



Southwest Power Pool
FINANCE COMMITTEE MEETING
January 15, 2018
Little Rock, AR

• M I N U T E S •

Administrative Items

Chair Larry Altenbaumer called the meeting to order at 1:00 p.m. The following individuals participated in the meeting.

Larry Altenbaumer	SPP Director
Bruce Scherr	SPP Director
Kelly Harrison (phone)	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
Denise Buffington	KCPL
Jim Jacoby	AEP
Rob Janssen	Dogwood Energy
Ronald Chartier	Sunflower Electric
Shawnee Claiborn-Pinto	PUCT
Jeff Bieker (phone)	Sunflower Electric
Phyllis Bernard	SPP Director
Nick Brown	SPP
Carl Monroe	SPP
Scott Smith	SPP
David Kelly (phone)	SPP
Barrett Breeding (phone)	BKD, LLC
Stan Payne (phone)	Stephens Insurance
Matt Jones (phone)	Stephens Insurance
Kevin McBride (phone)	Stephens Insurance
Jim Goss (phone)	Stephens Insurance
Sam Nobles (phone)	Stephens Insurance

Minutes from the October 30, 2017 meeting were reviewed. Mike Wise motioned to approve the minutes. The motion was seconded by Bruce Scherr and approved by unanimous voice vote. Staff provided a brief review of action items from prior meetings. Staff also provided commentary on the 2017 fiscal year financial results noting that themes discussed in prior meetings (higher revenue due to strong 4Q'16 peak demand, salary & benefits expenses impacted by lower headcount vacancy, lower maintenance expense due to slower capital expenditures, and lower outside services engagement due to lack of competitive transmission projects resulting in no need to engage the independent expert panel) continued to hold true through the end of the year.

2017 Financial Audit – Pre-audit Discussion

Barrett Breeding of BKD, LLC presented the 2017 financial audit plan identifying significant focus areas for the audit and seeking input from the Committee on other areas which the Committee would like audited. BKD was asked to provide more detailed information on interest rate swap valuations in light of expected interest rate volatility.

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

Corporate Liability Insurance

Representatives from Stephens Insurance, LLC provided an overview of the property & casualty, professional liability and director and officer insurance markets. In general, they expect renewal premiums across most lines to be flat with potential 10% increases expected in d&o and excess lines. The full extent of catastrophic claims arising from 2017 hurricanes and wildfires is not clear yet and may drive some liability increases.

Scott Smith presented an analysis of available cyber liability insurance policies available in the market that are appropriate for SPP. SPP staff presented the Committee with a recommendation to purchase \$40 million of cyber liability coverage from AIG. Following the presentation and significant dialogue, Laura Kapustka made a motion to approve the recommendation of staff. The motion was seconded by Sandra Bennett and approved by unanimous voice vote.

Staff informed the Committee that purchase of cyber insurance was not included in the 2018 budget and, to stay within budget, staff recommended eliminating the \$40 million in excess liability insurance. Following significant discussion, the Committee indicated SPP should at least carry no less excess liability insurance as the lowest amount carried by other RTOs (\$50 million). Staff was instructed to negotiate insurance premiums to remain within budget but to not let the total excess liability coverage go below \$50 million and could even consider reducing the cyber insurance policy by \$5 million.

Staff was instructed to present to the Committee a comprehensive review of the excess liability insurance policy at the Committee's next meeting.

Mountain West Transmission Group Implementation Budget

SPP staff shared with the Committee the draft incremental budget to cover the implementation of the Mountain West Transmission Group. The Committee requested staff provide follow-up information specific to the activities that would be subject to deferral during implementation and the expected total amount of costs being deferred; and staff perform a sensitivity analysis of the deferred implementation costs to illustrate the point where the deferred costs eliminate benefits for existing SPP members.

Actuary Assumption Review

SPP staff discussed its recommendations for the four primary assumptions required for pension accounting and valuation: i) discount rate – staff recommended a discount rate of 5.00% in accordance with SPP's process for determining the discount rate assumption; ii) investment rate of return – staff recommends remaining at 7.00% long-term rate of return; iii) rate of compensation change – staff recommends remaining at 4.00% iv) staff recommended utilizing the current IRS mortality tables in accordance with Finance Committee directives from December 2015.

Sandra Bennett made a motion to accept the assumptions presented by staff. The motion was seconded by Mike Wise and approved by unanimous voice vote.

SPP Pension Plan Investment Policy Statement

SPP staff discussed changes to the pension fund's investment policy statement being prepared for action by the SPP Administrative Committee. The changes essentially clarify the Administrative Committee's role as the Named Fiduciary and further define permissible investments, ranges, and benchmarks. The Committee suggest staff reconsider the level of detail in the permissible investments area.

Administrative Fee Recovery

SPP staff shared highlights from its initial conference with staff from the FERC regarding changes to the schedule 1A recovery whereby market participants will be billed based on energy cleared in the Integrated Marketplace. The main guidance from the FERC staff was to ensure SPP detailed how the proposed process remained just and reasonable.

Finance Committee
January 15, 2018

Future Meetings

The next meeting of the Finance Committee is scheduled for Monday April 9, 2018 in Kansas City, MO beginning at 8:00 a.m. and ending at 5:00 p.m.

There being no further business, Larry Altenbaumer adjourned the meeting at 5pm.

Respectfully Submitted,

Thomas P. Dunn
Secretary



Southwest Power Pool, Inc.
FINANCE COMMITTEE
Pending Action Items Status Report
January 15, 2018

	Action Item	Date Originated	Status	Comments
1	Overview of process to receive billing unit data for Schedule 1A	1/15/18	New	
2	In-depth analysis of swap valuation	1/15/18	New	BKD to discuss at 4/9/18 meeting
3	Staff report on MWTG implementation that could impact SPP financial condition	1/15/18	New	
4	Staff report on adequacy of SPP's processes and controls during and post MWTG implementation	1/15/18	New	
5	Staff report on SPP involvement in approving partner rotation by BKD relative to SPP audit	1/15/18	New	
6	Detailed discussion of materiality used by external auditor	1/15/18	New	BKD to discuss at 4/9/18 meeting
7	Staff report on levels of cyber and excess liability insurance coverage	1/15/18	New	
8	Staff report on need for and protection provided by excess liability insurance	1/15/18	New	
9	Staff report on creation of checklist and engagement of 3 rd parties to address cyber incidents	1/15/18	New	
10	Staff report on costs associated with MWTG implementation that will be deferred and processes and controls to manage identification and tracking of those costs	1/15/18	New	
11	Staff report on sensitivity and break-even analysis for MWTG implementation costs	1/15/18	New	
12	Staff report on efforts/opportunities to enhance member engagement and knowledge of financial impacts related to stakeholder driven initiatives. Topics may include; risk, prioritization processes, reporting schemes	2/24/17	Ongoing	
13	Staff report on any changes to IPS for plan assets of the SPP Retirement Plan	1/15/18	New	
14	Change to Schedule 1A billing units	7/6/16	Ongoing	Expect policy for FC approval at 4/9/18 meeting
15	Engage firm to review work of actuary on benefit plans	4/5/16	Not started	

16	Staff position on capitalizing internal staff work on projects	6/13/17	Ongoing	
17	Review default provisions of Attachment X – Credit Policy	6/13/17	Ongoing	BOD approved 10/31/17
18	IPS – SPP Administrative Committee to develop return and expense benchmarks and document in IPS	2/24/17	Complete	Presented at 1/15/18 meeting
19	Review cyber insurance programs	4/5/17	Complete	Presented at 1/15/18 meeting
20				



Southwest Power Pool, Inc.
FINANCE COMMITTEE MEETING
January 15, 2018
Hilton Skirvin Hotel – Oklahoma City, OK

• A G E N D A •

1:00 p.m. – 5:00 p.m.

1. Administrative Items Larry Altenbaumer
 - a. Review of Past Action Items Tom Dunn
 - b. 2017 Financial Results Tom Dunn
2. 2017 Financial Audit – Pre-audit discussion Barrett Breeding, BKD
3. Corporate Liability Insurance
 - a. Stewardship Review Stan Payne, Stephens Insurance
 - b. Cyber Liability Coverage Scott Smith
4. Mountain West Transmission Group Implementation Budget Scott Smith
5. MOPC Engagement/Reporting Larry Altenbaumer
6. 2017 Organization Group Review Larry Altenbaumer
7. Administrative Fee Recovery – Update Tom Dunn
8. Actuary Assumption Review Tom Dunn
9. SPP Pension Plan Investment Policy Statement Tom Dunn
10. Written Reports
 - a. November 2017 Financials
 - b. SPP Portfolio Report
11. Future Meetings



Southwest Power Pool
FINANCE COMMITTEE MEETING

October 30, 2017

Little Rock, AR

• M I N U T E S •

Administrative Items

Chair Larry Altenbaumer called the meeting to order at 7:30 a.m. for an executive session consisting of Committee members, Nick Brown and Lanny Nickell. During the executive session, Lanny Nickell advised the Committee of a potential unbudgeted expenditure related to SPP's membership expansion efforts. Following conclusion of the executive session, the regular meeting convened. The following individuals participated in the meeting.

Larry Altenbaumer	SPP Director
Bruce Scherr	SPP Director
Kelly Harrison	Westar Energy
Laura Kapustka (phone)	Lincoln Electric
Mike Wise	Golden Spread Electric Cooperative
Sandra Bennett (phone)	AEP
Tom Dunn	SPP
Others attending included:	
Traci Bender (phone)	NPPD
Jerry Peace	OG&E
Denise Buffington	KCPL
Jim Jacoby	AEP
Mark Crisson	SPP Director
Phyllis Bernard	SPP Director
Graham Edwards	SPP Director
Josh Martin	SPP Director
Nick Brown	SPP
Carl Monroe	SPP
Barbara Sugg	SPP
Lanny Nickell	SPP
Sheri Dunn	SPP
Zeynep Vural	SPP
Dianne Branch	SPP

Minutes from the September 26, 2017 meeting were reviewed. Kelly Harrison motioned to approve the minutes. The motion was seconded by Mike Wise and approved by unanimous voice vote.

SPP 2018 Budget

SPP staff presented highlights from the 2018 budget starting with a reconciliation of SPP's net revenue requirement from the 2017 budget through the 2017 forecast then to the 2018 budget. Next, staff presented a closer view into major budget categories including salary and benefit expenses, outside services expenses, capital expenditures, debt service requirements, and outstanding debt. Additionally, where available, staff provided comparisons of SPP results to the U.S. based ISO/RTO peers.

Several issues were raised by the meeting participants, particularly the conservative nature of the assumptions used in developing the budget, as noted by Jerry Peace. Mr. Peace cited areas such as when the RE termination is effective, how the RE personnel are absorbed into the RTO roles, billing unit forecasts, and funding assumptions for the pension plan as examples of conservatism. Staff countered that it strives to utilize balanced assumptions whereby it is in a 50%/50% opportunity for the assumption to be correct.

Following additional dialogue on individual aspects of the budget, participants were polled on where they were leaning regarding the budget. Larry Altenbaumer then made a motion to accept the budget as submitted and establish an assessment and schedule 1A rate of 42.9¢/MWh effective January 1, 2018. The motion was seconded by Bruce Scherr and approved by unanimous voice vote.

Finance Committee
October 30, 2017

SPP staff was directed to work on the following areas prior to presentation of the budget at the December 5, 2017 Board of Directors meeting:

- Document a list of major assumptions and the rationale supporting the assumptions
- Update the billing unit forecast through September 2017
- Develop a plan to demonstrate SPP's cost efficiencies

SPP Capitalization Policy and Procedure

Dianne Branch, SPP's Controller, advised the Committee of changes to how SPP will account for hardware and software purchases.

Fiduciary Liability and Investment Policy Statement

SPP staff discussed a change proposed to the Finance Committee Scope Document to remove authority to approve the Investment Policy Statement(s) for SPP's Employee Retirement Income Security Act qualified benefit plans. Removal of this responsibility will eliminate direct fiduciary liability for the Committee related to those plans. The Committee will continue to have authority to recommend funding for the plans.

An additional change was proposed to move responsibility to receive the annual controls audit report to the Oversight Committee. The Finance Committee members who are also independent board of director members will attend the Oversight Committee meeting where the controls audit report will be presented.

Bruce Scherr made a motion to accept the changes to the Finance Committee Scope Document, as presented. The motion was seconded by Kelly Harrison and approved by unanimous voice vote.

Administrative Fee Billing Unit Change

SPP staff presented a timeline and schedule of major milestones related to the initiative to change recovery of SPP's costs from only billing transmission customers to one only billing market participants.

Denise Buffington from KCPL recommended staff begin having discussions with FERC as soon as possible regarding this change to ensure all potential issues are identified as early as possible.

RR249 Letter of Credit Changes

The Committee reviewed a recommendation from the Credit Practices Working Group to make several ministerial changes to the language in the letter of credit template within the SPP Credit Policy.

Kelly Harrison made a motion to accept the changes as presented. The motion was seconded by Mike Wise and approved by unanimous voice vote.

Future Meetings

Larry Altenbaumer presented a proposed schedule of meetings for 2018 which will occur on Mondays prior to the SPP Markets and Operation Policy meetings. The purpose of moving to this schedule is to better align and communicate SPP's financial position and impacts with the MOPC and to potentially reduce travel expenses for participants.

The next meeting of the Finance Committee is scheduled for Monday January 15, 2018 in Oklahoma City, OK beginning at 1:00 p.m. and ending at 5:00 p.m.

There being no further business, Larry Altenbaumer adjourned the meeting at noon.

Respectfully Submitted,

Thomas P. Dunn
Secretary



Southwest Power Pool, Inc.
FINANCE COMMITTEE
Action Items Status Report
October 30, 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 April 2018 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	Adding project presentation to MOPC agenda in October
4.	IPS – SPP Administrative Committee to develop return and expense benchmarks and document in IPS	Feb 24, 2017	New	Present at Jan 2018 meeting
5.	Review cyber insurance programs	April 5, 2017	New	Present at Jan 2018 meeting
6.	Accounting review of policy regarding capitalization of assets and internal staff time when working on projects	June 13, 2017	New	Partially complete, still working on staff capitalization
7.	Review default provisions of Attachment X – Credit Policy	June 13, 2017	In Process	TRR routing through RTWG, clarifying enforceability of TSA
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	Complete	Suggestion given to Malinda See June 21, 2017
9.	Include 1-page summaries of major projects in financial reports	June 13, 2017	Complete	
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				

Southwest Power Pool, Inc.

Pre-Audit Report to the Finance Committee

January 15, 2017

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Introductory Matters

The purpose of this report is to summarize various matters relating to our approach for the December 31, 2017, audit of the financial statements of Southwest Power Pool, Inc.

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Our audit will be made for the purpose of rendering an opinion on the following financial statements of Southwest Power Pool, Inc. as of and for the year ending December 31, 2017.

Our audit focuses on the likelihood of a material misstatement in the financial statements.

An audit of the financial statements does not relieve management, the finance committee or the board of directors of their responsibilities.

Other services we will provide include:

- ✓ An opinion on Federal Energy Regulatory Commission Form 1

The actual terms of our engagement are more fully documented in an engagement letter dated August 17, 2017, and signed by you and BKD.

Planned Scope & Timing of the Audit

Our audit approach emphasizes the areas of higher risk, focusing on the unique characteristics of the operating environment, the effectiveness of your internal control and your financial statement amounts and disclosures.

Based on our understanding of your entity and our assessment of your internal control, we plan our audit to achieve the appropriate level of assurance regarding material misstatements and material weaknesses in internal control over financial reporting.

We have preliminarily identified the following areas as significant risks of material misstatement due to error or fraud and propose to address these areas as described:

Risk Areas	Audit Approach
Risk of management override of controls	Review accounting estimates for bias; review of journal entries; and evaluate business rationale for unusual transactions
Restricted deposits	Confirm restricted cash balances with financial institutions and reconcile individual customer account balances to liabilities recorded in the general ledger
Software and software in development	Review additions for propriety and compliance with capitalization requirements; and review existing assets for impairment
Long-term debt	Confirm debt with creditors; analytically review interest expense; and review debt covenants for compliance
Regulatory assets	Review proper regulatory approvals, capitalized costs for propriety and compliance with approved regulatory costs; and review amortization and recovery from members

We welcome any input you may have regarding the risk areas identified above, any other significant risk areas in your opinion or other matters you believe warrant particular attention during the audit.

We may identify additional significant risks as we complete risk assessment procedures.

We propose the following timeline:

✓ **Delivery and Review of Draft Financial Statements, Independent Auditor's Reports and Management Letter – April 2018 Finance Committee Meeting**

Drafts of the financial statements, independent auditor's reports and management letter, together with our letter regarding auditor responsibilities, will be furnished to the finance committee several days prior to the finance committee meeting.

✓ **Final Reports – April 2018**

Final reports to the board of directors will be issued prior to the April 2018 scheduled meeting.

