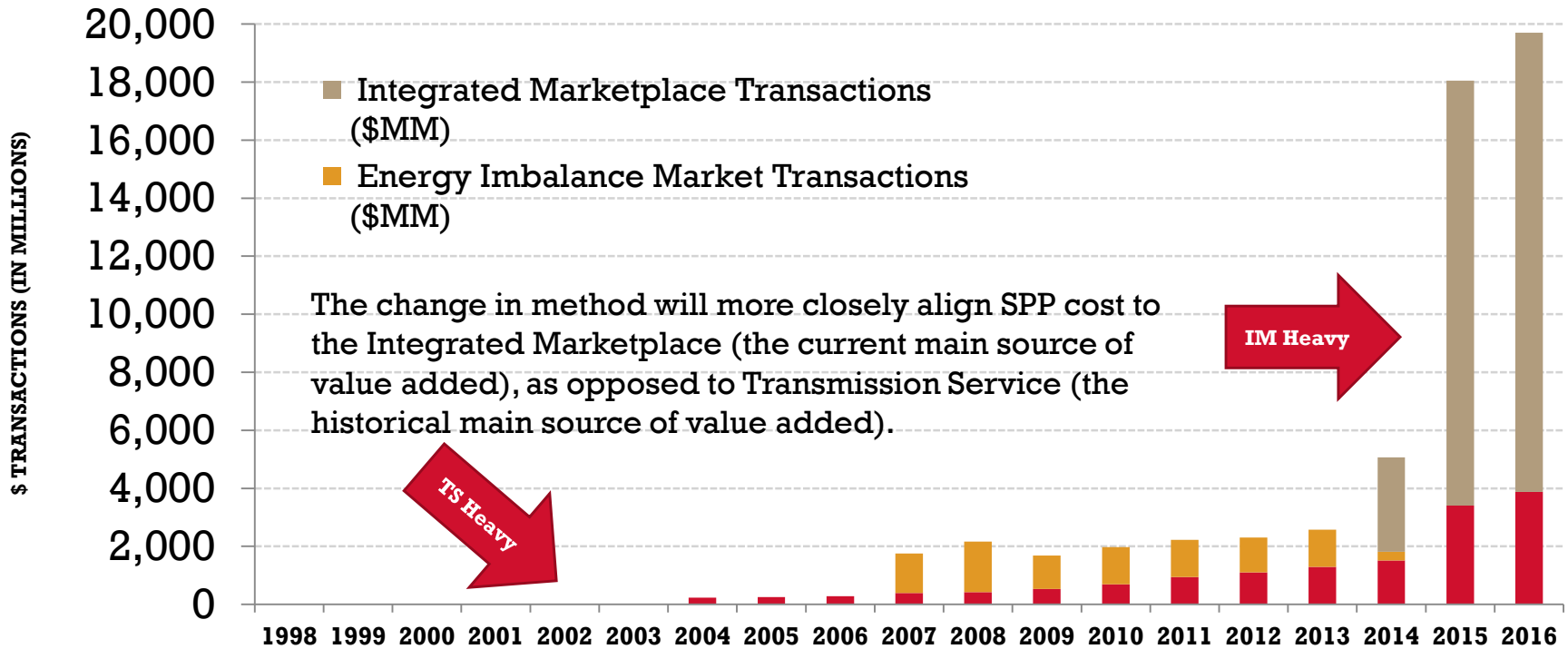
COST RECOVERY UNDER SCHEDULE 1A

Proposed changes will ensure costs are shared equitably among all parties benefitting from SPP's service

CURRENT STATE

- Under Schedule 1A, SPP recovers its operating costs from transmission customers, whose portion is allocated based on their prior-year coincident peak load.
- Entities that do not purchase transmission service may benefit from SPP's services without paying an equitable share of the organization's operating costs.
- Rates are set based on year-old data, which may not be reflective of current usage. True-ups occur annually.
- Some member's recovery of rates paid to SPP must wait on rate cases filed with respective regulatory bodies, and some costs are thus never recovered.

PURPOSE



PROPOSAL: ENERGY-BASED COST RECOVERY

- SPP would recover its operating costs by charging all market participants based on the volume of energy they transact in the market and true up rates on a quarterly basis.
- Costs would be born equitably among all those who benefit from market participation, transmission service, and other SPP services.
- Rate would be altered on a quarterly basis to accurately reflect actual usage and actual costs rather than annually based on long-term forecasts.

PROPOSAL: ENERGY-BASED COST RECOVERY

- Consistent with recovery schemes of other U.S. based RTOs:
 - PJM:
 - Schedule 9-2 – transmission rights
 - Schedule 9-3 – market services
 - Schedule 9-4 – frequency & regulation services
 - Schedule 9-5 – capacity services
 - MISO:
 - Schedule 16 – transmission rights
 - Schedule 17 – market services
 - ISO-NE
 - Schedule 2 – energy market services
 - Schedule 3 – reliability services

All based on MWh energy transactions in their markets

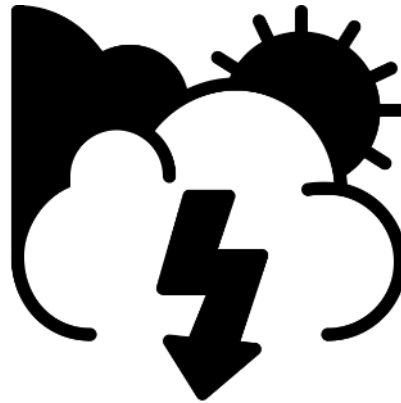
RATE-SETTING PROCESS

1. BUDGETING



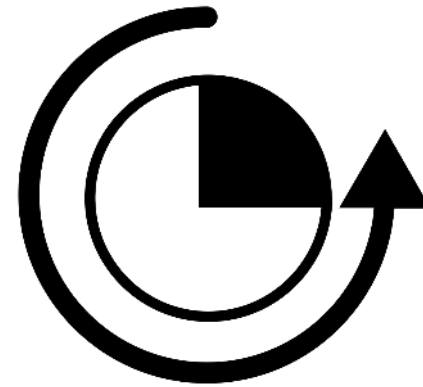
SPP sets its operating budget annually and performs quarterly true-ups against actual expenses

2. FORECASTING



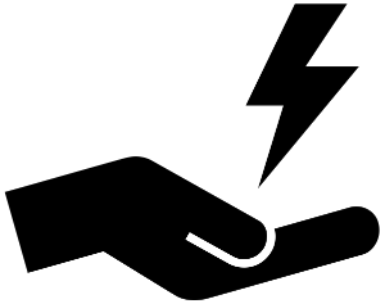
SPP forecasts next quarter's energy use, by which it sets quarterly rate

3. TRUE-UPS



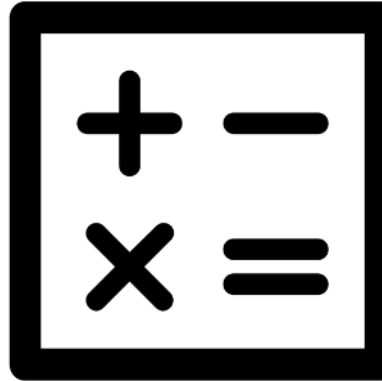
True-ups flow into next quarter, ensuring rate stays consistent with actual expenses and energy use

BILLING PROCESS



1.

Participants buy and sell energy in SPP's market.



2.

SPP calculates all participants' amount owed, charging the predetermined rate for every applicable MWh that is settled in the market.



3.

SPP issues market participants a daily billing statement and weekly invoice for energy transactions.

BILLING DETERMINANTS

- Meter Data including all settlement locations (RT)
- Through, Out and Into Import Export Schedules (RT)
- Transmission Congestion Rights (Max vs meter)
- Bilateral Settlement Schedules
- Ancillary Service Volumes (reg up/down, spin, sup)
- Virtual Energy (day ahead)

BILLING EXAMPLE

CURRENT BILLING

Company 1 - TC				
	Quantity	Hours	Rate	Total
Network Service	100	24	0.37	888.00
Point-to-Point Service	10	24	0.37	88.80
Monthly Assessment	111	24	0.37	8.88
Total				985.68

METHOD 4 BILLING

Company 1 - MP/AO				
	Quantity	Hours	Rate	Total
Load	101	24	0.18	441.17
Generation	10	24	0.18	43.68
TCR	100	24	0.18	-
Regulation	3	24	0.18	13.10
Virturals	5	24	0.18	21.84
Bilateral Settlement Schedules	10	24	0.18	43.68
Import/Export Schedules	7	24	0.18	30.58
Total				594.05

BENEFITS

- Alignment of benefits of SPP services and costs to provide those services
- Equitable cost-sharing among all beneficiaries of SPP service (reduce free-rider opportunities)
- Administrative ease for payers, payees and SPP
- Administrative fee included as a marginal cost of energy in SPP billing statements
- Simplifies SPP cost recovery by eliminating monthly member assessment

ALLOCATION IMPACTS

Representative Allocation to Select MPs

Assumes \$144 million total SPP recovery

	Original	Best	Mid	Worst
AEP	\$ 21.3	\$ 7.8	\$ 13.7	\$ 17.2
OGE	14.9	8.4	10.1	12.7
Westar	11.9	9.2	10.9	13.6
NPPD	6.5	6.1	7.0	8.3
VITOL	-	7.4	4.5	-
GSEC	2.4	1.6	1.9	2.3
Redbud	-	1.3	1.6	2.0
LES	1.9	1.4	1.6	2.0
West Plains	-	0.1	0.1	0.1

POTENTIAL HURDLES

- Some market participants will experience increased costs (IPPs, financial only)
- Rate will change throughout the year
- Proposed scheme eliminates rate cap
- Regulatory push back
- Does not address billing unit forecast errors

NEXT STEPS

Stakeholder feedback is welcome in advance of any of these planned presentations and proposals.