✓ **Ongoing Communication**

Regular communication between the finance committee and the auditors is critical to the success of the audit. Accordingly, the audit team may be available to the finance committee at any time throughout the audit, not just the prescribed times identified above. In addition, there may be instances that require communication during the audit (prior to delivery of the financial statements) such as:

- ✓ Fraud involving senior management
- ✓ Illegal acts
- ✓ Significant deficiencies and/or material weaknesses

We understand the appropriate person in the governance structure with whom to communicate is Mr. Larry Altenbaumer.

If, for any reason, any member of the finance committee would need to contact us, please call Barrett Breeding at 501.372.1040.

Auditing & Accounting Matters

We wish to communicate the following significant matters related to the financial statement audit to you that are, in our judgment, relevant to your responsibilities in overseeing the financial reporting process:

- ✓ **Critical Accounting Policies and Practices**
 - ✓ Revenue recognition
 - ✓ Netting of member accounts receivable and payable
 - ✓ Estimated useful lives of long-lived assets
- ✓ **Critical Audit Areas**
 - ✓ Restricted customer deposits
 - ✓ Accounts receivable
 - ✓ Long-term debt and related compliance
 - ✓ Recoverability of software and other operating costs

Consideration of Errors or Fraud

One of the most common questions we receive is, “How do you address fraud in a financial statement audit?” Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

- ✓ **Engagement Team Brainstorming**
 - ✓ Discussions include how and where they believe the entity’s financial statements might be susceptible to material misstatement due to errors or fraud, how management could perpetrate and conceal fraudulent financial reporting and how assets of the entity could be misappropriated.
 - ✓ An emphasis is placed on the importance of maintaining the proper state of mind throughout the audit regarding the potential for material misstatement due to errors or fraud.

**Questions,
Observations or
Suggestions from the
Finance Committee**

✓ **Inquiries of Management and Others**

- ✓ Personnel interviewed include the finance committee chair, the chief executive officer, the chief financial officer, the chief operating officer, the controller and others.
- ✓ Inquiries are directed towards the risks of errors or fraud and whether personnel have knowledge of any fraud or suspected fraud affecting the entity.

✓ **Reviewing Accounting Estimates for Bias**

✓ **Evaluating Business Rationale for Significant Unusual Transactions**

✓ **Incorporating an Element of Unpredictability into the Audit Each Year**

Our clients deserve and to the best of our ability receive unmatched client service. We welcome the opportunity for you to experience the same as we deliver the services outlined above.

Our goal is to deliver results with integrity: results that are unquestionably ethical while also practical, timely and affordable.

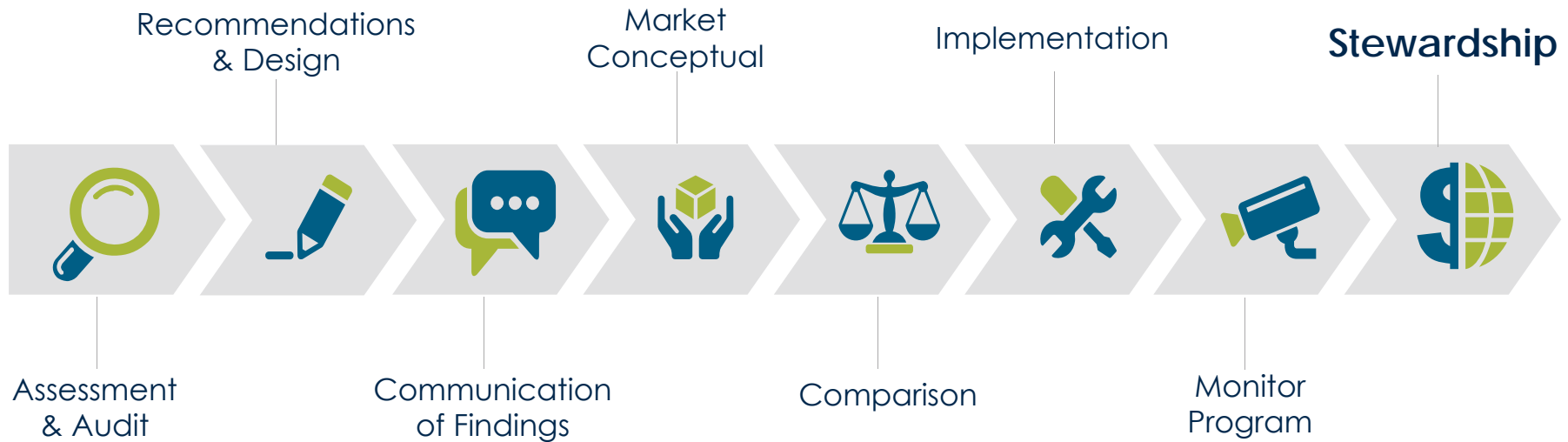
At this time, we would certainly welcome any additional questions that the finance committee may have. As always, you may also contact Barrett Breeding at 501.372.1040 at any time.



2017 STEWARDSHIP REPORT

November, 2017

Our Process



Agenda

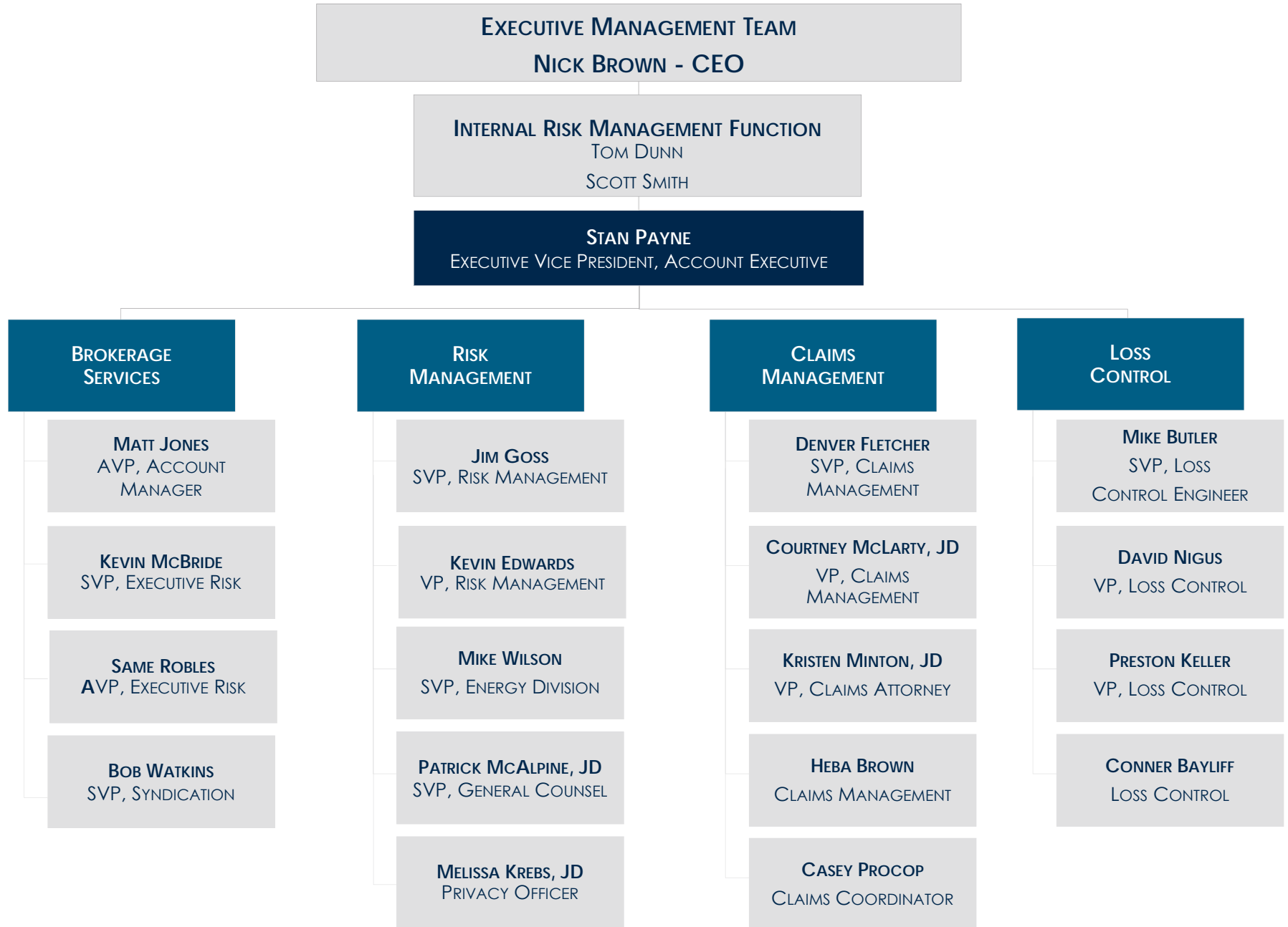
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1. STEPHENS CONTACTS

Account Team





2. ACTIVITIES & ACCOMPLISHMENTS

Activities & Accomplishments

- Stephens appreciates the opportunity to continue to serve Southwest Power Pool in the role of insurance and risk management advisor.
- **Overall**
- Property renewal rate maintained at .04 per \$100 of insured values.
- Cyber liability comparison and premium indications with Aegis and various cyber markets. Ongoing marketing efforts for upcoming renewals.
- **Risk Management**
- Review of SPP lease agreement and recommendations for insurance requirements and indemnity language. Leased space at AECC.
- Loss control team participated in onsite facility inspection with property insurer, CNA.
- Review of SPP internal controls and hazards pertaining to parking deck liability.



3. STATE OF INSURANCE MARKET

2017 Hurricane Season Overview

- **HURRICANE HARVEY**

- PCS estimates \$15.9BN of insured loss excluding NFIP. NFIP estimates \$11BN of Flood loss.
- Harvey produced the largest recorded rainfall total for a single event, and the majority of loss was water driven, not wind driven.

- **HURRICANE IRMA**

- AIR and RMS latest model estimates range from \$25BN-\$35BN for US. Caribbean loss estimates range from \$7BN to \$20BN. PCS estimates 18BN: \$13bn in Florida and \$3.6BN in USVI.
- “Irma fizzled to “only” \$20-30B of (re)insured losses in the U.S. but for a time it had a real possibility of being larger, generating >\$100B of losses. While the industry dodged a bullet with the storm drifting further west prior to making landfall (sparing Miami a direct hit) before shifting east again after landfall (missing Tampa), there were some worried management teams and boards of directors in Florida, Bermuda and London. **Will memories prove to be as short as with Hurricane Matthew in 2016** (was very close to being a large industry loss until it stayed offshore east of the FL coastline) or will managements rethink reinsurance / retro buying strategies?” ---IBNR #41, The Dowling Report

- **HURRICANE MARIA**

- PCS estimates \$21.9BN of loss, virtually all in Puerto Rico, with \$18.7BN attributed to commercial risks. Extreme flooding and wind caused severe damage including some areas with total damage to property and widespread destruction of infrastructure.

- **HURRICANE NATE**

- RMS and Karen Clark & Co estimate wind and flooding losses will be close to \$500M.

- The California wildfires are developing into a major event. We expect the reinsurance market to be impacted by this event.

(RE) Insurance Market Update

- The retro market will likely face significant pricing increases and tightening of terms.
 - The “opportunistic” retro buyers (those who buy because it’s cheap and “nice to have”) will either take on more net or will wait until the market stabilizes before seeking additional cover.
 - “The “need to have” [buyers] = e.g., syndicates at Lloyd’s, where without retro net exposures, will need to be cut back, taking supply out of the system.” --IBNR #41, The Dowling Report
- 2018 may be a game of timing as reinsurers will have to decide whether or not to utilize their capital for 1/1 treaties (early) or wait and gamble that 6/1 Florida treaties will prove to be a more efficient use of capital.
- Reinsurers are indicating they will take a client specific, measured approach but also that they are expecting pricing to increase
 - Hiscox announced they plan to increase stamp capacity by \$594 million to have sufficient capacity available to participate in a widespread market turn
 - Reinsurers are going to feel out how far they can push pricing and terms
- Reinsurers will differentiate among clients who had undersized losses and those who took a more measured approach in the softer market years (i.e.: those who didn’t necessarily squeeze to maximize every dollar of reduction).
 - Those whose portfolios underperformed relative to past representations will face greater scrutiny in the underwriting process

Direct/Facultative Property Market Update

- Insured CAT losses are projected to exceed \$100BN a threshold that has been exceeded in only two other years, 2005 and 2011
 - According to Guy Carpenter, the 2006 US Rate On Line Index increased 76% and the 2012 US index increased 7% (2011 had heavy international losses)
- There are limited data points around current placement activity as not many meaningful transactions have been bound since the September loss events
- “Lockton has begun setting expectations for property clients post-HIM by warning that carriers are pushing for rate rises of at least 20% on loss struck CAT exposed accounts. Insurers will push for 10-20% base rate increases on CAT exposed accounts without losses from the events, while non-CAT property could be looking at quotes that are flat to 10% up.” -- The Insurance Insider
- “With global insured cat losses on pace to exceed \$100B (much in the U.S.), we would expect at least in the short-term U.S. cat-exposed (re)insurance contracts will see pricing improvement with more significant rate movement (& terms & conditions strengthening) on cat-exposed E&S commercial property risks and direct & facultative risks whose markets are more dependent on Lloyd’s and reinsurers. As the risks move out to the broader U.S. commercial market (= non-loss impacted smaller & middle market commercial risks), we suspect the potential favorable impact of positive rate will dampen (or become non-existent). The magnitude, duration and breadth of improvements are dependent on several wildcards that we will be watching over the next several weeks” ---IBNR #41, The Dowling Report

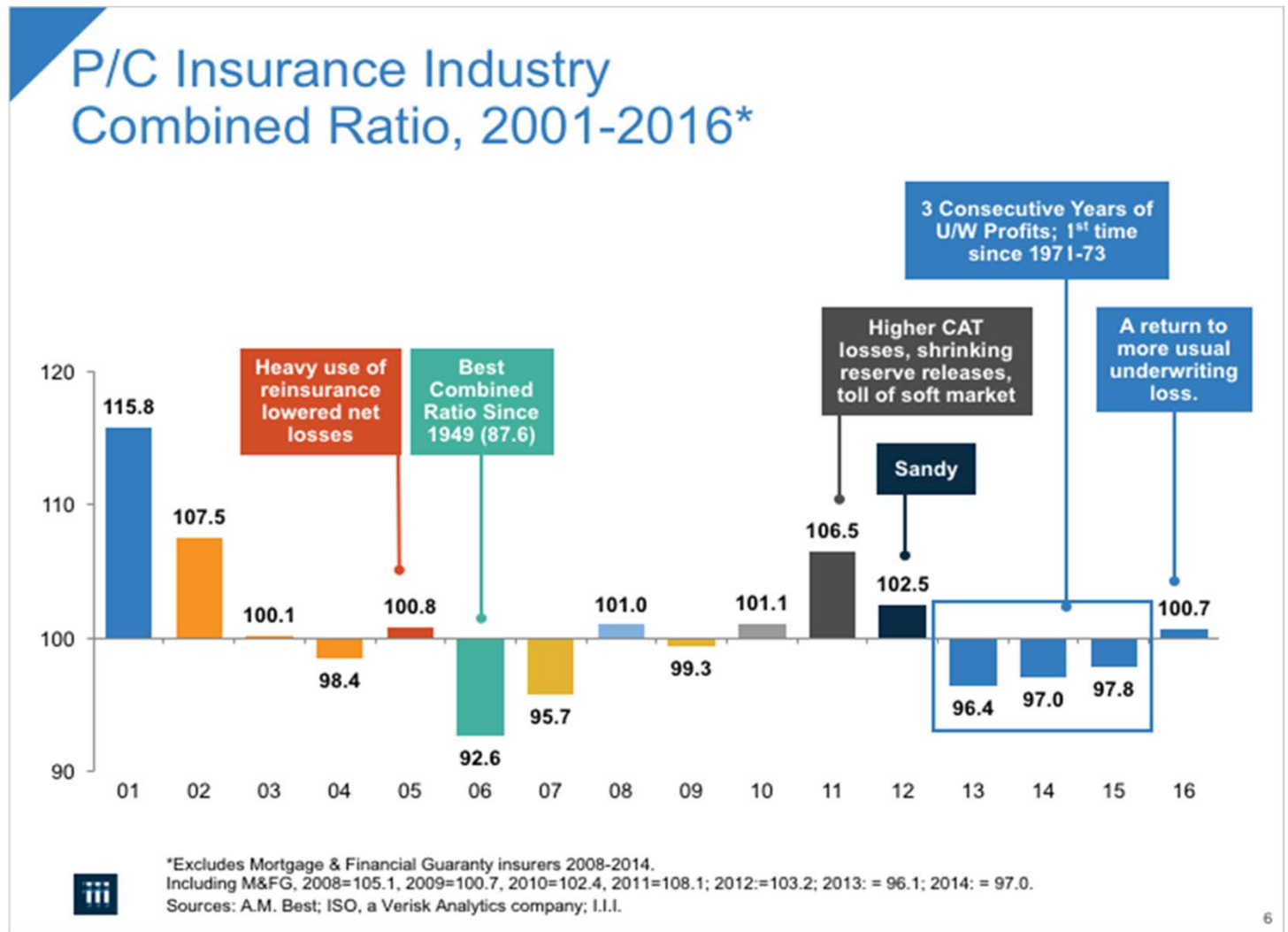
US Property & Casualty Insurer's Market Update – 2016 Q4

P&C Market Update

Overview

- Property
- Primary & Excess Casualty
- Cyber

Overview



US Property & Casualty Insurer's Market Update – First Half 2017

P&C Market Update

Overview

Property

Primary & Excess Casualty

Cyber

Overview

“ The industry surplus continued to grow steadily, reaching an all-time high in the first half of 2017”

“Hurricanes Harvey, Irma and Maria may wipe out some or all of the industry's profits in 2017, but most insurers remain historically well capitalized, generally well reinsured, and in a rock-solid position of financial strength to respond to consumer needs.”

- As reported by the Insurance Information Institute, the U.S. Property/Casualty insurance industry recorded a \$4.5 billion underwriting loss for the first half of 2017. This compares to an underwriting loss \$1.5 billion the first half of 2016. A.M. Best is reporting a slightly higher industry loss number of \$5.1 billion for the same period. In view of the anticipated third quarter losses from Hurricanes Harvey, Irma and Maria the third quarter will likely deliver the third straight quarter of underwriting losses and very likely an underwriting loss the year.
- Catastrophe related claims for the first half of 2017 grew 21.2% to \$17.7 billion from \$14.6 billion in the first half of 2016. However, third quarter CAT losses from recent hurricanes and earthquake are currently estimated to range from \$83 billion to \$165 billion according to Morgan Stanley. Early estimates from modelers estimate insured losses from Maria as high as \$85 billion which would rival Katrina as the costliest natural disaster. According to Fitch, the magnitude of CAT losses make rating downgrades more likely. While most analysts had originally forecast the third quarter CAT losses to be an earnings event for the industry, Fitch now believes that the 2017 CAT losses will constitute a capital event for a number of companies as opposed to just an earnings event.
- Non-cat losses also grew from \$169.2 billion to \$176.6 an increase of 4.4%. The total increase in claims of 5.7% outweighs the 4.1% growth in written premium. The result being an underwriting loss of \$4.5 billion on a combined ratio of 100.7% which compares to a combined ratio of 99.7% for the first half of 2016.
- While still profitable overall, the industry's results were weaker as net investment gains for the first half were relatively flat at \$27 billion. Economic growth as measured by GDP continued to be relatively weak coming in at an annual rate of only 1.2% in the first quarter and a stronger second quarter which saw growth at a 3.0% annual rate.

US Property & Casualty Insurer's Market Update – First Half 2017

P&C Market Update

Overview

Property

Primary & Excess Casualty

Cyber

Overview

- Total Net Written premium grew by 4.1% to \$275.5 billion from \$264.7 billion in the first half of 2016. Commercial lines written premiums grew by 2% while personal lines premiums grew by 6.0%. While still modest, overall premium growth is now experiencing its longest sustained period of growth in more than a decade. The industry's overall net income after taxes fell to \$15.5 billion from \$21.8 billion in the first half of 2016. The industry's net investment income rose slightly from \$22.1 billion to \$23.4.
- Overall market capacity continues to be abundant driven by the moderate increases in incurred losses and additional capacity from capital markets which is competing with traditional reinsurance and in some instances in the direct market.
- Driven partially by unrealized capital gains, which affect policyholder surplus but not net investment income, policyholders surplus rose to all time high of \$717 billion. As such, the industry remains extremely well capitalized with a premium to surplus ratio of .76 which is near a modern historical high. Third quarter CAT losses may reduce this glut of internal capital.
- Despite the continuing headwinds of an underwriting loss, relatively weak premium growth and relatively flat investment returns, the insurance industry turned in another profitable performance for the first half of 2017. However, in view of the projected CAT losses in the third quarter, the industry results are expected to turn from profit to loss by year end.
- Through the second quarter, smaller accounts with average or better experience continue to see renewal pricing from flat to low single digit decreases. As reported by CIAB rate declines across all accounts in the second quarter 2017 averaged 2.8% compared to 2.5% in the first quarter. This marks the tenth straight quarter of rate decreases across accounts of all sizes. Larger accounts are seeing larger rate decreases, averaging 4.3%, as competition increases among underwriters for the larger premium accounts in order to maintain market share. Exceptions to the generally competitive pricing are commercial auto for truckers and large auto fleets.

US Property & Casualty Insurer's Market Update – First Half 2017

P&C Market Update

Overview

Property

Primary & Excess Casualty

Cyber

Property

- Rates for large CAT and Non-CAT property accounts have continued see rate reductions for accounts that have performed well. A recent CIAB survey reports commercial property rates down in the second quarter of 2017 by 3.6%. We expect that the downward trend to change at least in the short term for CAT exposed property and in particular for habitational real estate which was already experiencing tightening terms prior to the recent storms. As indicated above CAT losses trended up in the first half of 2017 to \$17.7 billion compared to \$14.6 billion for the same period in 2016. This storm season has brought to an end the below average losses the U.S. has experience from Named Windstorms for the past several years and reminds us of the extremely volatile nature of those events and how quickly they can overshadow overall industry experience.
- Capacity for California earthquake continues to be plentiful and rates generally decreasing but at a slower pace than in prior quarters. It has been 20+ years since the Northridge earthquake, the most costly in U.S. history and new capacity continues to enter this market fueling competition. However, while it is too early to tell at this time, the recent earthquake in Mexico could bring some firming to this market.
- High hazard flood has resisted the competitive market trend seen in other lines in recent years. Floods can and do happen anywhere and in any season which makes them much less predictable and therefore not easily modeled and priced. The recent devastation in Houston is clear evidence of widespread catastrophic damage posed by flood and will likely result in more firming in this market. Underwriters who are willing to write flood typically buy more reinsurance and will likely be impacted by expected changes in the reinsurance market.

US Property & Casualty Insurer's Market Update – First Half 2017

P&C Market Update

Overview

Property

Primary & Excess Casualty

Cyber

Primary & Excess Casualty

- As abundant capacity and favorable reinsurance pricing continue to prevail, underwriters for primary general liability, umbrella and excess liability have continued to be aggressive, particularly on new business. Reductions of 2.7% for general liability and 1.4% for umbrella second quarter of 2017 are reported by the most recent CIAB survey.
- As experience has continued to improve due to prior year rate increases and some moderation in medical inflation trends, underwriters have become more competitive on workers' compensation in most jurisdictions. More underwriters are competing for workers compensation on a monoline basis. California, New York, Massachusetts, Florida, Pennsylvania and Illinois continue to be the most challenging jurisdictions with generally unfavorable results.
- According to recent CIAB surveys, increased capacity has driven workers compensation rates down by 1.9% in the first quarter of 2017 and a further 2.7% in the second quarter.
- At the same time auto rates increased by 5.4% and 6.1% for the respectively for the first two quarters of 2017. This reflects the continuing trend for the past several quarters of firming in the auto market. However, the continued firming of rates in this market has attracted new capacity which is good for buyers in terms of limits available and terms.
- Due primarily to the continued glut in capacity, umbrella and excess liability underwriters are following the downward trend of general liability and offering additional limits and improved pricing with the exceptions again for truckers and large auto fleets. For accounts with heavy auto exposure, excess underwriters are still looking for higher attachment points and increased rates.

Insurance Market Update – 2017 Q3

Insurance Market Update

Premium Trends

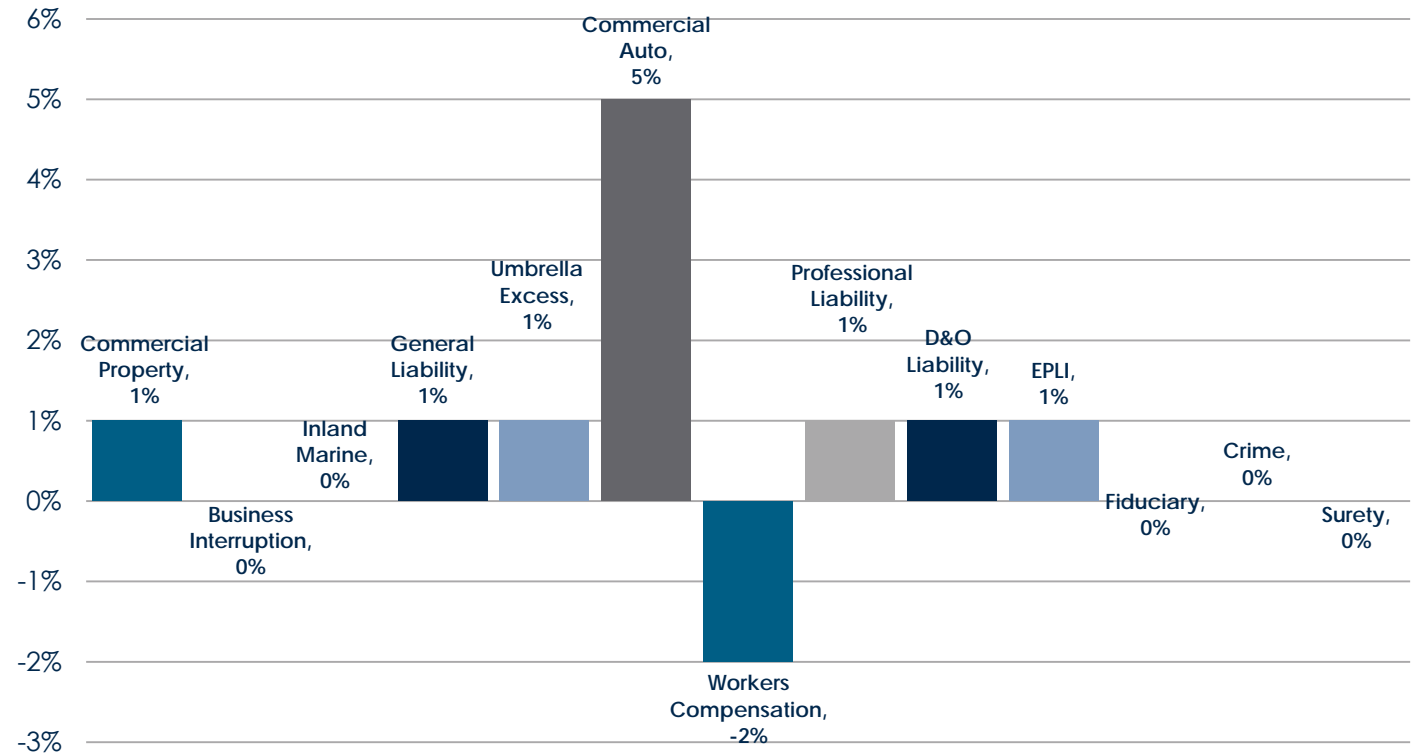
By Line of Cover

By Account Size

By Industry Class

Average Rate Change

Premium Trends By Coverage Class

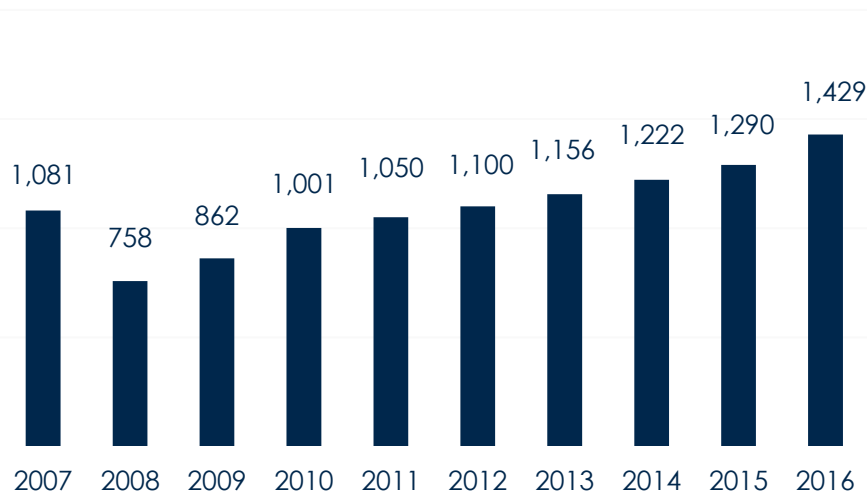


- Commercial Property (↑ 1%)
- Business Interruption (Flat)
- Inland Marine (Flat)
- General Liability (↑ 1%)
- Umbrella /Excess (↑ 1%)
- Commercial Automobile (↑ 5%)
- Workers Compensation (↓ 2%)
- Professional Liability (↑ 1%)
- D&O Liability (↑ 1%)
- EPLI (↑ 1%)
- Fiduciary (Flat)
- Crime (Flat)
- Surety (Flat)

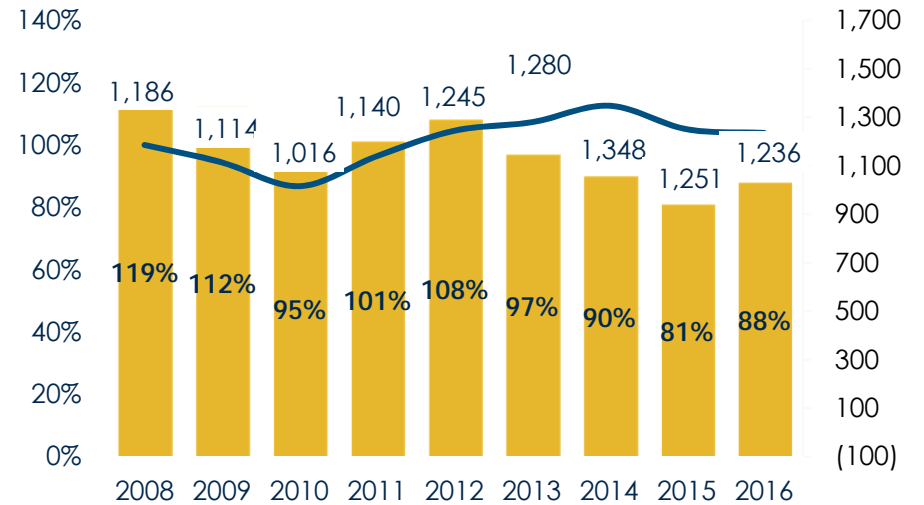
Source: Market Scout

Aegis 2016 Financials

Total Surplus
December 31 (millions of U.S. Dollars)



Gross Premiums Written and Combined Ratio
For the years ended December 31 (millions of U.S. dollars)



History of Liability Insurance for Utilities

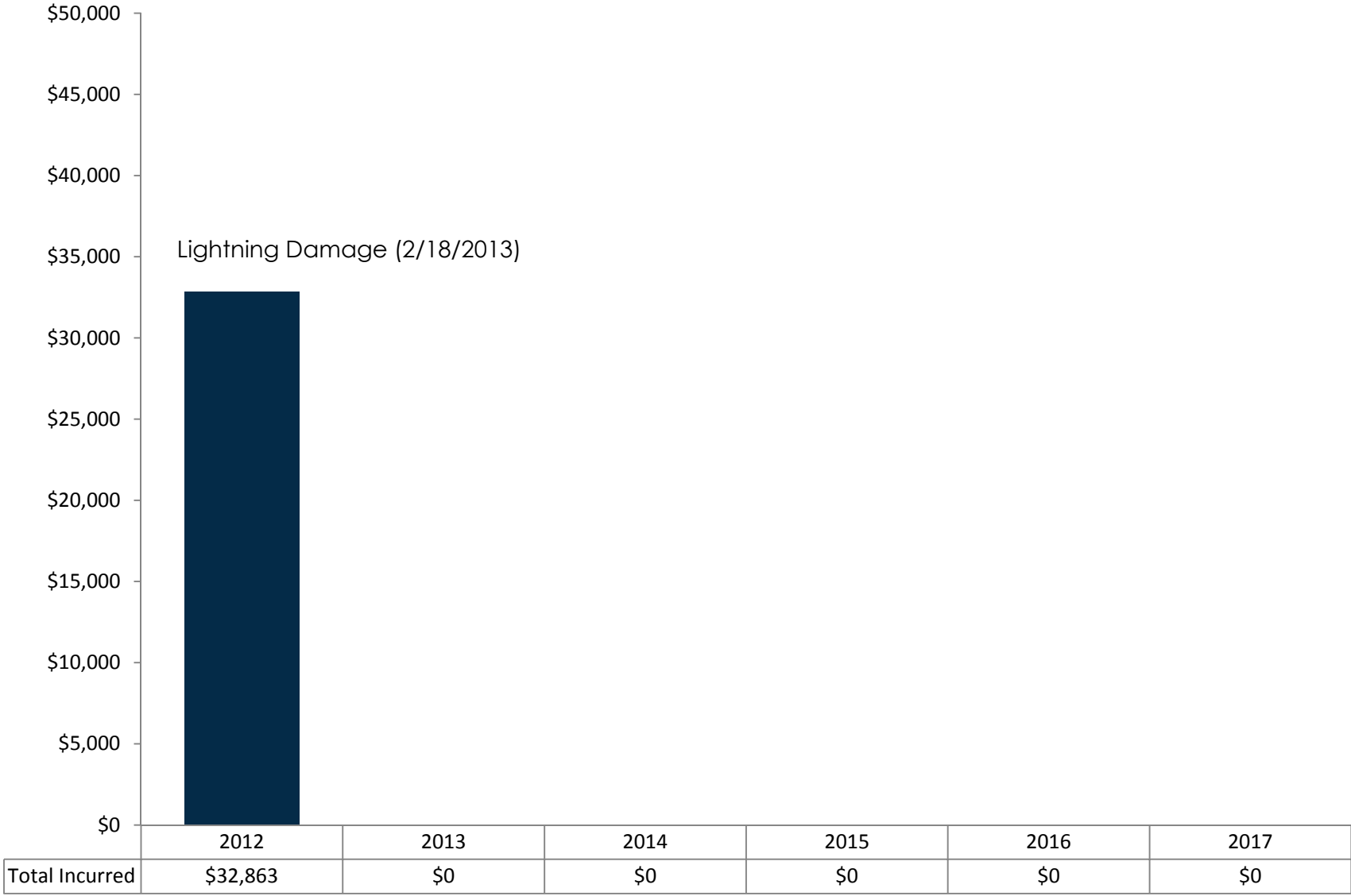
Important Role of Industry Insurers: AEGIS and EIM