- **June 13-14:** Straw-man proposal to the Finance Committee
- **September 26:** Follow-up with Finance and Strategic Planning Committees
- **October 17-18:** Presentation to Markets and Operations Policy Committee
- **October 30:** Briefing to Regional State Committee
- **October 31:** Presentation to Members Committee, Board of Directors

Monthly Financial Reporting Package
April 2017

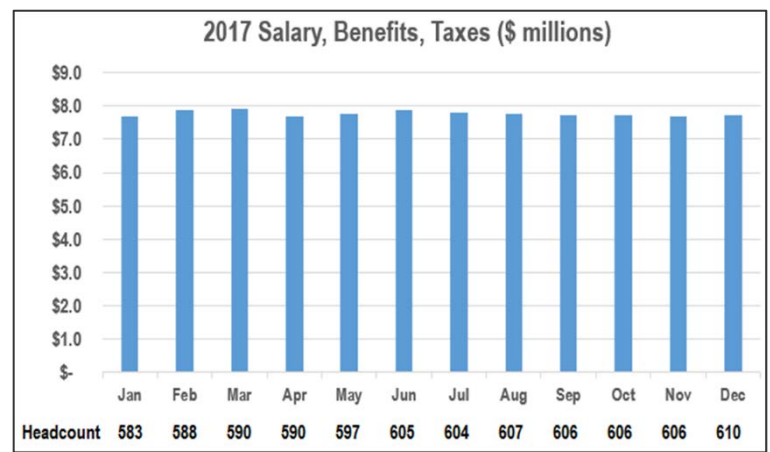
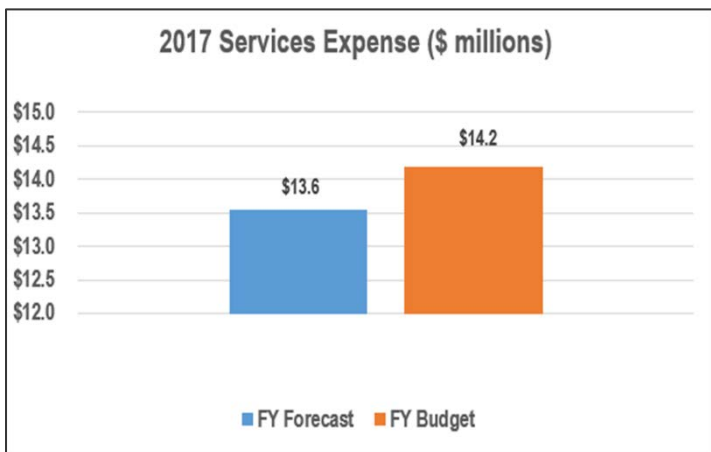
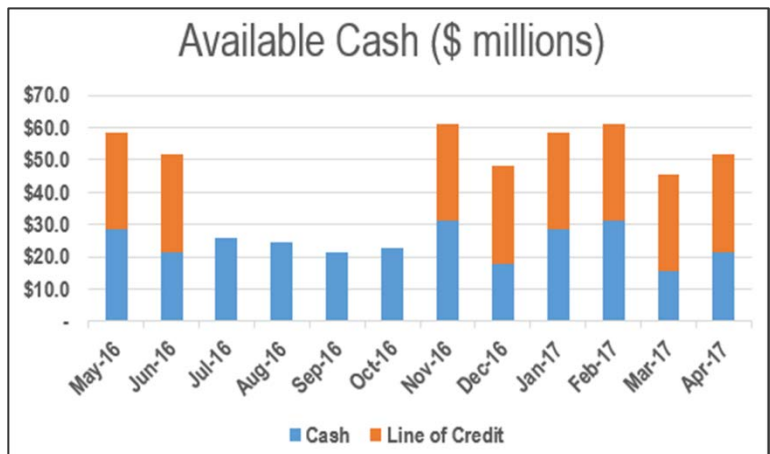
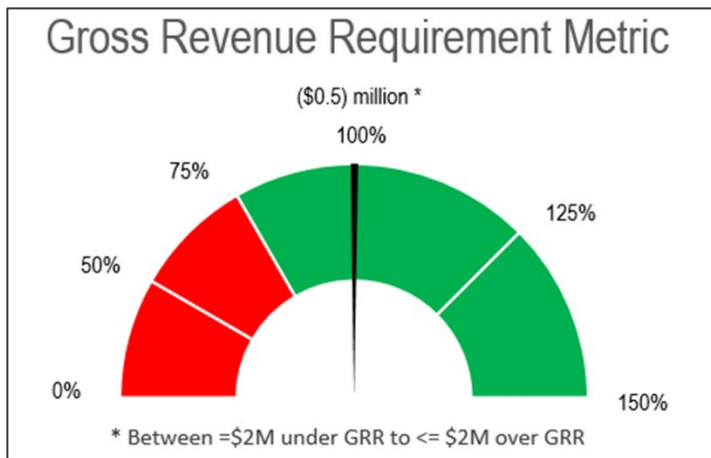
SPP Executive Summary – April 2017

2017 Over / (Under) Recovery

Cost Recovery (\$ millions)	2017 Forecast	2017 Budget	Fav/ (Unfav)
Gross Revenue Requirement (GRR) *	\$161.8	\$161.3	(\$0.5)
Net Revenue Requirement (NRR)	162.2	160.5	(1.7)
Admin Fee Revenue	161.7	160.5	1.2
Over / (Under) Recovery	(\$0.5)	(\$0.0)	(\$0.5)

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

GRR & Available Cash, Compensation and Outside Services Expenses



Southwest Power Pool
2017 Financial Commentary
April 30, 2017
(in thousands)

Summary				
	2017 FY Forecast	2017 FY Budget	Fav/(Unfav) Variance	
Revenues	\$193,616	\$194,103	(\$486)	(0.3%)
Expenses	196,297	196,360	63	0.0%
Net Income/(Loss)	<u>(\$2,680)</u>	<u>(\$2,257)</u>	<u>(\$423)</u>	(18.7%)

Revenue				
	2017 FY Forecast	2017 FY Budget	Fav/(Unfav) Variance	
Tariff Administration Service	\$161,695	\$160,482	\$1,213	0.8%
FERC Fees & Assessments	15,936	16,750	(814)	(4.9%)
NERC ERO Regional Entity Rev	9,662	10,790	(1,128)	(10.5%)
Miscellaneous Income	5,220	4,959	261	5.3%
Contract Services Revenue	533	533	-	-
Annual Non-Load Dues	570	588	(18)	(3.1%)
Total Revenue	<u>\$193,616</u>	<u>\$194,103</u>	<u>(\$486)</u>	(0.3%)

Coincident peak load for 2016 is the basis for 2017 Schedule 1A revenues. The 2017 annual billing determinants were based on year-to-date actual data as of September 2016, with the year-to-date growth rate applied to the actual 2015 peak demand data for the remaining months in 2016. Tariff Administrative Service revenue was budgeted based on 383 million MWh. Due to slight increases as compared to the original estimates for the fourth quarter of 2016, the 2016 coincident peak load is now forecasted at 386 million MWh and results in a favorable variance.

FERC Fees Assessments revenue reflects the current rate charged under Schedule 12 for 2017, which is \$0.062 as compared to \$0.064 assumed in the budget.

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, three to four positions have consistently remained vacant. Expenses for these open positions were removed from the forecast, which contributes to NERC revenues and associated RE expenses trailing budget. The net impact is a \$0.3 million unfavorable variance.

Miscellaneous Income includes engineering studies revenue, MISO settlement revenues, and revenues related to the pass-thru costs of the FERC Order 1000 process. According to the agreement reached with the transmission owners regarding allocation of MISO revenues, SPP was allocated an additional \$0.7 million as a result of the resettlement of historical periods prior to 2016. Engineering study activities have steadily increased and associated revenues are expected to exceed budget (\$0.4 million). Revenue for purchase and sales tax rebates are reflected in the forecast but were not included in the budget (\$0.2 million).

Since no projects are expected to go through the bidding process this year, pass-thru revenues (\$1.2 million) and expenses (\$1.2 million) associated with FERC Order 1000 were removed from the forecast.

Southwest Power Pool
2017 Financial Commentary
April 30, 2017
(in thousands)

Expense				
	2017 FY Forecast	2017 FY Budget	Fav/(Unfav) Variance	
Salary & Benefits	\$93,244	\$91,316	(\$1,929)	(2.1%)
Assessments & Fees	18,600	18,600	0	0.0%
Communications	3,998	4,207	209	5.0%
Maintenance	17,534	17,964	430	2.4%
Outside Services (Including RSC)	13,838	14,455	618	4.3%
Administrative	5,212	5,263	50	1.0%
Travel & Meetings	3,037	3,257	219	6.7%
Depreciation	30,090	30,485	395	1.3%
Other Expenses	10,743	10,813	70	0.7%
Total Expense	<u>\$196,297</u>	<u>\$196,360</u>	<u>\$63</u>	0.0%

Incremental out-of-budget positions and lower vacancy rate contribute to the unfavorable variance in Salary & Benefits. Five incremental compliance positions were vetted and approved by SPP Officers and Board of Directors in January 2017. Three incremental operator-in-training positions were approved in April to accommodate restructuring of staff related to upcoming retirements. Management expects to eventually offset the headcount additions through normal attrition.

The budget assumed a vacancy rate of 4% based on historical trends. The 4% vacancy rate was equivalent to an average monthly headcount of 586. Headcount exceeded the budgeted target of 586 beginning in February. Active positions are expected to be 605 beginning in June and remain at that level throughout the rest of the year. The lower than anticipated vacancy rate results in higher forecast costs as compared to the budget. Higher health claims and the annual true-up of the employer 401K match also contribute to this variance.

Other Expense includes interest expense, capitalized interest, investment income, interest rate swap valuation adjustments, and various other income and expense amounts. Due to the unpredictability, the only amounts budgeted in this category are interest expense and capitalized interest.