- Liability insurance for utilities in the past 60+ years fluctuated wildly as insurers entered the utility arena with great promise, only to depart abruptly a few short years later, leaving utilities scurrying for insurance and third party liability protections. Resulting uncertainty of available insurance and related cost led utilities to form their own dedicated insurers.
- Some major insurers such as Lloyds of London, General Reinsurance, The Home Insurance company, Lloyds again and countless minor players taking very small portions of large accounts at times when premiums were at peak during "tight" markets abandoned utilities when claims caught up with premiums and/or the competition was attracted to the peak-level premiums and ultimately forced the prices down. Many of those insurers later filed for bankruptcy leaving policyholders high and dry without the protection for which they had contracted.
- This behavior was evident in the decades from the 1950's through around 1986. A significant number of the utility insurers that were active in those years no longer exist. Meanwhile, the dedication and commitment of AEGIS (and EIM) for over thirty years to the energy industry is an insurance record. These utility-owned companies starkly differ from the multiple piece-players in the 1970's and 1980's.
- Today, AEGIS is definitely the insurer of choice for over 314 Members consisting of gas and electric utilities in the U.S. and Canada with some similar entities in Europe joining in recent years.
- Recognizing a need for higher limits than AEGIS can provide (\$35 million for Liability, Directors and Officers, for example), utilities formed Energy Insurance Mutual (EIM) to provide more limits (up to \$100 million for Liability and \$50 million D&O in addition to the AEGIS limits).
- Both of these companies are recognized and admired in the global insurance marketplace as the leaders for utility insurance. Other insurers in Europe and Bermuda (the major insurance centers for the world) are now very keen to follow these industry leaders and to offer additional limits over those provided by YOUR industry's mutuals.

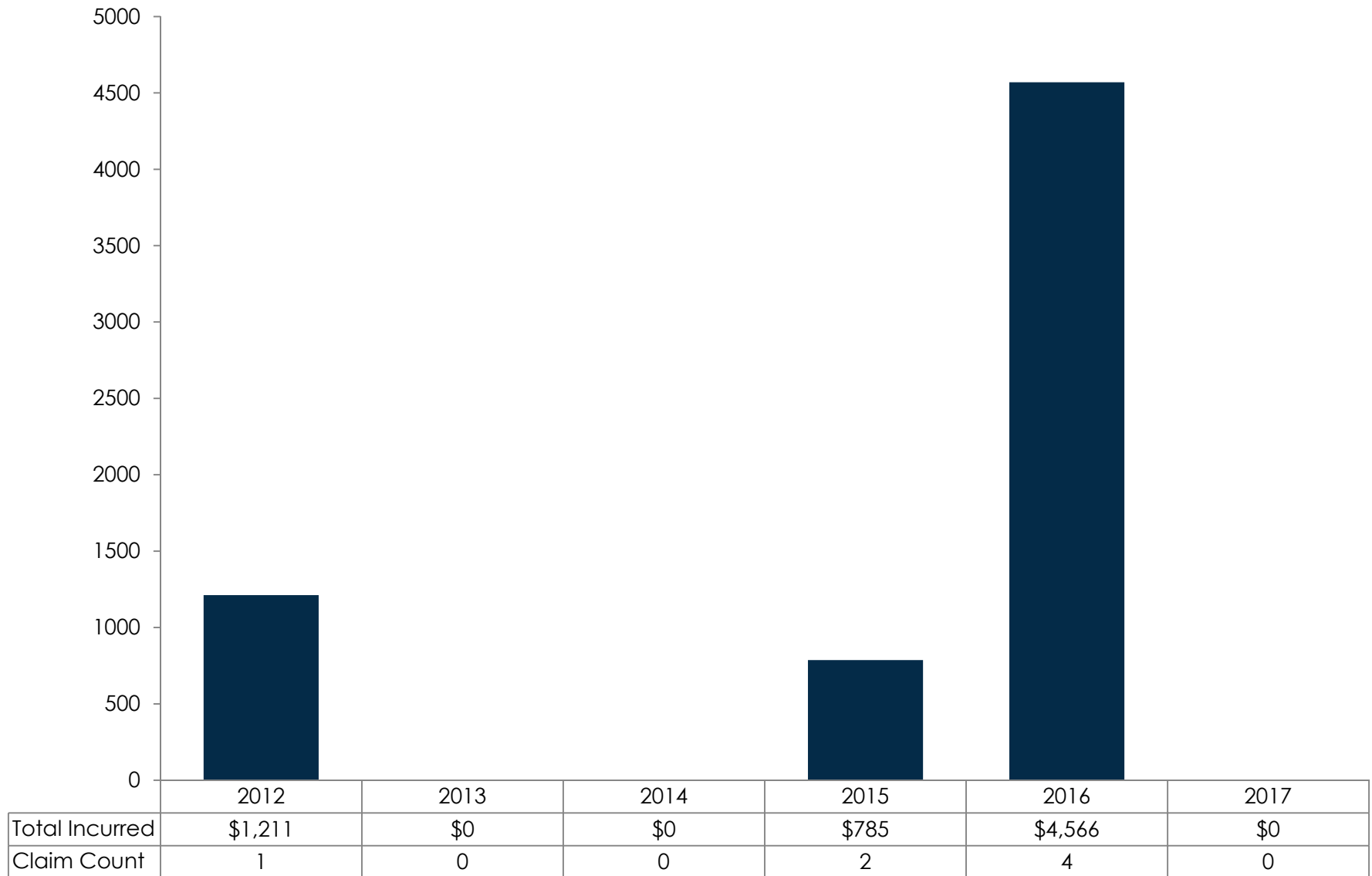


4. CLAIM SUMMARIES

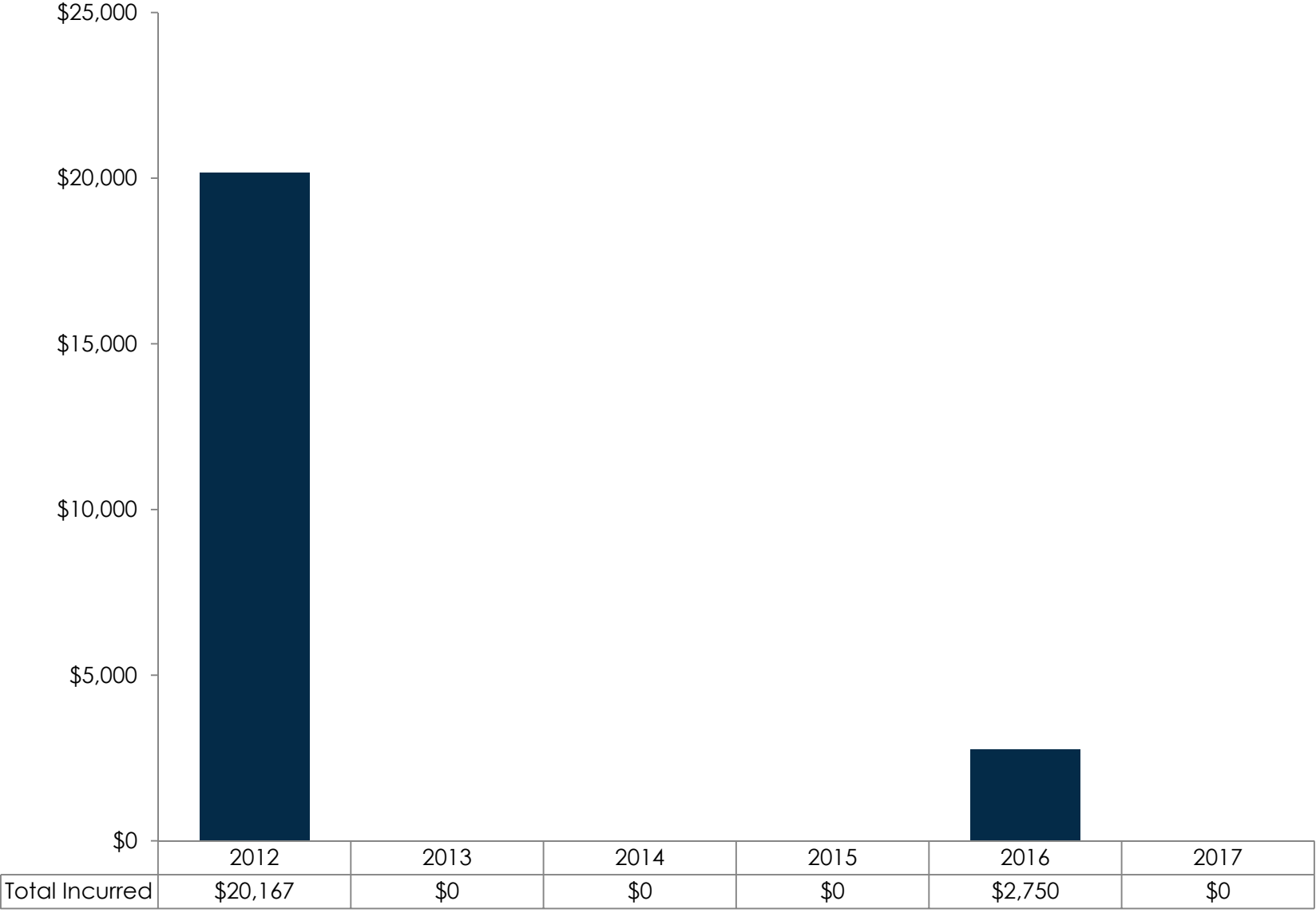
Property Claim Summary (valued 11/2017)



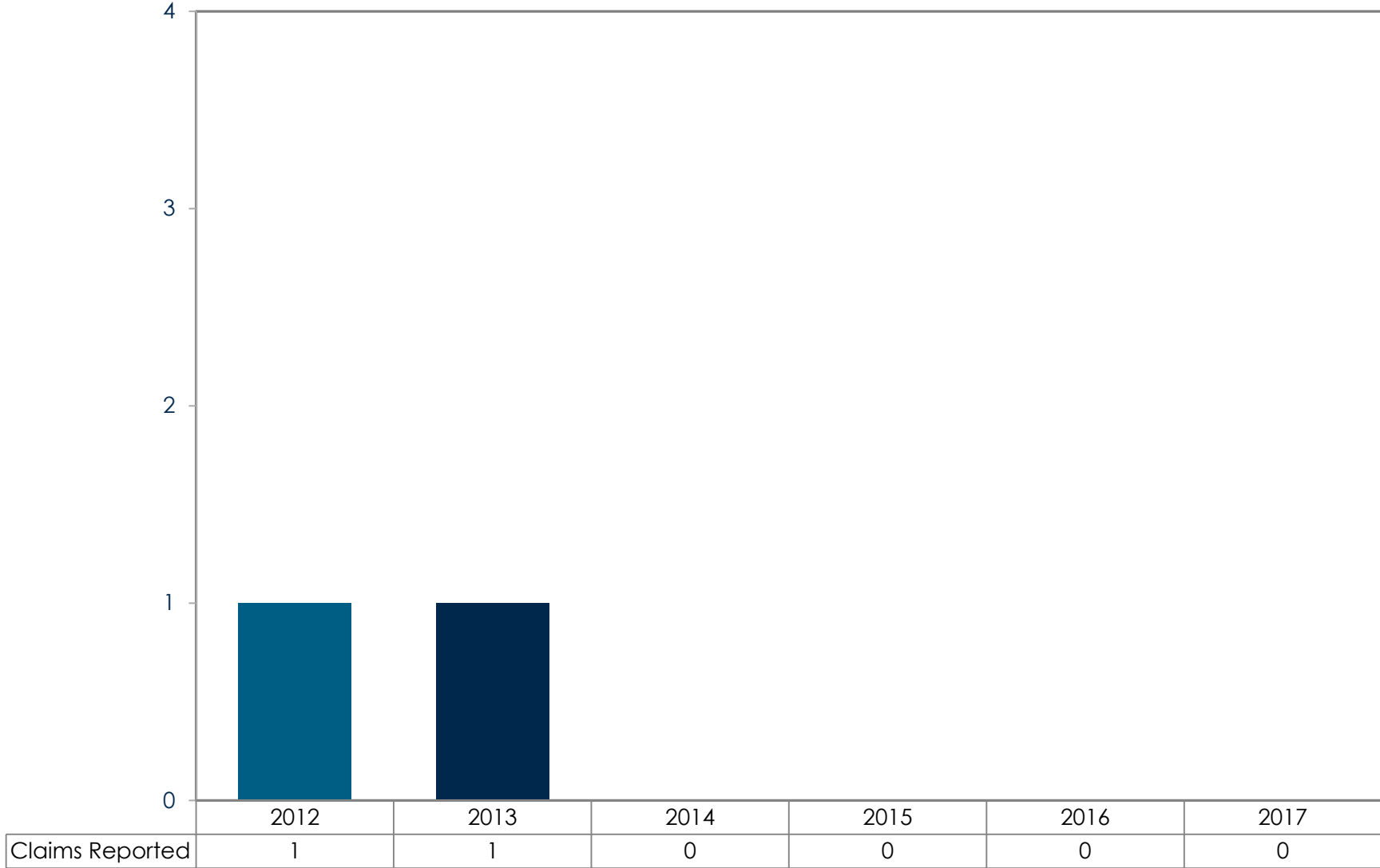
Workers' Compensation Claim Summary



Commercial Auto Claim Summary



Employment Practices Liability Claims (Number of Reported Claims)





5. INSURANCE PROGRAM OVERVIEW

Policy Register

Coverage	Billing Company	Issuing Company	A.M. Best Rating	Policy Number	Policy Term	Total Premium & Taxes
Property	C.N.A	Continental Casualty Co.	A XV	RMP 4034831490	4/1/2017 - 4/1/2018	\$ 53,790.00
Auto	Everest	Everst National Insurance Co.	A+, XV	EN4CA00007-171	4/1/2017 - 4/1/2018	\$ 2,651.00
General Liability	Everest	Everst National Insurance Co.	A+, XV	EN4GL00021-171	4/1/2017 - 4/1/2018	\$ 14,093.00
Workers Compensation	Everest	Everst National Insurance Co.	A+, XV	EN4WC00006-171	4/1/2017 - 4/1/2018	\$ 55,500.00
Umbrella (\$1M Excess Primary)	AmWINS Brokerage of Birmingham	Torus Specialty Insurance Co.	A-, XII	74402R171ALI	4/1/2017 - 4/1/2018	\$ 1,804.40
Umbrella (Primary \$35M) Incl E&O & \$10M EPL	Aegis Insurance Services	Associated Electric & Gas	A XII	XL5088006P	4/1/2017 - 4/1/2018	\$ 497,069.04
Excess Liability (\$40 xs \$35M)	Energy Insurance Mutual	Energy Insurance Mutual Ltd	A XI	253677-17GL	4/1/2017 - 4/1/2018	\$ 282,324.64
Crime - ERISA Bond	Travelers Property Casualty	Travelers Casualty & Surety	A++ XV	106619039	4/1/2017 - 4/1/2018	\$ 266.00
D&O (Primary (\$5M)	Chubb Insurance Company	Federal Insurance Company	A ++ XV	8164-4998	4/1/2017 - 4/1/2018	\$ 19,173.00
D&O Excess (\$5M xs of \$5M)	Travelers Property Casualty	Travelers Casualty & Surety	A++ XV	105539453	4/1/2017 - 4/1/2018	\$ 10,000.00
D&O Excess (\$10M xs of \$10M)	AmWINS Brokerage of Texas, Inc.	RSUI	A+ XIII	NHS671523	4/1/2017 - 4/1/2018	\$ 15,000.00
D&O Excess (\$10M xs of \$20M)	Ace American Insurance Company	ACE American Insurance Co.	A++ XV	G25758523 004	4/1/2017 - 4/1/2018	\$ 9,866.00
D&O Excess - Side A & B (\$10M xs \$30M)	AIG	National Union Fire Insurance Company of Pittsburgh, PA	A XV	01-309-53-17	4/1/2017 - 4/1/2018	\$ 14,110.00
D&O Excess - Side A & B (\$10M xs \$40M)	RLI Insurance Company	RLI Insurance Company	A+ XI	EPG0016333	4/1/2017 - 4/1/2018	\$ 13,547.00
D&O Excess - Side A & B (\$10M xs \$50M)	Liberty Mutual Insurance Company	Liberty Mutual	A XV	204113-217	4/1/2017 - 4/1/2018	\$ 12,289.00
Fiduciary (\$5M)	Travelers Property Casualty	Travelers Casualty & Surety	A++ XV	105538997	4/1/2017 - 4/1/2018	\$ 9,857.00

Renewal Summary – Property & Casualty

Property	2016-2017	2017-2018
Property Premium	49,762	53,190
Terrorism (TRIA)	500	600
Taxes / Fees	0	0
Property Rate - Per \$100 in Values	0.0426	0.0426
Rate Change %		0.00%
Total Property	50262	53790

Liberty Mutual & Zurich Minimum Premiums of \$100,000

	2016-17 Everest / Torus (\$1M Lead / \$1M XS)	2017-18 Everest / Torus (\$1M Lead / \$1M XS)
Primary Casualty & Lead Excess		
Premium- GL	14,093	14,000
Premium- \$1M Excess Primary	1,350	1,350
Terrorism (TRIA)	123	193
Surplus Lines Tax (4%) & Fees	444	444
Rate - Per 1,000 Sq Ft	39.761	39.704
Rate Change - over expiring (%)		-0.14%
Price - Work Comp	54,414	55,500
Rate per \$100 Payroll	0.084	0.086
Rate Change - over expiring (%)		2.27%
Experience Mod	0.580	0.600
Price - Auto	2,571	2,650
Rate Change - over expiring % (Per Auto)		3.07%
Total Primary & Lead Excess	72,995	74,137

Everest Work Comp and Auto Premium Increases Driving by recent claims activity. Two WC claims totaling \$34,800 and One Auto claim totaling \$2,750

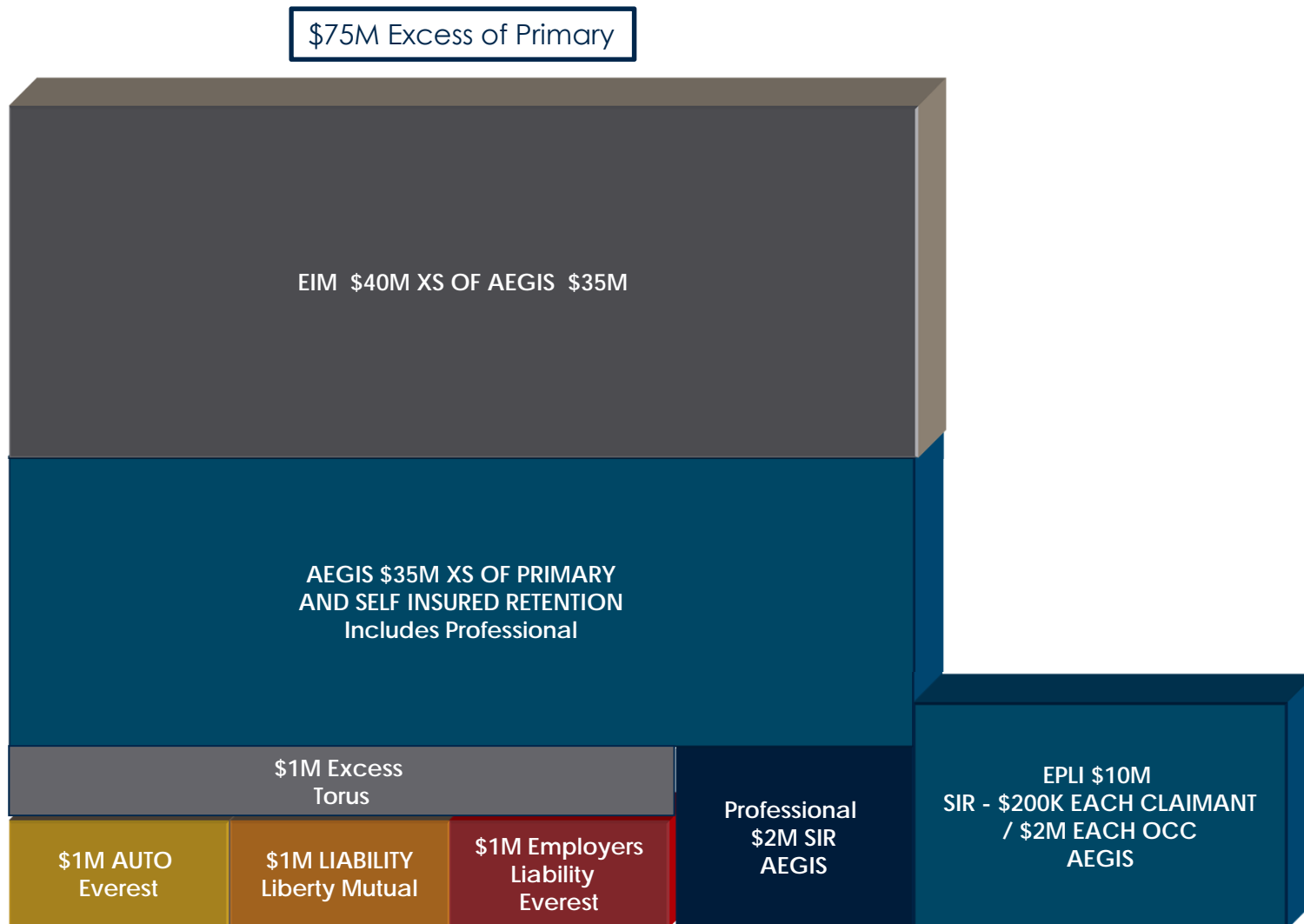
Renewal Summary – Executive Liability

Coverage & Layer	2016-2017 (EPL with Aegis)	2017-2018 (EPL with Aegis)
D&O Primary (Primary \$5M)	Chubb \$5M	Chubb \$5M
Premium	19,173	19,173
D&O Excess (\$5 x \$5)	Travelers \$5M	Travelers \$5M
Premium	10,000	10,000
D&O Excess (\$10 x \$10)	RSUI \$10M	RSUI \$10M
Premium	15,000	15,000
D&O Excess (\$10 x \$20)	ACE \$10M	ACE \$10M
Premium	10,287	9,866
D&O Excess A/B Excess Only (\$10 x \$30)	AIG \$10M	AIG \$10M
Premium	14,200	14,110
D&O Excess A/B Excess Only (\$10 x \$40)	RLI \$10M	RLI \$10M
Premium	13,547	13,547
D&O Excess A/B Excess Only (\$10 x \$50)	Liberty \$10M	Liberty \$10M
Premium	12,289	12,289
Fiduciary	Travelers \$5M	Travelers \$5M
Premium	9,857	9,857
Crime - ERISA	Travelers \$500K	Travelers \$500K
Premium	266	266
Fiduciary Rate per \$100 Payroll	0.015	0.015
Rate Change %		0.00%
Overall Rate per \$1,000 Revenue	0.595	0.536
Rate Change %		(0.098)
Total D&O and Crime	104,619	104,108

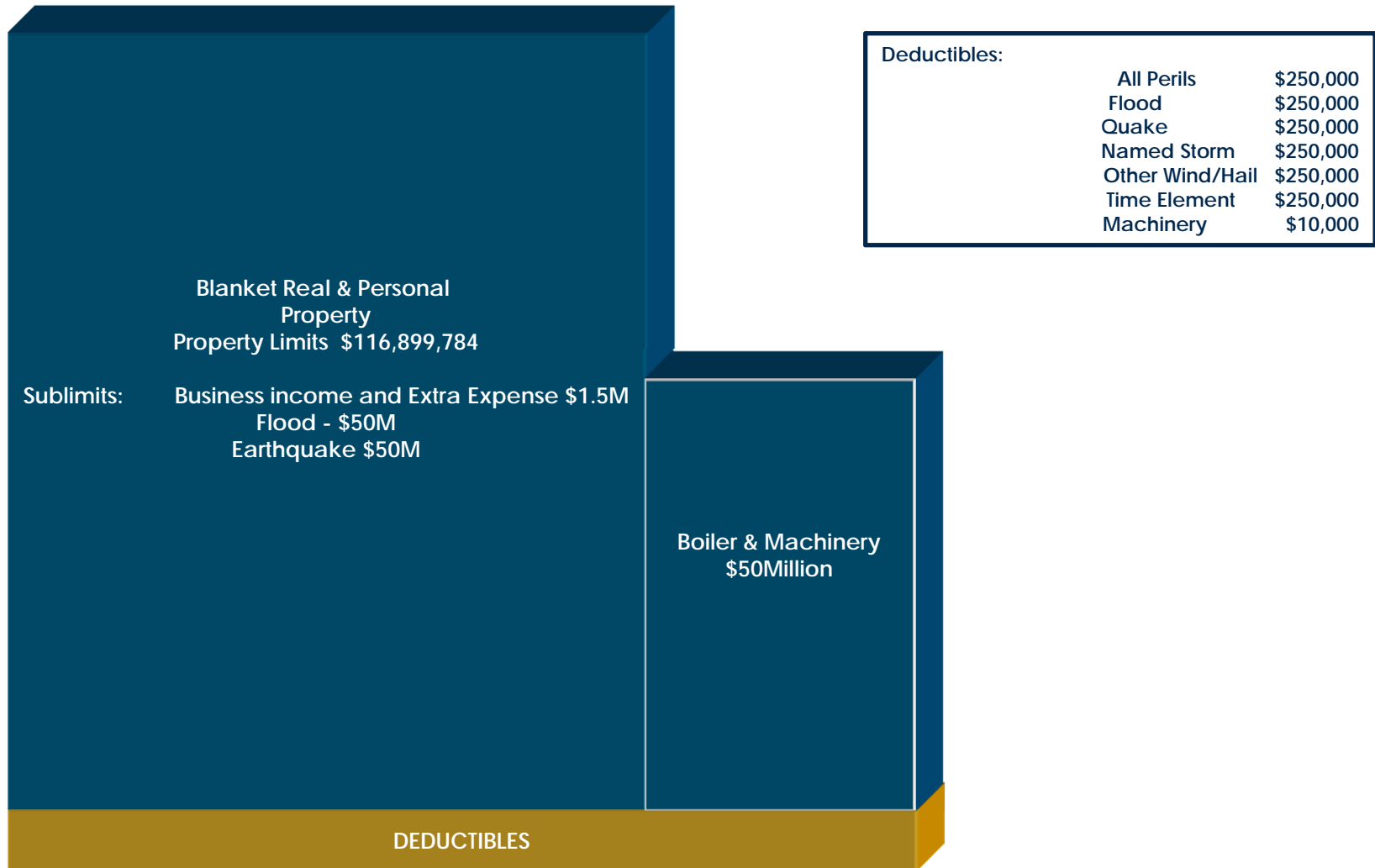
Renewal Summary – Excess Liability & EPL

Excess	2016-2017 \$2Million Retention (Including \$10M EPL)	2017-2018 \$2Million Retention (Including \$10M EPL)
Lead Excess - Aegis	AEGIS \$35M	AEGIS \$35M
Annual Premium	396,624	411,588
EPL Premium	46,284	46,679
Rater Per \$100 Payroll - EPL Only	0.072	0.073
Terrorism	23,030	23,030
Surplus Lines Taxes (4%)	18,638	19,252
Subtotal - Aegis	484,576	500,549
Rate per \$1,000 Revenue (excl EPL)	2.254	2.120
Rate Change %		-5.92%
Excess - EIM	EIM \$40M	EIM \$40M
Annual Premium	271,466	269,906
Terrorism	1,560	1,560
Surplus Lines Taxes (4%)	10,921	10,859
*Federal Excise Taxes (4%)	0	0
Subtotal - Excess	283,947	282,325
Rate per \$1,000 Revenue	1.614	1.455
Rate Change %		-9.86%
Grand Total - Excess	768,523	782,874