Interest expense is associated with debt issuances used for capital expenditures. The budget assumed new debt issuances in 2017 to meet SPP's capital spending needs; however, cash flow projections indicate no need for additional funding until 2018 which results in a \$750 favorable variance in interest expense for 2017. The favorable valuation adjustments (\$965) are non-cash items and are not reflected in the over/under recovery of the net revenue requirement (NRR).

Litigation resulting in \$1,600 in fees is included in the forecast and reflected as a partial offset to the favorable variance.

Southwest Power Pool
Monthly Financial Overview
April 30, 2017
(in thousands)

	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Forecast May-17	Forecast Jun-17	Forecast Jul-17	Forecast Aug-17	Forecast Sep-17	Forecast Oct-17	Forecast Nov-17	Forecast Dec-17	FY 2017 Forecast	FY 2017 Budget	Variance Fav/(Unfav)	FY 2016 Actual	Variance Fav/(Unfav)
Income																	
Tariff Administrative Service	\$13,528	\$12,923	\$13,508	\$12,962	\$13,768	\$13,213	\$13,693	\$13,782	\$13,532	\$13,587	\$13,440	\$13,759	\$161,695	\$160,482	\$1,213	\$144,546	\$17,148
Fees & Assessments	2,718	2,212	2,049	2,066	1,757	1,998	2,269	2,467	2,385	2,230	2,046	1,971	26,168	28,128	(1,960)	26,918	(749)
Contract Services Revenue	44	44	44	44	44	44	44	44	44	44	44	44	533	533	-	529	4
Miscellaneous Income	430	1,296	492	191	338	505	370	320	320	320	320	320	5,220	4,959	261	4,602	618
Total Income	16,720	16,477	16,093	15,263	15,908	15,759	16,377	16,613	16,282	16,181	15,850	16,094	193,616	194,103	(486)	176,595	17,021
Expense																	
Salary & Benefits	7,669	7,866	7,899	7,693	7,780	7,861	7,809	7,766	7,742	7,739	7,704	7,716	93,244	91,316	(1,929)	90,186	(3,059)
Employee Travel	101	177	149	161	185	193	190	185	187	192	178	183	2,079	2,245	166	1,919	(161)
Administrative	229	346	292	537	365	484	327	396	426	1,110	292	408	5,212	5,263	50	4,764	(448)
Assessments & Fees	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	18,600	18,600	-	18,648	48
Meetings	44	124	70	98	110	80	62	78	95	95	57	47	958	1,012	54	974	16
Communications	313	315	329	328	335	335	340	340	340	340	340	340	3,998	4,207	209	3,915	(83)
Maintenance	1,117	1,223	1,245	1,369	1,389	1,515	1,544	1,564	1,533	1,595	1,600	1,840	17,534	17,964	430	14,775	(2,760)
Services	771	1,302	1,179	1,226	1,119	1,265	1,377	1,056	968	1,116	1,064	1,114	13,555	14,184	628	14,847	1,291
Regional State Committee	9	20	24	15	27	27	27	27	27	27	27	27	282	272	(10)	220	(62)
Depreciation	4,724	4,705	1,905	1,879	2,078	2,094	2,035	2,072	2,115	2,161	2,177	2,145	30,090	30,485	395	58,025	27,934
Total Expense	16,528	17,628	14,642	14,856	14,935	15,404	15,261	15,033	14,983	15,925	14,989	15,369	185,554	185,547	(7)	208,272	22,718
Other Income/(Expense)																	
Investment Income	4	4	39	4	-	-	-	-	-	-	-	-	51	-	51	191	(140)
Interest Expense	(874)	(882)	(876)	(863)	(862)	(858)	(846)	(844)	(840)	(828)	(822)	(826)	(10,223)	(10,871)	648	(10,807)	584
Capitalized Interest	-	-	48	-	-	-	-	-	-	-	-	-	48	58	(10)	121	(73)
Change in Valuation of Swap	-	-	259	-	-	-	-	-	-	-	-	-	259	-	259	682	(423)
Other Income/Expense	61	73	29	44	-	(1,600)	-	-	-	-	-	-	(1,393)	-	(1,393)	(421)	(972)
Unrealized Gain on Investment	143	294	(14)	91	-	-	-	-	-	-	-	-	515	-	515	649	(134)
Net Other Income (Expense)	(666)	(511)	(514)	(725)	(862)	(2,458)	(846)	(844)	(840)	(828)	(822)	(826)	(10,743)	(10,813)	70	(5,588)	(5,155)
Net Income (Loss)	(\$473)	(\$1,662)	\$936	(\$317)	\$110	(\$2,102)	\$269	\$735	\$459	(\$573)	\$39	(\$101)	(\$2,680)	(\$2,257)	(\$423)	(\$37,265)	\$34,585
2017 Headcount																	
Approved Budgeted Positions	609	609	610	611	610	610	610	610	610	610	610	610	610	610		599	
Headcount (Incl. Vacancies)	583	588	590	590	597	605	604	607	606	606	606	610	610	586		581	
Total Positions (Active/Open)	613	618	618	621	621	621	621	621	621	621	621	621	621	610		609	
Vacancy Run rate	5%	4%	4%	5%	3%	2%	2%	2%	2%	2%	2%	2%	1%	3%	4%	5%	
NRR Over / (Under) Recovery	\$3,061	(\$3,023)	\$2,309	\$1,137	\$1,644	(\$5,572)	\$1,760	\$1,548	(\$3,410)	\$1,089	\$1,358	(\$3,537)	(\$1,635)	-		(\$7,079)	

Southwest Power Pool
Current Month Financial Overview
April 30, 2017
(in thousands)

	Current Month Compared to Forecast			YTD Actual Compared to YTD Budget			FY Forecast Compared to FY Budget		
	Apr-2017	Apr-2017	Variance	Apr-2017	Apr-2017	Variance	FY 2017	FY 2017	Variance
	Actual	Forecast	Fav/(Unfav)	Actual	Budget	Fav/(Unfav)	Forecast	Budget	Fav/(Unfav)
Income									
Tariff Administrative Service	\$12,962	\$13,570	(\$608)	\$52,922	\$53,494	(\$572)	\$161,695	\$160,482	\$1,213
Fees & Assessments	2,066	2,249	(183)	9,045	9,768	(723)	26,168	28,128	(1,960)
Contract Services Revenue	44	44	-	178	178	-	533	533	-
Miscellaneous Income	191	325	(134)	2,409	1,653	755	5,220	4,959	261
Total Income	15,263	16,188	(925)	64,553	65,093	(540)	193,616	194,103	(486)
Expense									
Salary & Benefits	7,693	7,697	4	31,127	31,042	(85)	93,244	91,316	(1,929)
Employee Travel	161	189	29	588	750	162	2,079	2,245	166
Administrative	537	593	56	1,404	1,555	151	5,212	5,263	50
Assessments & Fees	1,550	1,550	-	6,200	6,200	-	18,600	18,600	-
Meetings	98	78	(20)	336	362	26	958	1,012	54
Communications	328	331	3	1,286	1,402	116	3,998	4,207	209
Maintenance	1,369	1,553	184	4,955	6,147	1,193	17,534	17,964	430
Services	1,226	1,113	(114)	4,477	4,808	331	13,555	14,184	628
Regional State Committee	15	27	12	68	91	23	282	272	(10)
Depreciation	1,879	2,074	195	13,213	13,545	332	30,090	30,485	395
Total Expense	14,856	15,204	349	63,654	65,903	2,248	185,554	185,547	(7)
Other Income/(Expense)									
Investment Income	4	-	4	51	-	51	51	-	51
Interest Expense	(863)	(852)	(12)	(3,496)	(3,457)	(39)	(10,223)	(10,871)	648
Capitalized Interest	-	-	-	48	58	(10)	48	58	(10)
Change in Valuation of Swap	-	-	-	259	-	259	259	-	259
Other Income/Expense	44	-	44	207	-	207	(1,393)	-	(1,393)
Unrealized Gain on Investment	91	-	91	515	-	515	515	-	515
Net Other Income (Expense)	(725)	(852)	127	(2,415)	(3,399)	984	(10,743)	(10,813)	70
Net Income (Loss)	(\$317)	\$132	(\$449)	(\$1,517)	(\$4,209)	\$2,692	(\$2,680)	(\$2,257)	(\$423)
Headcount	590	594	(4)	590	611	(21)	621	610	11

Southwest Power Pool
Balance Sheet
April 30, 2017
(in thousands)

	4/30/2017	12/31/2016	Net Change
ASSETS			
Current Assets			
Cash & Equivalents	\$83,512	\$75,715	\$7,797
Restricted Cash Deposits	318,355	223,964	94,391
Accounts Receivable (net)	38,948	63,702	(24,754)
Other Current Assets	15,191	9,291	5,900
Total Current Assets	\$456,006	\$372,671	\$83,334
Total Fixed Assets	81,653	92,690	(11,038)
Total Other Assets	2,139	4,628	(2,489)
Investments	30,415	10,835	19,580
Total Assets	\$570,212	\$480,825	\$89,387
 LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable (net)	\$30,786	\$66,927	(36,141)
Customer Deposits	327,744	223,964	103,780
Current Maturities of LT Debt	23,259	23,227	32
Other Current Liabilities	83,042	54,310	28,732
Deferred Revenue	4,645	5,127	(481)
Total Current Liabilities	469,477	373,554	95,922
Long Term Liabilities			
Long-Term Debt	229,720	235,050	(5,330)
Capital Lease Obligation	3,391	3,856	(466)
Other Long Term Liabilities	35,821	35,044	777
Total Long Term Liabilities	268,932	273,951	(5,019)
Net Income	(1,517)	(37,265)	35,748
Members' Equity	(166,680)	(129,415)	(37,265)
Total Members' Equity	(168,197)	(166,680)	(1,517)
TOTAL LIABILITIES & EQUITY	\$570,212	\$480,825	\$89,387

**Southwest Power Pool
Headcount Analysis
April 30, 2017**

	Current Month Actual vs. Budget			Year End Forecast vs. Budget		
	Actual Apr-17	Budget Apr-17	Over/(Under) Budget	2017 Forecast	2017 Budget	Over/(Under) Budget
Administration	49	50	(1)	49	50	(1)
Process Integrity	51	52	(1)	53	52	1
Operations	153	159	(6)	162	158	4
Information Technology	154	156	(2)	161	156	5
Engineering	76	80	(4)	80	80	0
Regulatory Policy & General Counsel	25	27	(2)	27	27	0
Corporate Services	28	30	(2)	30	30	0
Market Monitoring	15	16	(1)	16	16	0
Market Design	6	6	0	6	6	0
Interregional Relations	3	3	0	3	3	0
Communications & Gov't Affairs	6	6	0	6	6	0
SPP Regional Entity	24	28	(4)	28	28	0
Open Positions / Adjustments	0	(2)	2	0	(2)	2
Total Headcount	590	611	(21)	621	610	11

Headcount changes:

2017 Approved positions	612
Unidentified positions to be eliminated	(2)
2017 Budgeted positions	610
Incremental out-of-budget positions	8
Remaining unidentified eliminations	3
2016 Current total positions	621

Notes: The 2017 budget included two unidentified eliminations carried over from the 2016 budget. Five incremental out-of-budget positions in IT and compliance were approved in early 2017.