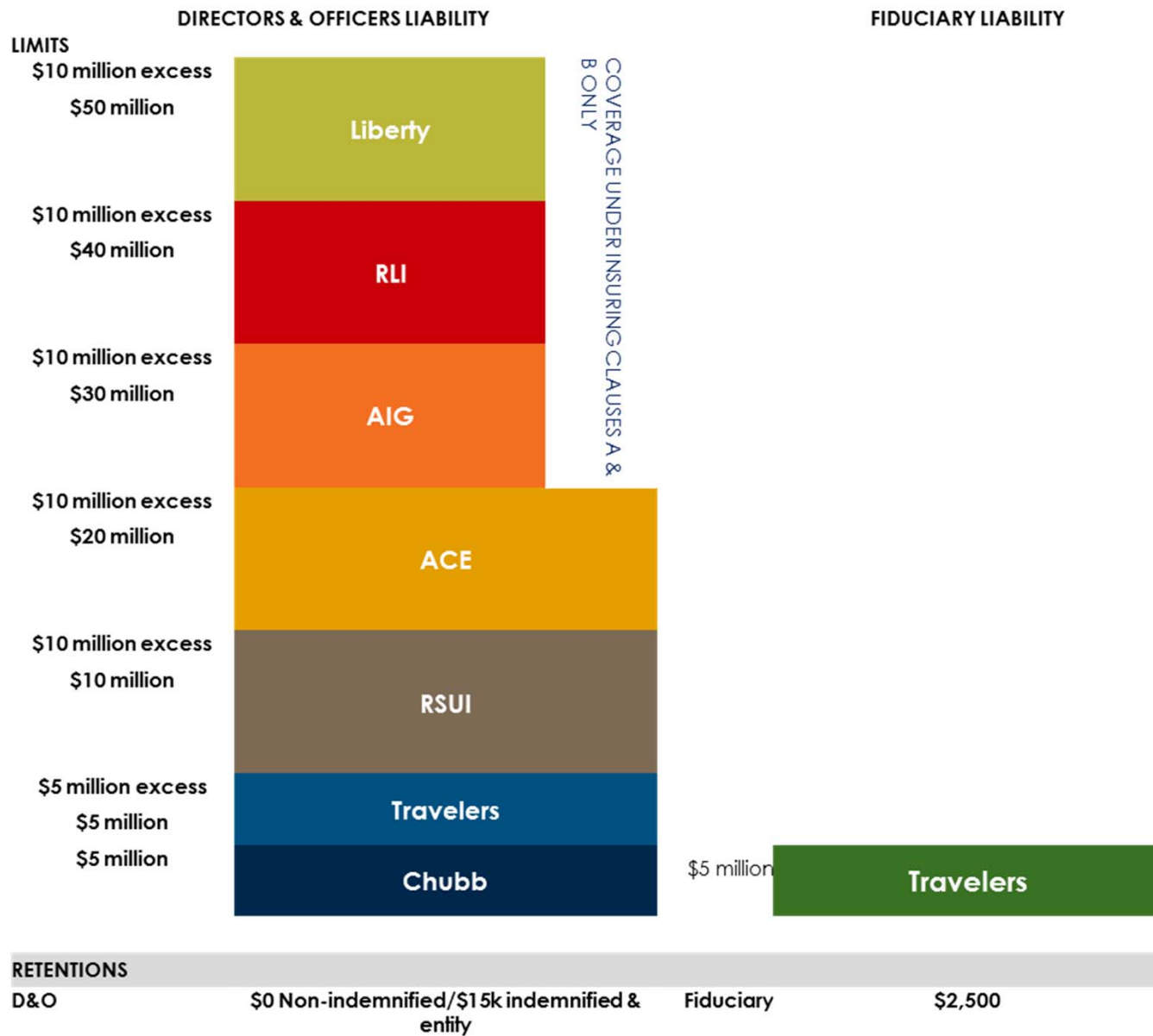
Liability Limits



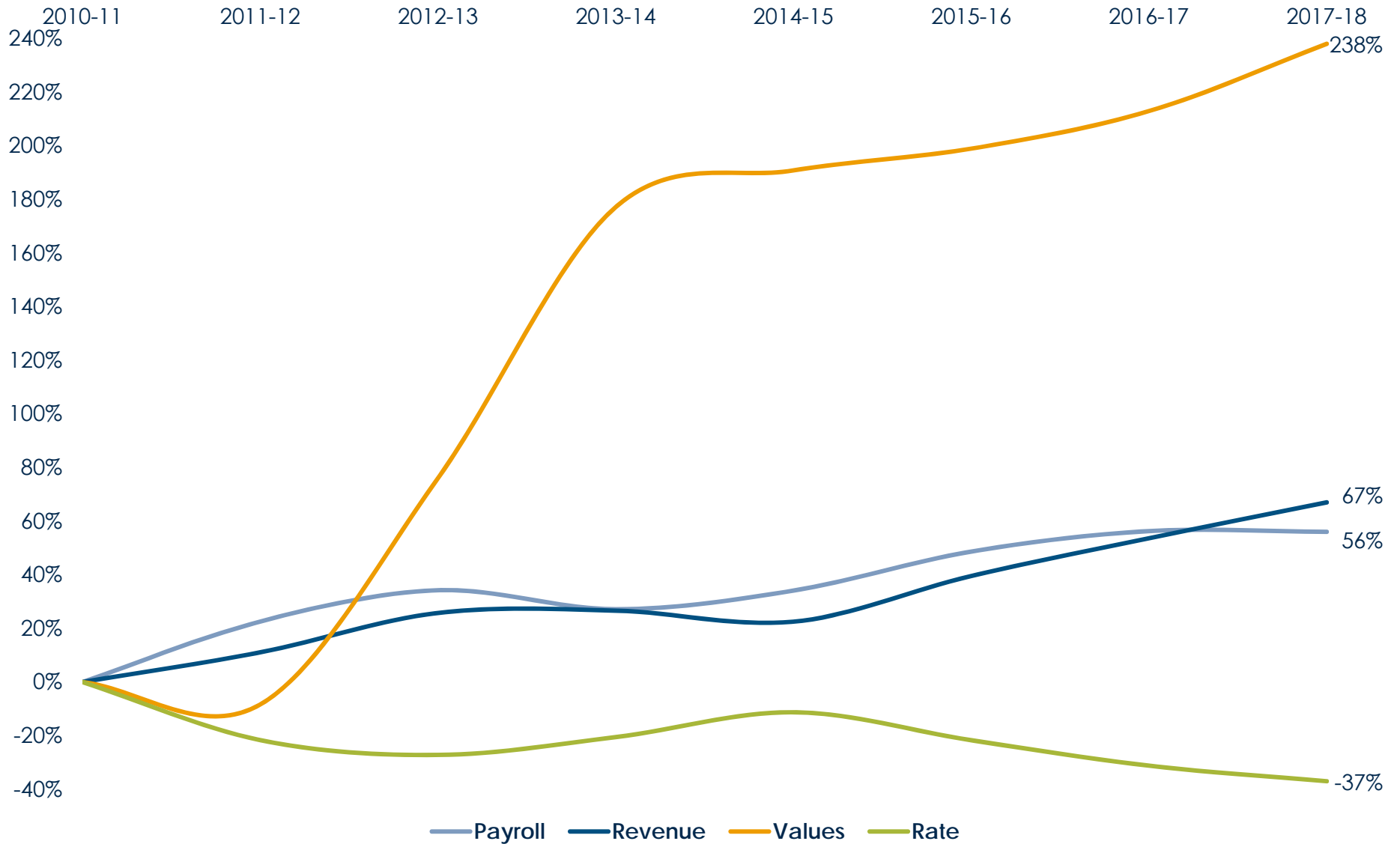
Property Limits



Executive Liability & Financial Products



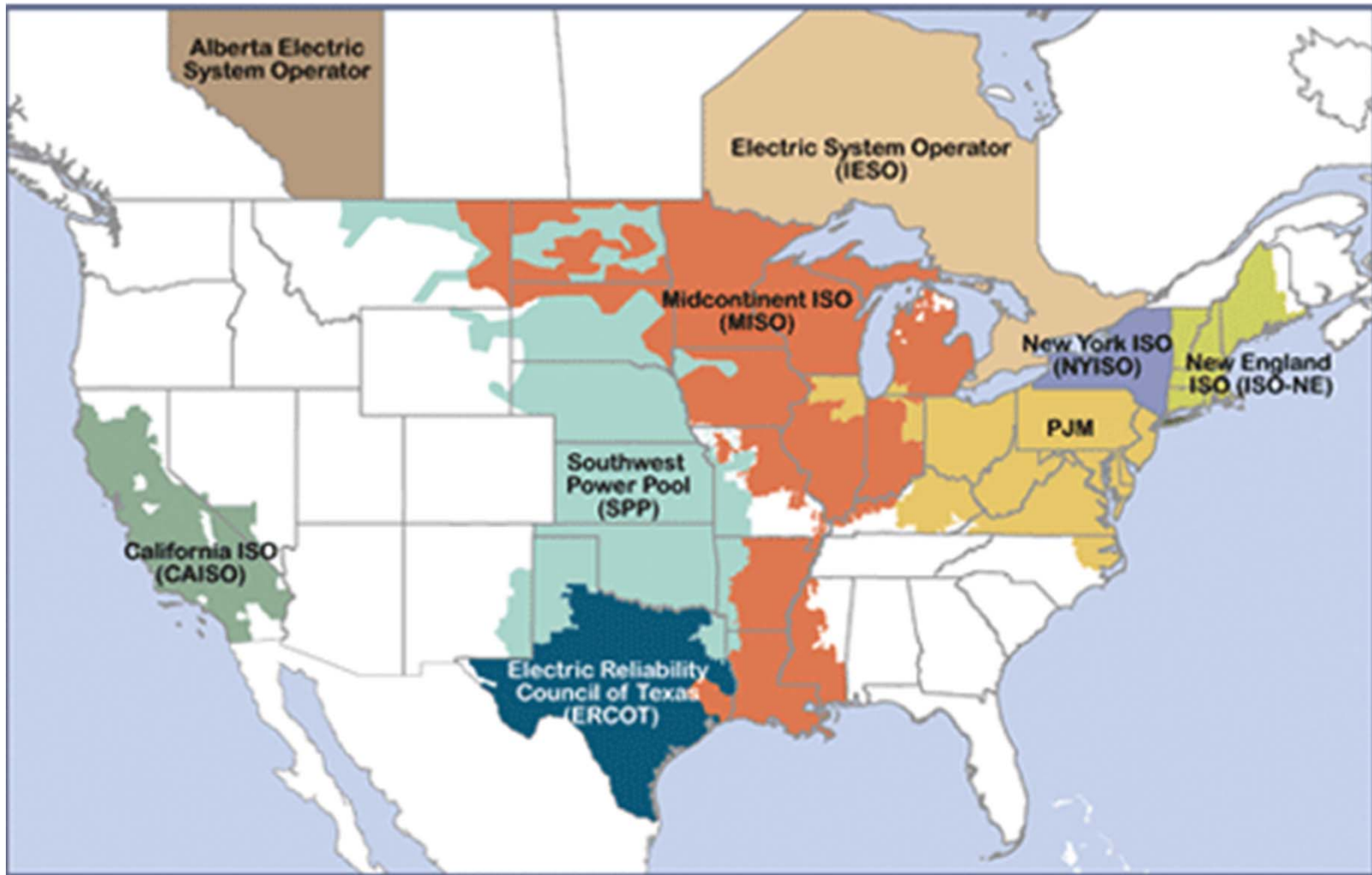
Premium Base Rate Versus Rate Change





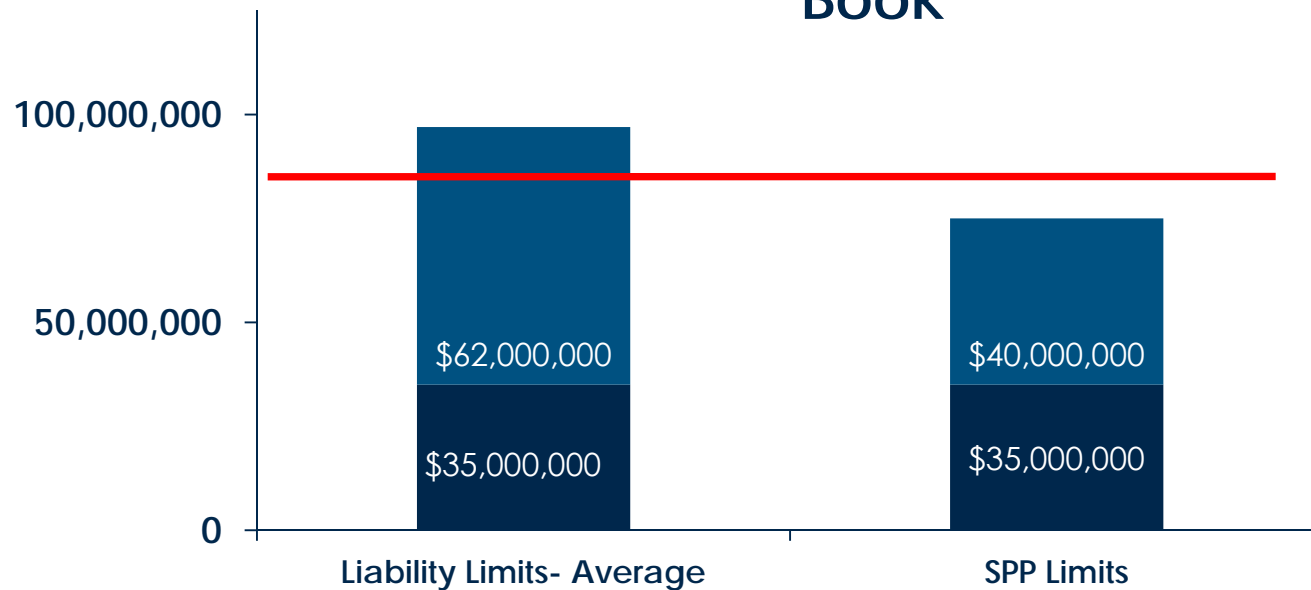
6. BENCHMARKS

Regional Transmissions Organizations



Benchmark – Excess Liability

Umbrella Limits Compared to AEGIS/EIM ISO/RTO Book

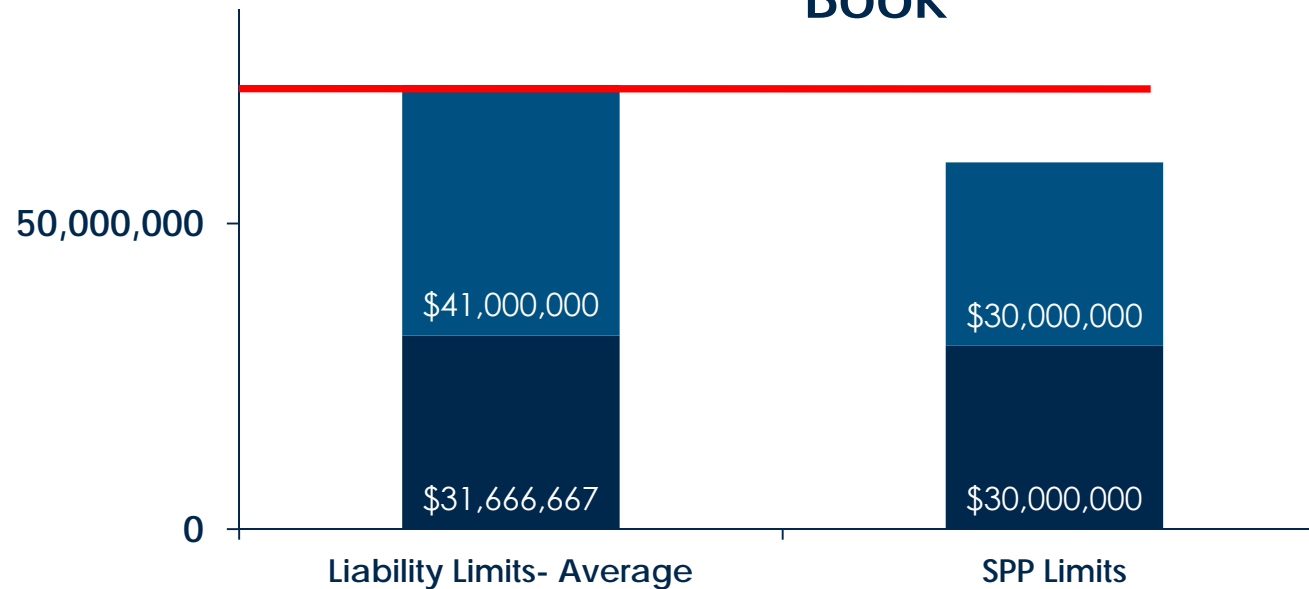


AEGIS insures nine RTO/ISO's. All carry \$35M limits (primary GL/Professional).

EIM insures eight RTO/ISO's. Limits carried vary from \$15M to \$100M. The average carried is \$62M

Benchmark – Directors & Officers Liability

Directors/Officers Limits Compared to AEGIS/EIM ISO/RTO Book



AEGIS insures three RTO/ISO's. Two buy \$35M in limits and one buys \$25M.

EIM insures five RTO/ISO's. Limits carried vary from \$25M to \$50M. The average carried is \$41M.

AEGIS has also advised that of the three RTO's that they insure, two have purchased cyber liability insurance. One has purchased \$5M in limits from an outside commercial market and the other has purchased \$10M in limits from Aegis with plans to increase limits to \$25M at renewal.



7. DISCUSSION ITEMS/RENEWAL PLANNING

2018 Planning & Discussion

- **Renewal expectations for SPP**
 - Workers Compensation – Flat
 - Casualty - Flat
 - Umbrella/Excess - Flat
 - Property – Flat
 - Management Liability Flat to +8%
 - Deliver Primary Proposal by March 1, 2018
- **Other Cover Discussion**
 - Cyber Risk Assessment/ Cyber liability
 - Including Wrap coverage for insured's property at risk
 - Punitive Wrap
 - Crime
 - Traditional coverage, beyond just ERISA
 - Workplace Violence
 - Social Engineering Fraud
 - Workplace Violence
 - Patent Infringement (Defense coverage)

Southwest Power Pool, Inc.
FINANCE COMMITTEE
Recommendation to the Finance Committee
January 15, 2018
Cyber Insurance Policy

Organizational Roster

The following persons are members of the Finance Committee:

Larry Altenbaumer	SPP Director
Bruce Scherr	SPP Director
Sandra Bennett	American Electric Power
Kelly Harrison	Westar
Laura Kapustka	Lincoln Electric
Mike Wise	Golden Spread

Background

The Finance Committee directed staff to review cyber insurance programs at its meeting on April 5, 2017. After analyzing cyber coverages from multiple carriers and researching member and other ISO/RTO practices, staff is recommending the purchase of AIG's CyberEdge policy with coverage limits up to \$40MM after a self-insured retention of \$1MM to commence on April 1, 2018.

Analysis

Commercial cyber insurance policies have historically focused on indemnification for claims made due to the loss of personal identifiable information and other narrowly defined cyber events. Over the last few years, competition in the marketplace has resulted in the broadening of coverage to include property damage, physical harm, business interruption, cyber extortion, and other potential losses resulting from cyberattack. The larger commercial carriers appear to be leading the efforts in identifying existing and future cyber perils and providing applicable coverages.

This expansion in coverage has resulted in the segregation of cyber-related events from traditional umbrella liability coverages which do not have specific cyber endorsements. It appears that companies who are reliant upon technology (SPP) will very soon be required to purchase discrete cyber policies or bear the risk that certain claims, once thought to be covered, may be denied under existing general liability policies.

SPP staff focused its efforts on researching two specific policies which dominate the electric utility industry: 1) AEGIS CyberResilience, and 2) AIG CyberEdge policies. All other RTO/ISOs who purchase cyber insurance have one of these two policies. SPP has a long-standing relationship with AEGIS; having purchased their excess liability policy for the last eight years and their employment practices policy for the last two years. However, AEGIS is relatively new to the cyber insurance arena with their current version of the CyberResilience policy having been introduced to the utility industry four years ago. AIG began offering cyber coverage in 1998 and has provided their CyberEdge coverage for nine years. They are considered the industry leader with respects to limits outstanding and claims expertise.

The CyberResilience and CyberEdge policies are very similar; both providing indemnification on a claims made basis with a duty to defend. The differentiating factor is the AIG policy includes an endorsement which covers property damage, and the AEGIS policy relies on the purchase of other property coverages. SPP believes it important to have assurance that computer hardware and communications equipment is covered since a significant cyber breach would likely result in the actual replacement of infected equipment as opposed to just the removal of malicious code from infected equipment.

The AEGIS indicative premium for \$40MM in coverage after a \$2MM self-insured retention is \$213,000 annually. SPP currently carries a \$2MM retention on its existing excess liability policy and estimates \$40MM in coverage would provide adequate indemnification for a large-scale cyber breach which would result in significant equipment replacement and legal defense against third party claims. The AIG indicative premium for \$40MM in coverage is \$218,000 annually after a \$1MM self-insured retention. AIG estimated a very minimal reduction in premium if SPP increased the retention to \$2MM for their coverage. Any payment of a claim under the AIG policy for the foreseeable future would outrun the difference in premiums as compared to the AEGIS policy.