Three out-of-budget operator-in-training positions were added to the forecast in May in advance of organizational changes as a result upcoming retirements. Management plans to eventually offset these additions due to attrition.

Headcount for year-end should be equal to 618 once the unidentified positions are eliminated.

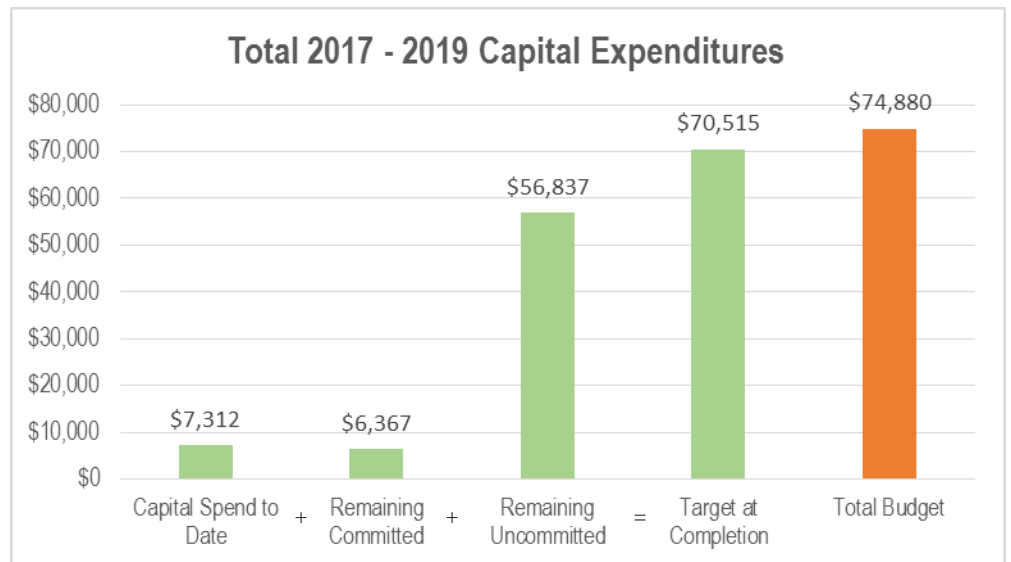
Quarterly Capital Project Review
March 2017

Total Capital Expenditures

The 2017 budget identifies capital expenditures totaling \$74.9 million, which includes \$66.3 million for 2017 – 2019 and \$8.6 million which was the forecast for prior period activity. These projects represent investments in various initiatives requested by stakeholders, driven by compliance initiatives, intended to improve and strengthen information technology and operational efficiency and effectiveness, or to replace expired assets.

The capital spend to date column reflects \$6.1 million of prior year actual spend for carryover projects including Enhanced Combined Cycle – Gas Day (\$4.9 million), PMU Data Exchange (\$0.8 million) and various others (\$0.4 million). Foundation projects do not include any prior year expenditures.

The remaining committed column reflects amounts outstanding on active purchase orders and/or submitted requisitions. The remaining uncommitted column reflects expected remaining costs that do not already have a submitted requisition and/or purchase order.



The total projected spend for all capital expenditures is expected to be \$4.4 million under budget. The variance to budget consists of a \$4.3 million favorable variance related to projects, \$0.3 million favorable variance related to Operations foundation and \$0.4 million unfavorable variance in IT foundation.

(\$ thousands)	<u>Capital Spend to Date</u>	<u>Remaining Committed</u>	<u>Remaining Uncommitted</u>	<u>Target at Completion</u>	<u>Total Budget</u>
Multi-Year Enterprise Over \$1 Million	\$6,399	\$856	\$10,150	\$17,405	\$20,691
Short-Term Enterprise Less Than \$1 Million	359	437	1,978	2,774	3,816
Future Enterprise Less Than \$1 Million	0	0	2,661	2,661	2,661
Information Technology Foundation	315	849	37,599	38,763	38,447
Operations, Facilities & Settlements Foundation	239	4,225	4,448	8,913	9,265
Total	\$7,312	\$6,367	\$56,837	\$70,515	\$74,880

Multi-Year Projects Over \$1 Million

Projects included are those estimated to exceed \$1 million in total capital cost and expected to be completed over multiple years.

Enhanced Combined Cycle – Gas Day

The Gas Day aspect of this project was completed and installed as planned on 9/30/2016, and ECC was completed and activated as planned on 3/1/2017. The total capital cost to complete the project was \$1.8 million under budget. Combining the Gas Day and ECC projects into a single project produced efficiency gains and a quicker resolution of the market clearing engine (MCE) performance issues.

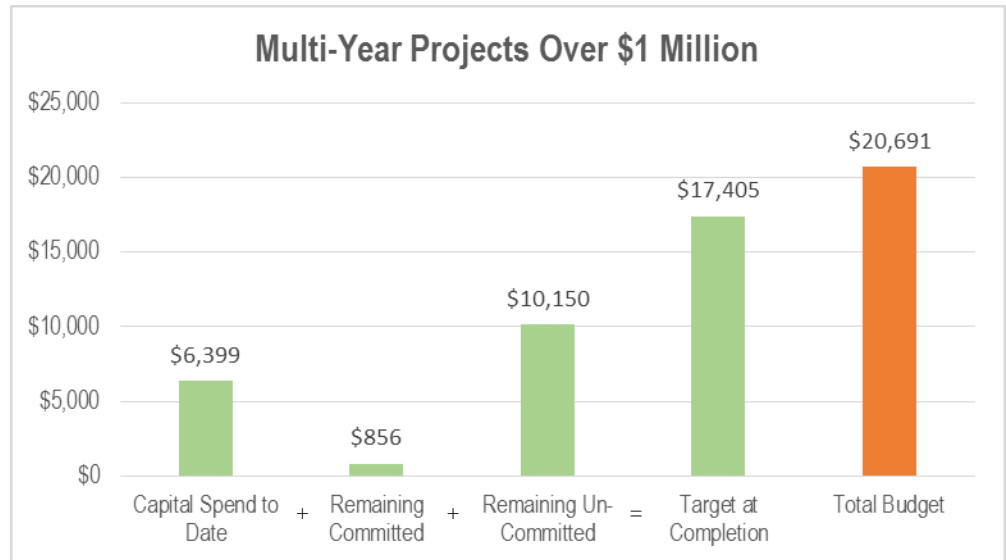
Settlements Systems Replacements –

The project objective is the successful design, development, and implementation of a market and transmission settlements system. The foundational requirements include support of market settlements daily, weekly and annual processes; support of transmission settlements daily, monthly and resettlement processes; and accommodation of approximately 1,000 + billing and 200+ charge types representing 900 settlement locations, 170 market participants, 46 transmission owners and 209 transmission customers. A vendor has been selected for the project and contracts for the first phase have been completed. An onsite planning workshop is currently underway.

TTSE Dispatcher Training Simulator – This is a three-phased project to create a more realistic simulator environment dedicated to SPP Operations training. Phase 1 which included expanding the Maumelle training facilities, enhancing the dispatcher training simulator (DTS), and creating an operations dedicated DTS environment was completed in 2016 at a cost of \$228K. Phase 2 will incorporate the market system and additional data such as load and wind forecasts. This phase is currently underway and is scheduled to be completed in 2017. Phase 3 includes the addition of visualization tools (Genview, Flowgate Exploder, etc.) and is scheduled to take place in 2018.

PMU Data Exchange, Phase 1-3 – Phase 1 of this multi-phase project is underway and includes developing, testing, and deploying the PMU systems; and analyzing and validating PMU data streams from external parties. Based on an assessment of the current and near-term future state of PMU capabilities and data utilization, Phases 2 and 3 are currently postponed and unlikely to occur before 2021. The \$1.4 million favorable variance to budget is the result of removing the planned expenditures of Phases 2 and 3 as well as lower than expected capital costs for Phase 1.

Online Voltage Stability Analysis Tool (VSAT) – VSAT will be used to determine the security of the current system state and forecast future states for a large number of contingencies enabling SPP to meet multiple challenges, including but not limited to uncertain system conditions (e.g., forced outages and increasing renewable generation levels), abnormal system conditions (e.g., extreme situation after a natural event causing N-x outages) and full coverage studies required by NERC IRO and FAC standards. Activities in 2017 include the installation of VSAT software in the QA environment and testing and



training on the tool. The tool will be implemented into the production environment in 2018. The \$145K favorable variance to budget is primarily the result of lower than expected hardware and software costs.

Multi-Year Projects Over \$1 Million

<u>Project (\$ thousands)</u>	<u>Capital Spend</u> <u>to Date</u>	<u>Remaining</u> <u>Committed</u>	<u>Remaining Un-</u> <u>Committed</u>	<u>Target at</u> <u>Completion</u>	<u>Total</u> <u>Budget</u>	<u>Date</u> <u>Range</u>
Enhanced Combined Cycle - Gas Day *	\$5,194	\$50	\$0	\$5,244	\$7,013	2015-17
Settlement Systems Replacement	0	493	4,638	5,131	5,131	2017-18
TTSE Dispatcher Training Simulator	228	0	3,426	3,654	3,636	2016-18
PMU Data Exchange, Phase 1 - 3	839	257	957	2,053	3,443	2016-19
Online Voltage Stability Analysis Tool (VSAT) *	138	56	1,129	1,323	1,468	2017-18
Total	<u>\$6,399</u>	<u>\$856</u>	<u>\$10,150</u>	<u>\$17,405</u>	<u>\$20,691</u>	

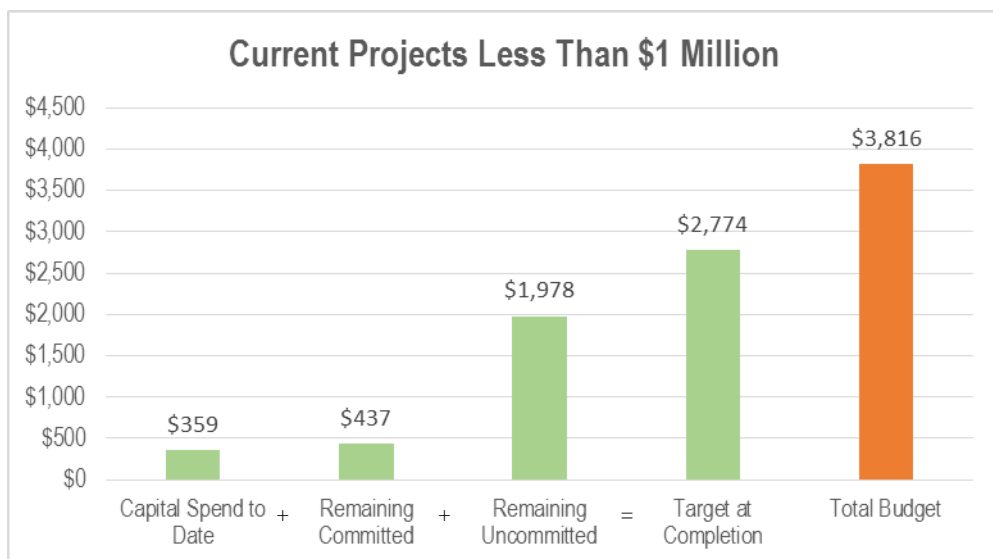
* Enhanced Combined Cycle-Gas Day, VSAT and Settlements projects include operating expenses not reflected above (\$194, \$38 and \$20 respectively)

Current Projects Less Than \$1 Million

Projects included are those expected to be completed during 2017 or early 2018 and are less than \$1 million in total cost.

With the exception of the Z2 Crediting, Priority 2 & 3 project, all of the current projects under \$1 million are underway. The continued need for the Z2 Crediting Priority 2 & 3 project is being reevaluated.

With the exception of the FERC 676-H NITS Oasis Modification project, the forecast to budget variances are due to updates made to the estimated costs of software, hardware, and/or vendor charges based on additional information learned during the planning phases of the various projects.



Regarding the FERC 676-H NITS Oasis Modification project, FERC initially ordered the industry to implement the mandated changes to NITS request entry in OASIS in 2016, and the capital spending for this project was budgeted to occur in 2016. FERC subsequently moved the implementation date to 2017. As a result, the project remains active in 2017. Therefore, the appearance of budget variance is due to FERC's change in the implementation date.

Current Projects Less Than \$1 Million

<u>Project (\$ thousands)</u>	<u>Capital Spend to Date</u>	<u>Remaining Committed</u>	<u>Remaining Uncommitted</u>	<u>Target at Completion</u>	<u>Total Budget</u>	<u>Date Range</u>
Governance, Risk and Compliance Tool (GRC)	\$0	\$0	\$275	\$275	\$951	2017-17
Engineering Hub	129	391	168	688	798	2016-17
Identity and Access Management System (IAMS)	0	0	547	547	700	2017-18
Z2 Crediting, Priority 2 & 3	0	0	500	500	500	2017-17
EMS, CMT, and Markets Software & OS Upgrades	0	0	210	210	210	2017-17
2-Factor Authentication	21	30	5	56	194	2017-17
Shadow Allocation Calculator	0	0	120	120	120	2017-17
Circuit Redesign	73	16	8	97	105	2016-18
Marketplace Portal Redesign (formerly "Liferay")	21	0	69	90	100	2016-17
Interface Pricing	0	0	30	30	77	2017-17
ICCP Software & OS Upgrade	0	0	46	46	62	2017-17
FERC 676-H NITS Web Oasis Modification *	116	0	0	116	0	2016-17
Total	\$359	\$437	\$1,978	\$2,774	\$3,816	

* FERC 676-H was assumed to be complete prior to 2017 and was not included in the 2017 budget. The original budget was \$108K as compared to the final project cost of \$116K.

Future Projects Less Than \$1 Million

Projects included are those expected to begin after 2017.

Reliability Communications Tool – This project will implement a real-time, web-based, two-way communication tool to relay messages to members and is intended to increase efficiencies in the Operations center while decreasing risk(s) related to manual notifications.

Enhanced Public Data – The scope of this project includes the redesign and implementation of improvements to the current public data web portal. This includes more accessibility and better navigation for market participants by making the public data portal more robust with improved interaction, visualization, filtering, and mobile displays.

Online Transient Security Assessment Tool (TSAT) – The TSAT tool will enable real-time operators and operational planning engineers to prepare for and react to stability concerns in order to maintain reliable operation of the Bulk Electric System. The most significant goal of this project is to identify areas of voltage concerns with real-time and near-term data.

Coordinated Transaction Scheduling (CTS) – The objective is to implement a process to provide look-ahead prices for the interfaces between SPP and MISO for reference and utilization by the RTOs and MPs, including reviewing and submitting necessary changes to SPP's current scheduling practices.

Day-Ahead FFE Data Exchange – This project involves analyzing, designing and implementing a systematic interface and market software that would allow SPP and MISO to change firm flow entitlements (FFE) data in the Day-Ahead market.

Freeze Date Replacement Allocation Calculator– SPP is currently working with other Congestion Management Process (CMP) members to design and implement a dynamic allocation process that will recognize new Designated Network Resources (DNR) and Transmission Service Reservations (TSRs). The allocations would acknowledge Firm Flow usage in both the TLR and M2M processes.

Future Projects (2018 - 2019 Start Dates)		
<u>Project (\$ thousands)</u>	<u>Total Budget</u>	<u>Date Range</u>
Reliability Communications Tool	\$983	2018
Enhanced Public Data	100	2019
Online Transient Security Assessment Tool (TSAT)	559	2018
Coordinated Transaction Scheduling	354	2018
Day Ahead FFE Data Exchange	344	2018
Freeze Date Replacement Allocation Calculator	321	2018
Total	\$2,661	

Foundation Expenditures: Information Technology

IT foundation reflects capital spend to refresh, improve and strengthen information technology. Significant investments are made to not only maintain existing capabilities of the technology infrastructure but also for enhancements to address new demands on the system, cybersecurity requirements and incremental additions to SPP's service menu. The budget reflects the approved capital spending for 2017-2019.

Information Technology Foundation Forecast by Year					
Project (\$ thousands)	<u>2017</u> Forecast	<u>2018</u> Forecast	<u>2019</u> Forecast	<u>3-Year</u> Forecast	<u>3-Year</u> Budget
IT Systems Administration	\$3,269	\$3,353	\$6,335	\$12,957	\$12,688
IT Network/Telecom	1,740	3,629	3,520	8,889	8,849
IT Applications	900	2,360	2,260	5,520	5,520
IT Architecture	1,300	2,500	600	4,400	4,400
IT Cyber Security	550	750	540	1,840	1,840
IT Service Management	450	750	300	1,500	1,500
Non-IT Foundation	1,239	1,454	964	3,657	3,650
Total	\$9,448	\$14,796	\$14,519	\$38,763	\$38,447

The major responsibilities for each IT foundation division are discussed below.

IT Systems Administration – The systems administration department has responsibility for supporting all hardware and software infrastructure, including servers, enterprise storage, storage backup systems, operating systems and systems management tools. The majority of the IT Systems Administration budget is comprised of technology refresh of aged server systems based on the lifecycle policy of five years and additional data storage capabilities due to continuous growth.

IT Network / Telecom – IT Network / Telecom is responsible for managing all data and voice communications for SPP (internally and externally with members), including infrastructures that protect and secure SPP data activity. The budget includes assets such as network switches, routers, firewalls, telephony equipment, monitoring software, cabinet switches and data center cabling infrastructure. As part of a three-year upgrade project beginning in 2015, IT continues to overhaul the core network infrastructure that includes 40GB capacity for core switch modules, firewall modules, cabinet switch technology and data center cabling infrastructure. This encompasses over 350 routers/switches/firewalls which will alleviate existing network performance bottlenecks and position SPP to absorb additional data traffic/processing that is anticipated in upcoming years.

IT Applications – The IT applications department provides 24x7-support for existing systems including transmission, reliability and the Integrated Marketplace. The budget includes incremental software licenses for the Data Services and SQL Virtualization infrastructure and the pursuit of new Oracle database functionality known as “Multi-tenant” which will allow consolidation of databases onto fewer servers, thereby reducing future database server costs. The SQL virtualization infrastructure is intended to offload data from the current Netezza (high speed data storage) environment to lower-tiered storage platforms, thus deferring and/or eliminating the need to upgrade the current Netezza platform due to rampant data growth.