Below is a summary of the specific coverages, definitions, exclusions, and other information in the CyberEdge Policy:

Insuring Agreements and Coverage:

- The policy will pay for reasonable and necessary expenses incurred in response to a Security Failure that SPP knows caused or suspects to have caused a Triggering Event
 - Security Failure: failure or violation of the security of a computer system that results in unauthorized access, denial of service attack, or receipt/transmission of malicious code
 - Triggering Event: an event, action, or conduct that first triggers coverage
- Covered losses may include the costs of:
 - Notification of breach to third parties (regulators, market participants, etc.)
 - Breach investigation including forensic activity
 - Hardware, software, and communications equipment damage
 - Data repair and restoration services (does not include internal costs)
 - Credit monitoring for third party victims
 - Legal defense against third party claims including certain regulatory actions
 - This is a duty to defend policy which obligates the Insurer to defend claims made. This includes the Insurers right to choose legal counsel which may or may not be SPP's preferred firm.
 - Certain regulatory fines, fees, and penalties
 - Business interruption caused by cyber breach
 - Cyber extortion

Key Exclusions:

- Acts of War – The policy excludes events resulting from any strike, lockout, war, invasion, military action (whether war is declared or not), riot, etc.
- Conduct – The policy excludes events resulting from illegal, fraudulent, dishonest, or reckless actions which were directed by, approved by, or should have been known by any past or present director, officer, trustee, or principal of SPP.
- Natural Disasters / Acts of God – The policy excludes events resulting from natural causes such as flood, earthquake, lightning, electromagnetic pulse, etc. Claims from these events may be covered under SPP's umbrella liability policies.

- The policy excludes costs to update, upgrade, enhance, or improve computer systems to a level beyond the state prior to an event. The policy would also exclude removal of software program errors or certain vulnerabilities inherent to computer systems.

Claim Notification and Process:

- SPP must notify Insurer in writing (or e-mail) as soon as practicable after SPP first knows or reasonably believes an event has or will occur. Notification must be made within the policies' effective dates and reasonable belief must be based upon specific and verifiable information.
- Related events are subsequent events that are related to, arising from, or a continuation of an initial triggering event and are deemed to have occurred at the same time as the triggering event. Notifications of related events shall be considered to have been reported with the triggering event.
- SPP must cooperate with the Insurer's claim investigation and provide the Insurer with a written, detailed proof of loss.

Additional Services:

- Loss Prevention – The Insurer has customizable training available for SPP's employees and can assist SPP's cyber team with vulnerability scanning, IP blocking, threat intelligence gathering, and vendor security analysis. Some of these services are fee based.

Recommendation

SPP staff recommends the purchase of AIG's CyberEdge policy with coverage limits up to \$40MM after a self-insured retention of \$1MM to commence on April 1, 2018.

Action Requested: Approve Recommendation

Finance Committee		2017	2016	2015	2014	2013	2012	2011	2010
Number of members		7	7	7	7	7	7	7	7
Number of responses		5	6	6	4	6	6	6	6
Response rate		71%	86%	86%	57%	86%	86%	86%	86%
Overall effectiveness score		4.8	4.7	4.0	4.8	4.8	4.8	4.5	#REF!
Lowest score		4.2							
Highest score		5							
Question	Average score								
		2016	2015	2014	2013	2012	2011	2010	
The agenda reflects the actions to be taken during the meeting.	4.8	4.8	4.8	5.0	4.8	4.8	4.7	4.5	
Meeting materials are provided in a timely manner.	4.6	4.5	4.3	4.2	4.8	4.0	4.2	4.2	
The information provided prior to the meeting is utilized during the meeting.	4.2	4.3	4.7	4.8	4.8	4.5	4.3	4.0	
The information presented in meetings is clear.	4.2	4.3	4.2	4.4	4.5	4.7	n/a	n/a	
Meeting minutes are an accurate reflection of the meeting.	4.8	4.5	4.5	4.6	5.0	4.7	4.7	4.2	
Additional comments:									
Some of the presentations given at the meeting are not included in the information sent out before the meeting.									

Membership represents the diversity of the SPP organization.	4.6	4.3	4.3	4.4	4.0	4.2	4.3	4.2	
Membership has the necessary expertise and/or skills to accomplish its goals.	4.8	4.8	4.7	4.8	4.8	4.3	4.3	4.5	
Members come prepared to meetings.	4.4	4.3	4.0	4.2	4.7	4.3	4.0	3.8	
Members are committed to participate and accomplish the group's goals.	4.6	4.5	4.6	4.6	4.7	4.8	4.5	4.0	
Members are supportive and respectful of the individual needs and differences of group members.	5.0	4.8	4.7	4.6	4.7	4.5	4.7	4.2	
Additional comments:									
Very good quality in the make-up of the Committee membership; good quality engagement of the committee during meetings									

Members are engaged during the meeting.	4.8	4.5	4.8	4.8	4.8	4.8	4.3	4.2	
Decisions are identified and action is recommended.	4.6	4.2	4.7	4.4	4.8	4.7	4.7	4.0	
Facilitation is sufficient to guide discussion.	4.6	4.3	4.7	4.4	4.5	4.7	4.3	4.0	
Dissenting voices are heard.	4.6	4.7	4.5	4.8	4.8	4.8	4.6	4.5	
I depart with a feeling that we have accomplished something.	4.6	4.3	4.2	4.4	4.8	4.8	4.2	4.0	
Additional comments:									

The chair seeks input, and organizational group members are able to influence key decisions and plans.	4.6	4.5	4.7	4.8	4.8	4.8	4.7	4.7	
The chair is supportive and respectful of the individual needs and differences of group members.	4.6	4.8	4.7	4.8	4.8	4.8	4.8	4.7	
The chair keeps the group on task to achieve appropriate outcomes.	4.8	4.2	4.2	3.8	4.5	4.3	3.7	3.5	
The chair ensures follow-through on questions and commitments.	4.8	5.0	4.3	4.6	4.5	4.7	4.6	4.2	
Additional comments:									

Please provide three or more recommendations for improvement of this particular group and/or SPP's overall organizational group structure.									
Spend some time each year on Strategic Issues that will or could impact the financial position of SPP. We should spend more time on evaluating the risk profile of decisions made within SPP. We should evaluate decision quality process used at SPP to determine if it is effective.									
Regarding overall org group structure - consider providing org groups with clear authority to eliminate (as much as possible) debating the same issue at multiple groups including the Board of Directors									
1. Better formalization and optimization of meeting schedule and specific action items that cover responsibilities of Finance Committee. 2. Continued improvement in and emphasis on performance reviews and reporting and linkage with MOPC and SPC 3. Membership development and training									

Please share any additional comments									
Improved effectiveness can be achieved through better linkages in areas of overlapping responsibilities with Oversight, Strategic Planning and MOPC									

Memorandum

To: SPP Finance Committee
From: Tom Dunn
CC:
Date: January 15, 2018
Re: Actuarial Assumptions for Pension Valuation

The SPP Finance Committee, at its April 2013 meeting, requested SPP staff provide an early look at assumptions utilized in valuation of SPP's pension plan and post-retirement healthcare plan. This memo provides that look at the four major assumptions: discount rate, long-term rate of return, compensation change rate, and mortality tables.

Discount Rate: The SPP Finance Committee, at its April 2008 meeting, concurred on a process to set the discount rate used in valuing pension liabilities. In general, the method used to set the discount rate follows the framework described in the Pension Protection Act of 2006. Section 102 of Title I of the Pension Protection Act of 2006 defines interest rates for determining the funding targets of covered plans. These interest rates are based on the Corporate Bond Yield Curve prescribed by the U.S. Treasury Department and reflect the twenty four month average of investment grade corporate bonds (the top three rating tranches).

Also described in the Pension Protection Act of 2006 are three Segment Rates that can be used for the purpose of assigning a discount rate. These rates are differentiated based on the maturities of the corporate bonds underlying the yield curves used to determine each rate. The segments are broken down as follows:

1. First – zero through five years
2. Two – six through fifteen years and
3. Three – greater than fifteen years

The final issue to address is the selection of a Segment Rate for the SPP plan. One of the most pertinent demographic points to consider here is that the average age of the participants in the SPP retirement plan is less than 45 years. This would indicate that major distributions from the plan should not begin occurring, on average, for another twenty years.

The Internal Revenue Service publishes periodic updates to segment rates throughout the year. The most recent update, published December 13, 2017 indicated 24-month average segment rates of 1.79%/3.70%/4.56%. SPP used a discount rate of 5.00% in 2017. **SPP staff recommends a discount rate to 5.00% going forward, in line with the 3rd segment discount rate**

Long-term Rate of Return: The SPP Finance Committee, at its April 2008 meeting, concurred on a process to set the long-term rate of return used in pension valuation. The method used by SPP to assign the long-term rate of return is based upon an analysis of the long-term returns of widely recognized benchmark investments similar in asset allocation to the investments held in the pension plan trust. The benchmark returns are weighted based on SPP's desired asset allocation described in the Investment Policy Statement.

The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected. The Barclays Government/Credit Bond Index is a non-securitized component of the Barclays U.S. Aggregate Index. The U.S. Government/Credit Index includes U.S. Treasury with remaining maturities of more than one year, U.S. government-related issues (agency, sovereign, local authority, supranational) and corporate issues.

	<u>Russell 3000</u>	Barclays Gov't/Credit Ind <u>ex</u>
15 Year Return (1/1/2002 – 12/31/2017)	8.14%	4.19%
Target Allocation	70%	30%
Weighted Avg. Return	5.70%	1.26%
Historical Expected Portfolio Return	6.96%	

SPP used a long-term rate of return assumption of 7.00% in 2017. **SPP staff recommends retaining the long-term rate of return at 7.00%**

Compensation Change Rate: SPP’s year over year growth rate in compensation has significantly exceeded the long-term growth rate of 4% SPP has used in its pension valuation. SPP expects compensation growth to slow absent unforeseen growth in total staffing levels. A 4% long-term growth rate is consistent with that used by many of SPP’s members in their pension plan evaluations and is consistent with the compensation changes for 2018 approved by the SPP Human Resources Committee (3% increase in base compensation and 0.75% funding for non-standard and promotion increases). **SPP will use the 4.00% compensation rate change for the upcoming valuation.**

Pension Mortality Table: The SPP Finance Committee, at its December 7, 2015 meeting, determined a preference to maintain the mortality table consistent with the table used by the U.S. Internal Revenue Service. The IRS updates its mortality tables annually. SPP utilized the IRS-2017 table for its prior valuation. **SPP will use the IRS-2018 table for the upcoming valuation.**

SOUTHWEST POWER POOL RETIREMENT PLAN

INVESTMENT POLICY STATEMENT

~~February 24, 2017~~ January 30, 2018

1.01 PURPOSE OF THIS STATEMENT

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

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

1.02 AMENDMENTS TO THE STATEMENT

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

1.03 BACKGROUND OF THE FUND

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

1.04 PLAN PROFILE

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

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

1.05 PLAN FUNDING

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

2.01 INVESTMENT OBJECTIVES

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

2.02 RETURN OBJECTIVES

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

2.03 RISK OBJECTIVES

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

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

2.04 COST OBJECTIVES

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

2.05 ASSET ALLOCATION

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

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

U. S. Fixed Income (Investment Grade) Debt Securities:

Direct investments in investment grade, US dollar-denominated, fixed-rate taxable bond market; includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) and investment in professionally managed funds, including exchange traded funds (“ETF”), investing in the previously mentioned types of debt securities.

~~U.S. Dollar denominated fixed income securities with maturities in excess of 3 months including, but not limited to, Government and Agency issues, mortgage and asset backed securities, and corporate issues, or investment in professionally managed funds, including Exchange Traded Funds (“ETF”) investing in the previously mentioned types of securities. Although fixed income investments rated less than investment grade are permitted, the average credit quality of the aggregate fixed income allocation should be investment grade. At no time will investments in debt securities rated below investment grade exceed 15% of the total portfolio value.~~

Global High Yield: Direct investments in coupon-bearing bonds with an outstanding par that is greater or equal to \$100 million, a maturity range greater than one year, and a rating less than BBB/Baa3 rated, but not in default and excludes pay-in-kind bonds and deferred interest bonds that are not yet accruing a coupon; or investment in professionally managed funds, including ETFs, investing in the previously mentioned types of securities.

Emerging Markets Equity: Equity investments in companies, funds, indexes that exist or invest in companies in countries at varying stages of economic development, whose securities markets have only recently met certain standards for stability, and are included in one or more index provider’s Emerging Markets indexes; to be distinguished from “Developed Markets.”

Emerging Markets Fixed Income: Investments in debt securities in companies, funds, indexes that exist or invest in companies in countries at varying stages of economic development, whose securities markets have only recently met certain standards for stability, and are included in one or more index provider’s Emerging Markets indexes; to be distinguished from “Developed Markets.”

U.S. Equities Global Core Equities:

Large, mid, and small cap equity investments across developed market countries

~~Common and preferred equity securities of companies domiciled in the United States or in professionally managed funds, including ETFs, investing primarily in the previously mentioned securities~~

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

~~Fiduciary may direct the investment managers to increase or reduce international security holdings at any time.~~

Real Assets: Investments through limited liability structures focused on real assets (timber, energy, infrastructure, etc.) and opportunistic assets (bank loans, etc.). Permissible investments shall include funds, funds-of-funds, secondaries, co-investments and direct investments and may include both publicly traded and private market assets

Real Estate: Investments in investment-grade non-agricultural income-producing properties

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

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

<u>Security Description</u>	<u>Lower Limit</u>	<u>Target</u>	<u>Upper Limit</u>
Cash	0%	5%	15%
Debt Securities	15%	25%	35%
Equity Securities	60%	70%	80%

Strategic Asset Allocation, Ranges, and Benchmarks

<u>Asset Class</u>	<u>Target</u>	<u>Allowable Ranges</u>		<u>Benchmark</u>
	<u>Allocation</u>	<u>Minimum</u>	<u>Maximum</u>	
Global Core Equity	40%	25%	80%	MSCI World Index
US Fixed Income (Investment Grade)	20%	10%	50%	Barclays US Aggregate Index
Global High Yield	9%	0%	10%	Merrill Lynch High Yield Cash Pay Index
Emerging Market Equity	8%	0%	10%	MSCI Emerging Markets Index
Emerging Market Fixed Income	8%	0%	10%	JP Morgan Emerging Markets Bond Index Global Diversified Dollar Denominated
Real Assets	8%	0%	12%	S&P Real Assets Total Return Index
Real Estate	3%	0%	5%	NCREIF Funds Index - Open End Diversified Core Equity
Liquidity	4%	0%	100%	3 month US Treasury

The Named Fiduciary will take appropriate action should the invested assets of the Plan stray more than 10% outside of the established allocation range.^[TD1]

2.06 PROHIBITED INVESTMENTS

The assets of the Plan shall not be used to invest in any investment not specifically permitted by this Statement. Direct investments to short securities are also prohibited. The Named Fiduciary does not limit investments in specific entities except as noted above. **Investment managers are allowed to invest in electric utilities, including members of the Plan Sponsor, should they wish without restrictions.** The Named Fiduciary shall not be permitted to direct any investment manager to invest in any particular individual

security nor require the investment manager to provide notice to the Named Fiduciary prior to making investments permitted by this Statement.

3.01 SELECTION OF INVESTMENT MANAGER(S)

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

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

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

3.02 ACKNOWLEDGEMENT OF FIDUCIARY RESPONSIBILITY

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

3.03 MONITORING THE INVESTMENT MANAGER

The objective of the investment manager monitoring process is to identify on a timely basis any adverse changes to the investment manager's organization or investment process by periodically evaluating a number of qualitative and quantitative factors. In addition, once adverse changes are identified, the monitoring process shall also dictate the timing and manner of response.