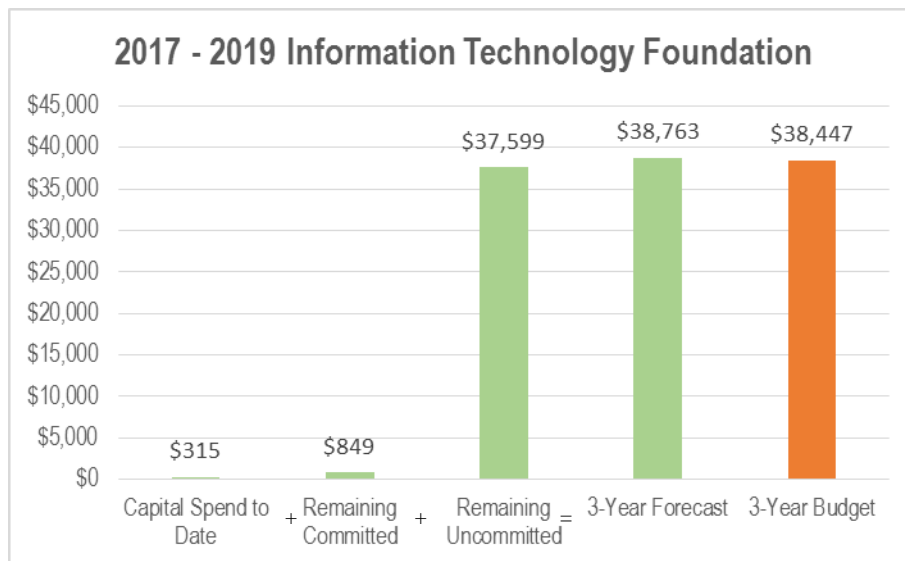
IT Architecture – The focus is on near-term investments which are expected to yield longer-term technical, financial and productivity benefits. The 2017 initiatives align with the architectural roadmap and include data-lake and big data infrastructure foundation, data security and mobile and cloud-based infrastructure.

IT Cyber Security – The cybersecurity department was established to ensure SPP’s compliance with cybersecurity standards, as well as to implement and enforce quality security practices throughout the organization. SPP has identified the risk of a cyber intrusion or hack as the risk of having the highest probability and highest impact when it does occur. Application whitelisting is one of the 2017 projects undertaken to only permit known, secure programs as opposed to attempting to identify and block malicious files and activities.

IT Service Management – The responsibility of the service management division is to manage IT’s process and control systems, including performance/asset monitoring, change management and enterprise support services (i.e., Service Desk). The 2017 budget includes additional software licenses for asset discovery, additional baseline management licenses driven by CIP Version 5 and upgrade/consulting services for SPP’s baseline-management and change-management environments.

Other (Non-IT) Foundation – Items included in this foundation budget encompass all other software and hardware needs for departments outside of IT. A significant amount of the 2017 budget relates to the engineering department’s investments in tools and systems to improve modeling, planning and study activities. This includes additional enhancements to transmission congestion rights and other custom applications, along with additional licensing for Enfuzion (transmission planning studies) and related engineering-support software. Also included are costs for additional licenses, enhancements and consulting services associated with the enterprise records management system.

Based on the current outlook and known requirements, IT expects to manage total capital expenditures of \$8.2 million during 2017. IT traditionally spends a relatively lower amount during the first quarter as projects that are initiated/purchased near the end of the previous year are generally implemented at this time (CIP/security infrastructure, processes, and procedures for Q1 2017).



Approximately \$282K of new capital assets were acquired in the first quarter as compared to the 2017 full year budget of \$7.9 million. The majority of this expenditure (\$260K) was to replace aged servers at the Little Rock data center and Redmond, Washington locations. Additionally, IT invested in an email archive solution (\$20K), which will allow for timely and accurate restoration of emails associated with audit and legal activities.

2017 - 2019 Information Technology Foundation

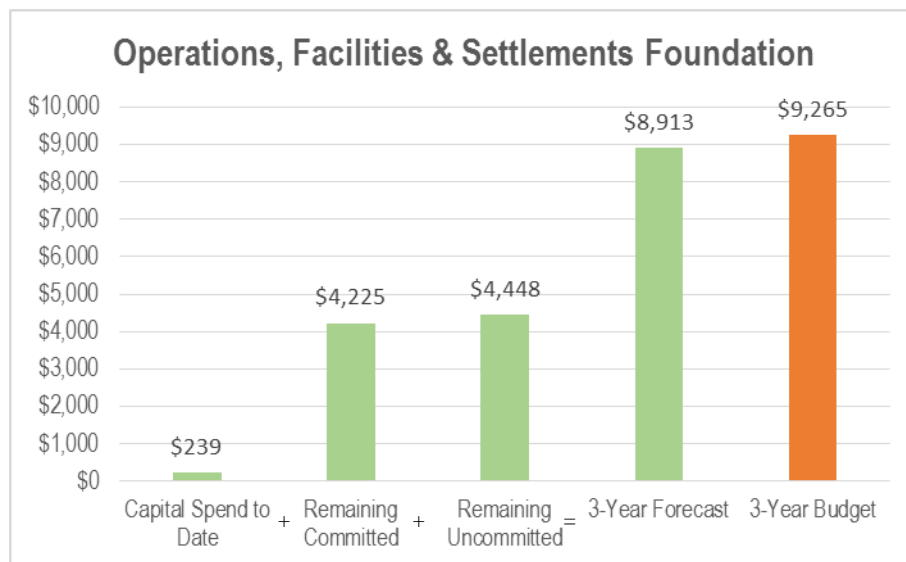
<u>Project (\$ thousands)</u>	<u>Capital Spend</u> <u>to Date</u>	<u>Remaining</u> <u>Committed</u>	<u>Remaining Un-</u> <u>Committed</u>	<u>3-Year</u> <u>Forecast</u>	<u>3-Year</u> <u>Budget</u>
IT Systems Administration	\$263	\$541	\$12,152	\$12,957	\$12,688
IT Network/Telecom	0	40	8,849	8,889	8,849
IT Applications	19	50	5,451	5,520	5,520
IT Architecture	0	0	4,400	4,400	4,400
IT Cyber Security	0	123	1,717	1,840	1,840
IT Service Management	0	12	1,488	1,500	1,500
Non-IT Foundation	33	82	3,542	3,657	3,650
Total	\$315	\$849	\$37,599	\$38,763	\$38,447

IT will continue to implement initiatives identified within the 2017 Operating Plan throughout the rest of the year. Initiatives currently underway include:

- Security vulnerability assessments and CIP certification services
- Splunk enterprise security implementation (allowing for improved event correlation & anomaly detection)
- Aged server replacements - ICCP and markets
- Big data production infrastructure scale-out
- Data visualization tool (allowing business users to gain insight from data without a full modeling process)
- Network firewall replacement/upgrade, and voice-over-IP upgrade

Foundation Expenditures: Operations, Facilities & Settlements

The following foundation budget reflects capital spend for enhancements to marketplace, settlements and operations applications and for various upgrades/improvements to SPP campuses.



Operations foundation reflects capital spending to enhance and improve SPP's marketplace and legacy applications. These applications include the market operations system, energy management system, centralized modeling tool, dispatcher training simulator, and various other applications supporting the operations division. During the first quarter, roughly \$219K of software enhancements were developed by outside vendors as compared to the full year 2017 budget of \$2 million. The majority of these enhancements were to the market operations system to address member revision requests.

Additional enhancements have been identified through member revision requests which impact the marketplace and legacy applications. These enhancements are currently underway and will drive future capital spend.

Facilities Foundation includes various upgrades/improvements to the SPP corporate campus and to the Chenal and Maumelle operations data centers (CODC and MODC). Some of the larger initiatives for 2017 include the application of exterior window impact film to the CODC and MODC (\$117K) and office space reconfigurations at the corporate campus (\$102K). The 2017 forecast is expected to exceed budget related to air conditioning controls replacement costs which were budgeted and expected to be complete in 2016 (\$20K) and training room upgrades exceeding the 2017 budgeted amount (\$7K).

Settlements foundation reflects capital spending to enhance and improve the current market and transmission settlements systems. Replacement of these systems is currently underway and is expected to be complete in early 2019. Enhancements to the current systems will be limited to critical and/or mandatory changes, and therefore, total spend is expected to be under budget.

2017 - 2019 Operations, Facilities & Settlements Foundation

<u>Project (\$ thousands)</u>	<u>Capital Spend</u> <u>to Date</u>	<u>Remaining</u> <u>Committed</u>	<u>Remaining</u> <u>Uncommitted</u>	<u>3-Year</u> <u>Forecast</u>	<u>3-Year</u> <u>Budget</u>
Operations Marketplace Enhancements	\$206	\$3,594	\$2,102	\$5,902	\$5,800
Operations Legacy Enhancements	13	347	1,296	1,656	1,699
Facilities Foundation	20	35	989	1,044	1,016
Settlements Foundation	0	250	61	311	750
Total	\$239	\$4,225	\$4,448	\$8,913	\$9,265

Ops, Facilities & Settlements Foundation Forecast by Year

<u>Project (\$ thousands)</u>	<u>2017</u> <u>Forecast</u>	<u>2018</u> <u>Forecast</u>	<u>2019</u> <u>Forecast</u>	<u>3-Year</u> <u>Forecast</u>	<u>3-Year</u> <u>Budget</u>
Operations Marketplace Enhancements	\$1,902	\$2,000	\$2,000	\$5,902	\$5,800
Operations Legacy Enhancements	515	533	608	1,656	1,699
Facilities Foundation	514	250	280	1,044	1,016
Settlements Foundation	61	0	250	311	750
Total	\$2,992	\$2,783	\$3,138	\$8,913	\$9,265

Unbudgeted Report
















3/29 - 6/5/17

PO Number	Project Name	Vendor Name	Scope of Work/Item Description	Total Amount	Budgeted	Unbudgeted	Notes
PO2017-1303	2017 GRC Tool	Anfield Group, Inc.	WO#3 - Consulting related to GRC Tool Development	\$191,000	-	\$191,000	(A)
N/A	N/A	AES Shady Point LLC	Payment of Legal Fees per Arbitration Ruling	\$1,600,000	-	\$1,600,000	(B)

(A) Total project was budgeted as a Capital Expenditure, but the nature of the work for this consulting arrangement was deemed to be non-capitalizable as services were purely advisory/supervisory.

(B) Unfavorable determination from the Arbitration Panel as it relates to the resolution of the legal fees associated with litigation against AES Shady Point, LLC.

F.1.1. ADMIN FEE MEASUREMENT

SPP Administrative Fee, Net Revenue Requirement & Load Metric FY Actual vs. Budget Variance (millions)			
	FY Forecast vs. Budget Variance as of:		
	Jan-17	Feb-17	Mar-17
Gross Revenue Requirement (GRR)	\$1.1 	(\$0.3) 	\$0.4 
Net Revenue Requirement (NRR)	\$0.6 	(\$0.4) 	\$0.4 
Admin Fee Revenue Collected	\$1.1 	\$1.7 	\$1.8 
Over/(Under) Recovery	\$1.7 	\$0.0 	\$2.2 
MWh Load	2.6 	4.1 	4.3 

F.1.2. ADMIN FEE MEASUREMENT

SPP Administrative Fee, Net Revenue Requirement & Load Metric
 FY Actual as of March 31, 2017
 (millions)

	2017 Fcst	2017 Budget	Fav /(Unfav)	
Gross Revenue Requirement (GRR)	\$170.1	\$170.5	\$0.4	■
Net Revenue Requirement (NRR)	\$160.1	\$160.5	\$0.4	■
Admin Fee Revenue Collected	\$162.3	\$160.5	\$1.8	■
Over/(Under) Recovery	\$2.2	(\$0.0)	\$2.2	■
MWh Load	387.4	383.0	4.3	■

Legend

	NRR	MWh	Admin Fee
2017 Budget	\$160.5	383.0	\$0.42
1¢ Unfavorable NRR Threshold	\$162.8	383.0	\$0.43
1¢ Unfavorable Load Threshold	\$160.5	377.5	\$0.43
1¢ Unfavorable Impact Factor	(\$2.3)	(5.5)	(\$0.01)

Revenues

- Red ■ > = \$2.3 unfavorable
- Yellow ■ between \$1.1 and \$2.2 unfavorable
- Green ■ < = \$1.0 unfavorable

MWh Load

- Red ■ > = 5.5 unfavorable
- Yellow ■ between 3.1 and 5.4 unfavorable
- Green ■ < = 3.0 unfavorable

F.1.3 ADMIN FEE MEASUREMENT

SPP Net Revenue Requirement Components
 FY Actual as of March 31, 2017
 (millions)

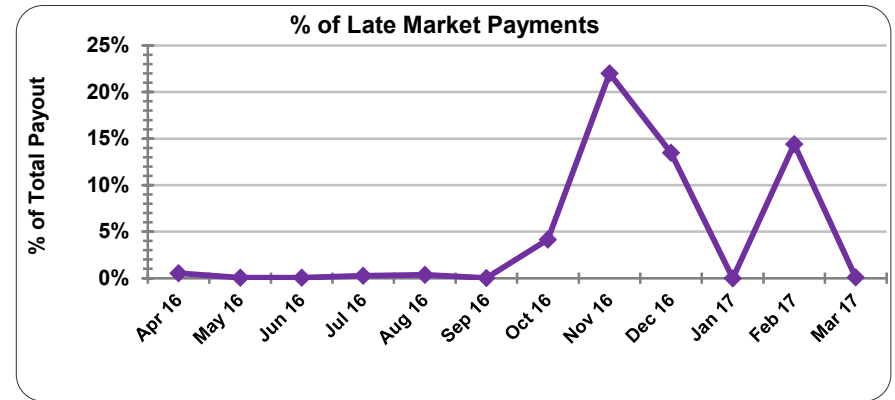
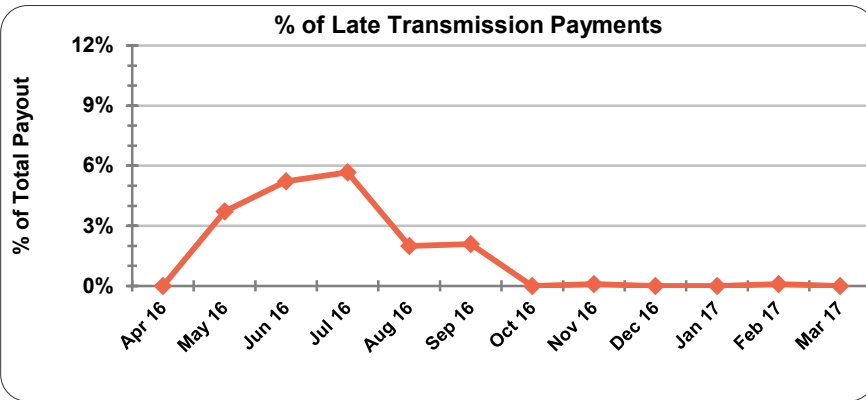
<u>Expenses</u>	2017 Forecast	2017 Budget	Fav /(Unfav)	
Salary & Benefits	\$91.8	\$91.3	(\$0.5)	(0.5%)
Debt Service (Principal & Interest)	33.3	34.0	0.7	2.2%
Communications & Maintenance	22.1	22.2	0.1	0.5%
Outside Services & RSC	14.7	14.5	(0.2)	(1.7%)
Administrative	5.2	5.3	0.1	1.6%
Travel & Meetings	3.1	3.3	0.2	4.8%
Gross Revenue Requirement (GRR)	<u>\$170.1</u>	<u>\$170.5</u>	<u>\$0.4</u>	<u>0.2%</u>
<u>Revenue & Other Adjustments</u>				
NERC Revenues *	(\$10.6)	(\$10.8)	(\$0.2)	(1.9%)
Other Revenues	(7.5)	(6.1)	1.4	23.7%
NRR Adjustments	8.1	6.9	(1.2)	17.6%
Net Revenue Requirement (NRR)	<u>\$160.1</u>	<u>\$160.5</u>	<u>\$0.4</u>	<u>0.2%</u>
<i>* Net Impact RE Expense & NERC Funding</i>	\$4.7	\$4.5	\$0.3	6.1%

F.1.4. ADMIN FEE MEASUREMENT

SPP Administrative Fee Performance											
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Approved Budget</u>											
Net Revenue Required (millions)	\$52.8	\$61.5	\$56.5	\$68.4	\$78.4	\$89.6	\$121.8	\$132.6	\$141.2	\$150.5	\$160.5
MWh Load (millions)	288.6	312.5	331.3	333.5	343.0	353.5	360.9	348.2	363.5	407.2	383.0
NRR / MWh Load	\$0.183	\$0.197	\$0.170	\$0.205	\$0.228	\$0.253	\$0.337	\$0.381	\$0.389	\$0.370	\$0.419
Approved Admin Fee	\$0.190	\$0.190	\$0.170	\$0.195	\$0.210	\$0.255	\$0.315	\$0.381	\$0.390	\$0.370	\$0.419
<u>Actual / Forecast</u>											
Net Revenue Required (millions)	\$48.0	\$58.1	\$59.8	\$63.5	\$80.8	\$84.8	\$123.3	\$137.0	\$142.6	\$144.5	\$160.1
MWh Load (millions)	301.1	296.1	328.2	331.6	341.4	361.7	357.5	351.0	373.6	394.5	387.4
NRR / MWh Load	\$0.159	\$0.196	\$0.182	\$0.191	\$0.237	\$0.234	\$0.345	\$0.390	\$0.382	\$0.366	\$0.413
Calculated Rate Over/(Under) Budget	(\$0.024)	(\$0.001)	\$0.012	(\$0.014)	\$0.008	(\$0.019)	\$0.007	\$0.009	(\$0.008)	(\$0.003)	(\$0.01)
Load Growth	5.12%	(1.65%)	10.82%	1.05%	2.96%	5.93%	(1.15%)	(1.83%)	6.46%	5.59%	(1.82%)
NRR (calculated rate times load)	\$48.0	\$58.1	\$59.8	\$63.5	\$80.8	\$84.8	\$123.3	\$137.0	\$142.6	\$144.5	
Admin fee collected *	\$57.2	\$56.3	\$55.8	\$64.7	\$71.7	\$92.2	\$112.6	\$133.7	\$145.7	\$146.0	
Difference Over/(Under)	\$9.2	(\$1.8)	(\$4.0)	\$1.2	(\$9.1)	\$7.5	(\$10.7)	(\$3.2)	\$3.1	\$1.4	

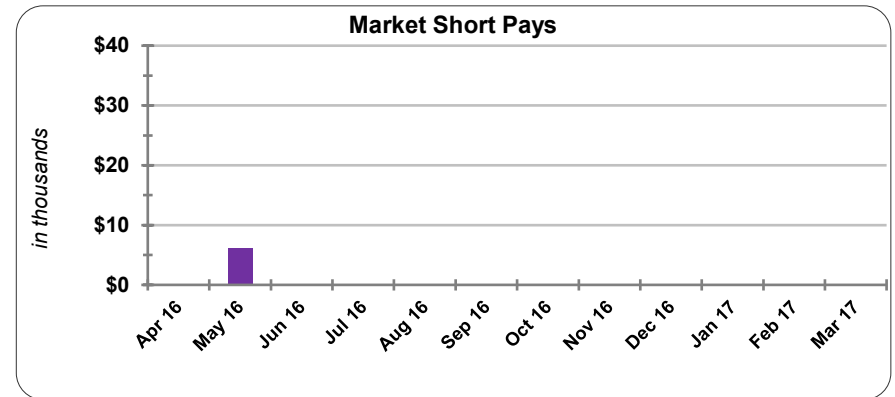
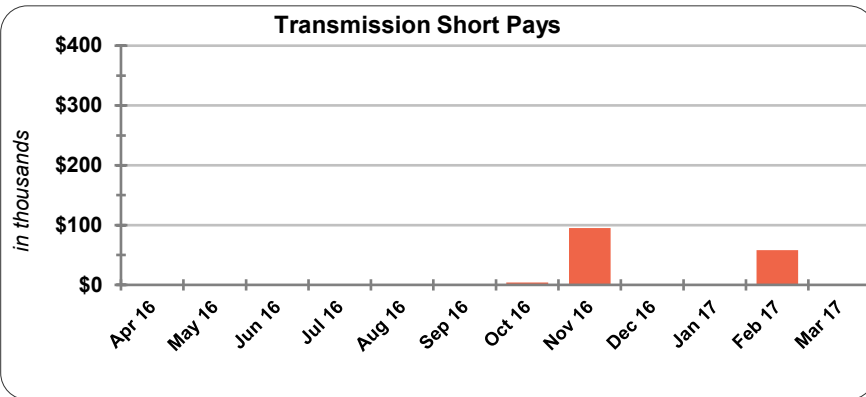
* Admin fee collected excludes adjustments for monthly assessment refunds to reflect actual load.

F.2. CREDIT



Transmission (\$000s)	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	12 mo
Late Payments	\$0	\$1,921	\$2,350	\$2,537	\$874	\$998	\$0	\$103	\$0	\$933	\$0	\$0	\$9,715
Total Payments	\$42,375	\$51,579	\$44,964	\$44,785	\$43,852	\$47,756	\$48,750	\$112,249	\$42,535	\$39,848	\$40,859	\$48,928	\$608,479
% Late Payments	0%	4%	5%	6%	2%	2%	0%	0%	0%	0%	0%	0%	2%

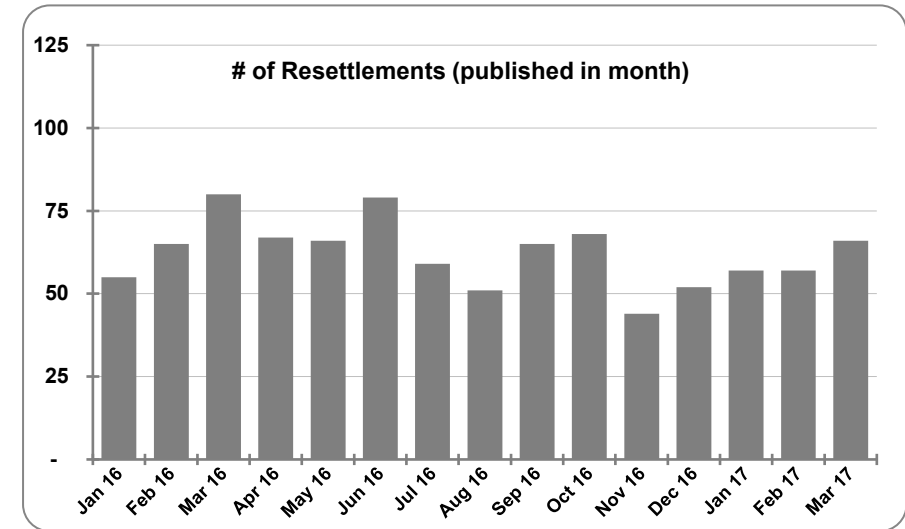
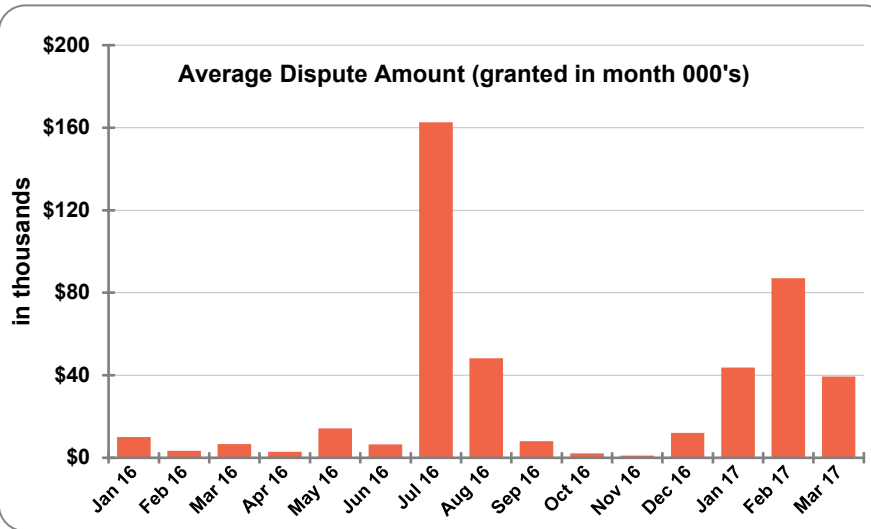
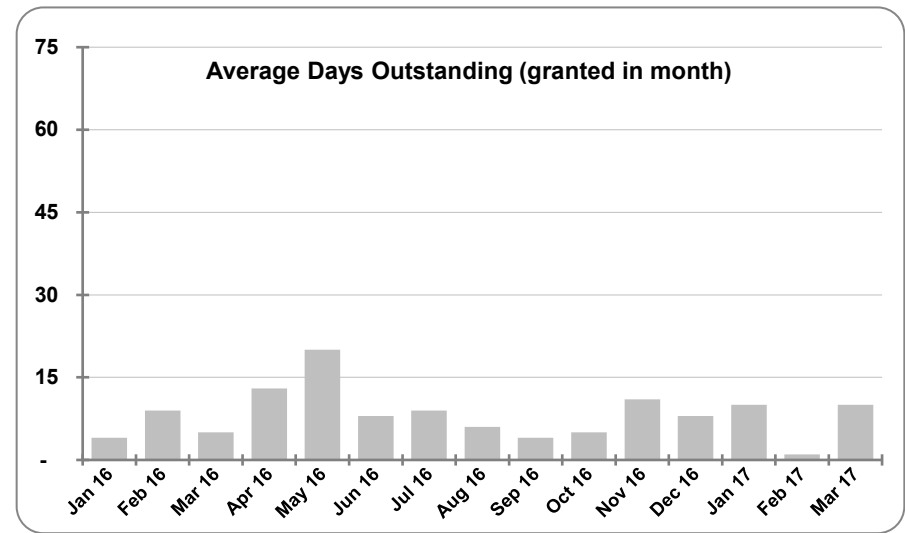
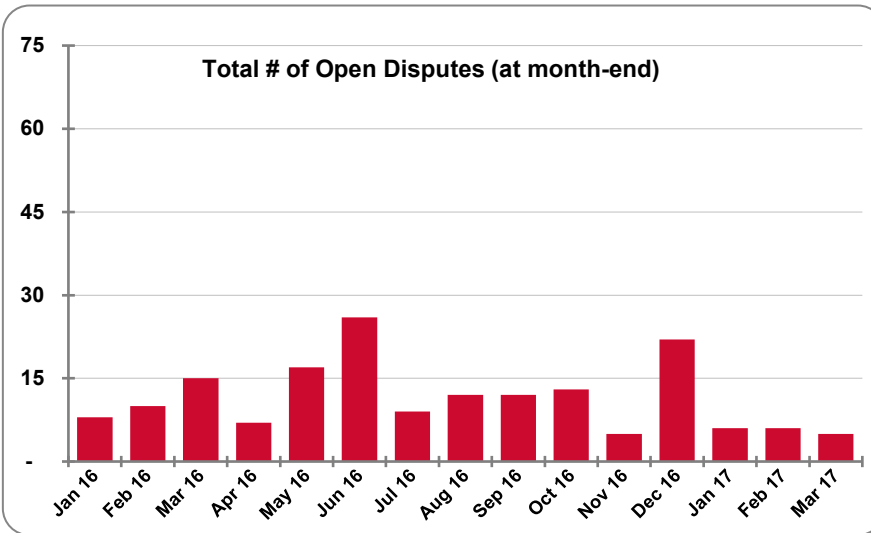
Market (\$000s)	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	12 mo
Late Payments	\$252	\$29	\$20	\$173	\$202	\$4	\$3,634	\$14,704	\$9,514	\$0	\$9,047	\$59	\$37,637
Total Payments	\$47,759	\$50,799	\$42,172	\$71,358	\$54,674	\$64,779	\$87,813	\$66,822	\$70,656	\$89,182	\$62,892	\$66,121	\$775,027
% Late Payments	1%	0%	0%	0%	0%	0%	4%	22%	13%	0%	14%	0%	5%



Short Pays (\$000s)	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	12 mo
Transmission	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$95	\$0	\$0	\$58	\$0	\$157
Market	\$0	\$6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6

Uncollectible (\$000s)	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	12 mo
Transmission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$0	\$0	\$0	\$0	\$3
Market	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

F.3. SETTLEMENT DISPUTES



	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17
Total # of Open Disputes (at month-end)	8	10	15	7	17	26	9	12	12	13	5	22	6	6	5
Average Days Outstanding (granted in month)	4	9	5	13	20	8	9	6	4	5	11	8	10	1	10
Average Dispute Amount (granted in month 000's)	\$10.1	\$3.4	\$6.7	\$3.0	\$14.2	\$6.5	\$162.6	\$48.3	\$8.0	\$2.2	\$1.0	\$12.0	\$43.8	\$87.0	\$39.4
# of Resettlements (published in month)	55	65	80	67	66	79	59	51	65	68	44	52	57	57	66