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

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

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

3.04 TERMINATION/REPLACEMENT OF INVESTMENT MANAGERS

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

Monthly Financial Reporting Package
November 2017

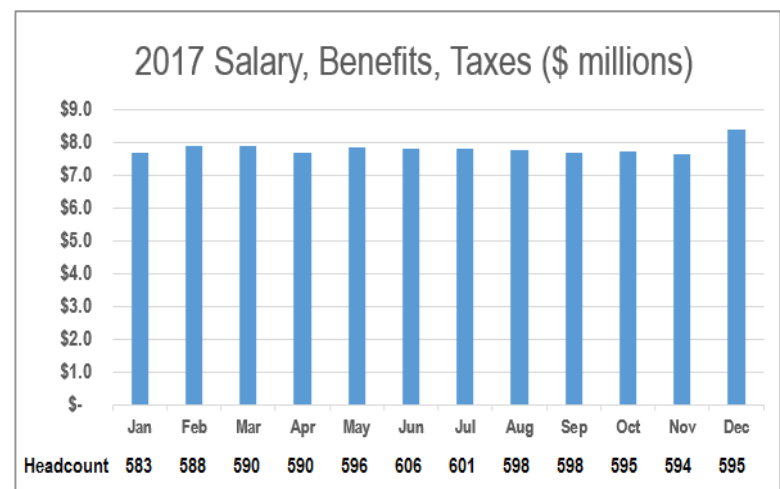
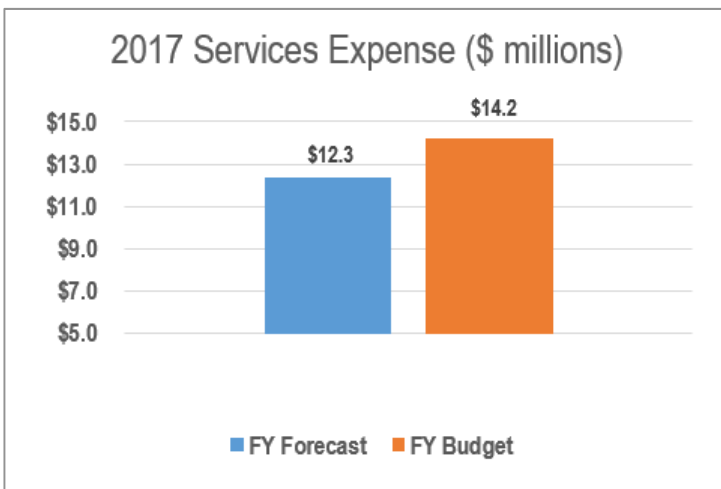
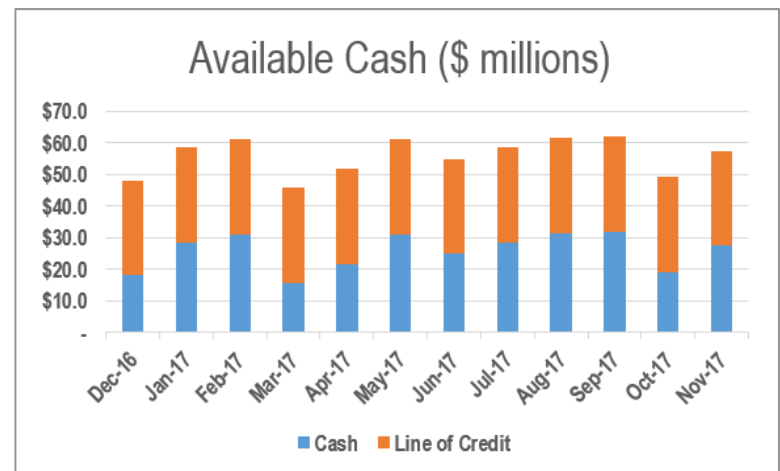
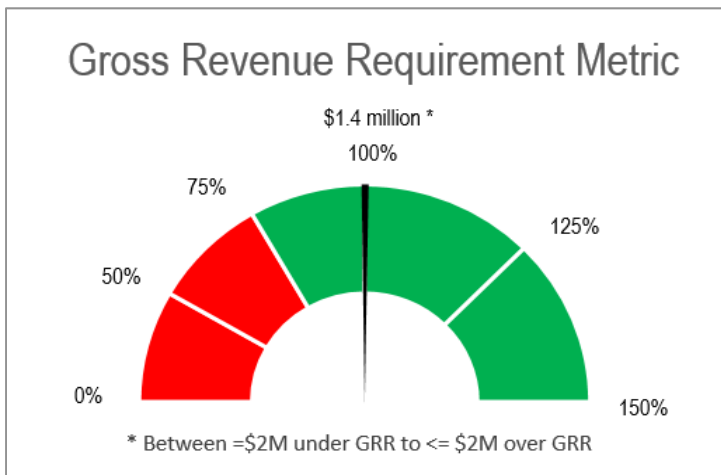
SPP Executive Summary – November 2017

2017 Over / (Under) Recovery

<u>Cost Recovery (\$ millions)</u>	2017 Forecast	2017 Budget	Fav/ (Unfav)
Gross Revenue Requirement (GRR) *	\$159.8	\$161.3	\$1.4
Net Revenue Requirement (NRR)	159.3	160.5	1.2
Admin Fee Revenue	162.7	160.5	2.2
Over / (Under) Recovery	\$3.4	(\$0.0)	\$3.4

* 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
November 30, 2017
(in thousands)

Summary				
	2017 FY Forecast	2017 FY Budget	Fav/(Unfav) Variance	
Revenues	\$196,017	\$194,103	\$1,915	1.0%
Expenses	193,053	196,360	3,306	1.7%
Net Income/(Loss)	<u>\$2,964</u>	<u>(\$2,257)</u>	<u>\$5,221</u>	231.3%

Revenue				
	2017 FY Forecast	2017 FY Budget	Fav/(Unfav) Variance	
Tariff Administration Service	\$162,669	\$160,482	\$2,187	1.4%
FERC Fees & Assessments	15,967	16,750	(783)	(4.7%)
NERC ERO Regional Entity Revenue	10,776	10,790	(14)	(0.1%)
Miscellaneous Income	5,502	4,959	542	10.9%
Contract Services Revenue	533	533	-	-
Annual Non-Load Dues	570	588	(18)	(3.1%)
Total Revenue	<u>\$196,017</u>	<u>\$194,103</u>	<u>\$1,915</u>	1.0%

Higher than expected monthly peaks during the 4th quarter of 2016 caused 2017 billing units for network service to exceed budget levels and results in additional Tariff Administrative Service revenue for 2017. SPP's footprint also experienced organic NITS load growth in 2016 for the SPA zone that was not previously reflected in the 2017 billing units.

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 The overall variance is the result of lower expenses throughout the year (lower number of staff, outside services, travel, etc), which is offset by adding revenues for the expected retention payout in December for RE staff. The net impact of RE revenues and expenses is a favorable variance of \$0.2 million.

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 steadily increased over the year and associated revenues are expected to exceed budget (\$0.5 million). Other items reflected in the forecast but not in the budget include revenue for purchase and sales tax rebates, and reimbursements from RTOs for conferences and membership expansion studies. Since no projects went through the bidding process in 2017, pass-thru revenues and expenses of \$1.2 million associated with FERC Order 1000 were removed from the forecast and partially offset the overall favorable variance in miscellaneous income.

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

Expense				
	2017 FY Forecast	2017 FY Budget	Fav/(Unfav) Variance	
Salary & Benefits	\$93,717	\$91,316	(\$2,401)	(2.6%)
Assessments & Fees	21,663	18,600	(3,063)	(16.5%)
Communications	3,589	4,207	618	14.7%
Maintenance	16,168	17,964	1,796	10.0%
Outside Services (Including RSC)	12,550	14,455	1,906	13.2%
Administrative	4,775	5,263	488	9.3%
Travel & Meetings	3,084	3,257	173	5.3%
Depreciation	27,795	30,485	2,690	8.8%
Other Expenses	9,714	10,813	1,099	10.2%
Total Expense	\$193,053	\$196,360	\$3,306	1.7%

A lower than anticipated vacancy rate results in higher salary and benefits costs as compared to the budget. The budget assumed a vacancy rate of 5% based on historical trends. The 5% vacancy rate was equivalent to an average monthly headcount of 580. Headcount exceeded the budgeted target of 580 beginning in January. Average headcount for the year is 595 compared to the budget of 580 (including the vacancy factor of 5%).

Incremental out-of-budget positions also contribute to the unfavorable variance. 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 as a result of upcoming retirements. Lastly, the forecasted retention payout for RE employees planned for December also contributes to the unfavorable variance.

Assessments and fees is considerably higher than the original budget. SPP received the annual assessment invoice from FERC in June. The forecast includes a true-up for the prior year under-accrual, which is a result of an increase in FERC's charge factor (six percent) and SPP transmission sales (four percent). The forecast was also updated to reflect the revised estimate for 2017 activity that will be invoiced in 2018.

Communications expense trails budget due to favorable contract negotiations and renewal credits that result in lower expense for the year.

The favorable variance in maintenance is mainly driven by successful negotiation of terms/pricing for contract renewals on equipment maintenance, as well as delays and/or deferrals of capital spending that drive incremental maintenance.

The favorable variance in outside services expense is primarily related to removing FERC Order 1000 industry expert panel costs from the forecast, which is offset by a decrease in miscellaneous income and has no impact to the net revenue requirement. Favorable variances were also noted in IT, engineering and legal for staff augmentation costs.

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. Based on actual cash flows during the year, no additional funding was required in 2017, which results in a \$0.7 million favorable variance for 2017. The favorable valuation adjustments are non-cash items and are not reflected in the net revenue requirement (NRR) recovery calculation (\$1.8).

Litigation resulting in \$1.6 million in fees was not included in the budget and serves as an offset to the favorable variance.

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

	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Actual May-17	Actual Jun-17	Actual Jul-17	Actual Aug-17	Actual Sep-17	Actual Oct-17	Actual 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	\$13,769	\$13,432	\$13,976	\$13,948	\$13,633	\$14,105	\$13,126	\$13,759	\$162,669	\$160,482	\$2,187	\$144,546	\$18,123
Fees & Assessments	2,718	2,212	2,049	2,066	1,935	2,397	2,142	2,538	2,324	2,207	2,034	2,692	27,314	28,128	(814)	26,918	396
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	606	372	492	366	291	388	292	287	5,502	4,959	542	4,602	900
Total Income	16,720	16,477	16,093	15,263	16,354	16,245	16,654	16,896	16,292	16,744	15,496	16,783	196,017	194,103	1,915	176,595	19,422
Expense																	
Salary & Benefits	7,669	7,866	7,899	7,693	7,831	7,794	7,814	7,753	7,674	7,723	7,629	8,371	93,717	91,316	(2,401)	90,186	(3,531)
Employee Travel	101	177	149	161	200	185	160	171	201	208	204	151	2,070	2,245	175	1,919	(151)
Administrative	229	346	292	537	329	501	472	335	265	856	205	406	4,775	5,263	488	4,764	(10)
Assessments & Fees	1,550	1,550	1,550	1,550	1,550	1,550	3,917	1,689	1,689	1,689	1,689	1,689	21,663	18,600	(3,063)	18,648	(3,014)
Meetings	44	124	70	98	96	123	165	32	41	81	101	40	1,014	1,012	(2)	974	(40)
Communications	313	315	329	328	245	297	299	287	291	286	269	330	3,589	4,207	618	3,915	326
Maintenance	1,117	1,223	1,245	1,369	1,303	1,398	1,321	1,178	1,556	1,434	1,433	1,589	16,168	17,964	1,796	14,775	(1,393)
Services	771	1,302	1,179	1,226	1,338	930	882	900	891	723	1,023	1,180	12,345	14,184	1,839	14,847	2,501
Regional State Committee	9	20	24	15	20	11	7	23	16	5	33	20	205	272	67	220	15
Depreciation	4,724	4,705	1,905	1,879	1,893	1,857	1,735	1,847	1,743	1,722	1,885	1,900	27,795	30,485	2,690	58,025	30,230
Total Expense	16,528	17,628	14,642	14,856	14,806	14,647	16,773	14,215	14,368	14,727	14,472	15,678	183,339	185,547	2,207	208,272	24,932
Other Income/(Expense)																	
Investment Income	4	4	39	4	4	40	4	5	46	5	4	-	160	-	160	191	(31)
Interest Expense	(874)	(882)	(876)	(863)	(858)	(863)	(842)	(846)	(844)	(826)	(829)	(826)	(10,230)	(10,871)	641	(10,807)	577
Capitalized Interest	-	-	48	-	-	-	-	-	-	-	-	-	48	58	(10)	121	(73)
Change in Valuation of Swap	-	-	259	-	-	17	-	-	109	-	-	-	386	-	386	682	(296)
Other Income/Expense	61	73	29	44	(1,555)	71	76	29	54	69	(434)	-	(1,483)	-	(1,483)	(421)	(1,062)
Unrealized Gain on Investment	143	294	(14)	91	116	7	174	32	117	193	253	-	1,406	-	1,406	649	757
Net Other Income (Expense)	(666)	(511)	(514)	(725)	(2,293)	(729)	(587)	(780)	(518)	(560)	(1,006)	(826)	(9,714)	(10,813)	1,099	(5,588)	(4,126)
Net Income (Loss)	(\$473)	(\$1,662)	\$936	(\$317)	(\$745)	\$869	(\$705)	\$1,901	\$1,407	\$1,457	\$18	\$278	\$2,964	(\$2,257)	\$5,221	(\$37,265)	\$40,229
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	596	606	601	598	598	595	594	595	595	580		581	
Total Positions (Active/Open)	613	618	618	621	621	621	621	616	616	616	616	615	615	610		609	
Vacancy Run rate	5%	4%	4%	5%	4%	2%	3%	3%	3%	4%	4%	4%	4%	5%		5%	
NRR Over / (Under) Recovery	\$3,061	(\$3,023)	\$2,309	\$1,137	\$265	(\$3,115)	\$2,808	\$2,584	(\$2,911)	\$2,621	\$894	(\$3,264)	\$3,367				(\$7,079)

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

	Current Month Compared to Forecast			YTD Actual Compared to YTD Budget			FY Forecast Compared to FY Budget		
	Nov-2017 Actual	Nov-2017 Forecast	Variance Fav/(Unfav)	Nov-2017 Actual	Nov-2017 Budget	Variance Fav/(Unfav)	FY 2017 Forecast	FY 2017 Budget	Variance Fav/(Unfav)
Income									
Tariff Administrative Service	\$13,126	\$13,790	(\$664)	\$148,910	\$147,109	\$1,802	\$162,669	\$160,482	\$2,187
Fees & Assessments	2,034	2,046	(12)	24,621	25,833	(1,212)	27,314	28,128	(814)
Contract Services Revenue	44	44	-	489	489	-	533	533	-
Miscellaneous Income	292	287	5	5,214	4,546	668	5,502	4,959	542
Total Income	15,496	16,168	(671)	179,235	177,976	1,258	196,017	194,103	1,915
Expense									
Salary & Benefits	7,629	7,512	(117)	85,346	83,773	(1,573)	93,717	91,316	(2,401)
Employee Travel	204	177	(27)	1,918	2,060	142	2,070	2,245	175
Administrative	205	213	8	4,368	4,927	558	4,775	5,263	488
Assessments & Fees	1,689	1,689	-	19,973	17,050	(2,923)	21,663	18,600	(3,063)
Meetings	101	54	(46)	974	961	(12)	1,014	1,012	(2)
Communications	269	290	21	3,259	3,856	598	3,589	4,207	618
Maintenance	1,433	1,418	(16)	14,578	16,501	1,922	16,168	17,964	1,796
Services	1,023	974	(49)	11,165	12,985	1,820	12,345	14,184	1,839
Regional State Committee	33	15	(18)	185	249	64	205	272	67
Depreciation	1,885	1,900	15	25,895	28,332	2,437	27,795	30,485	2,690
Total Expense	14,472	14,242	(230)	167,662	170,695	3,034	183,339	185,547	2,207
Other Income/(Expense)									
Investment Income	4	-	4	160	-	160	160	-	160
Interest Expense	(829)	(822)	(6)	(9,404)	(9,928)	524	(10,230)	(10,871)	641
Capitalized Interest	-	-	-	48	58	(10)	48	58	(10)
Change in Valuation of Swap	-	-	-	386	-	386	386	-	386
Other Income/Expense	(434)	(500)	66	(1,483)	-	(1,483)	(1,483)	-	(1,483)
Unrealized Gain on Investment	253	-	253	1,406	-	1,406	1,406	-	1,406
Net Other Income (Expense)	(1,006)	(1,322)	316	(8,888)	(9,870)	982	(9,714)	(10,813)	1,099
Net Income (Loss)	\$18	\$603	(\$585)	\$2,685	(\$2,588)	\$5,274	\$2,964	(\$2,257)	\$5,221
Headcount	594	595	(1)	594	610	(16)	615	610	5

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

	<u>11/30/2017</u>	<u>12/31/2016</u>	<u>Net Change</u>
ASSETS			
Current Assets			
Cash & Equivalents	\$101,804	\$75,715	\$26,089
Restricted Cash Deposits	315,904	223,964	91,940
Accounts Receivable (net)	39,141	63,702	(24,560)
Other Current Assets	<u>12,673</u>	<u>9,291</u>	<u>3,382</u>
Total Current Assets	\$469,522	\$372,671	\$96,851
Total Fixed Assets	76,391	92,690	(16,299)
Total Other Assets	2,488	4,628	(2,140)
Investments	<u>21,361</u>	<u>10,835</u>	<u>10,525</u>
Total Assets	<u>\$569,762</u>	<u>\$480,825</u>	<u>\$88,937</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable (net)	\$29,910	\$66,927	(37,017)
Customer Deposits	334,155	223,964	110,191
Current Maturities of LT Debt	23,344	23,227	117
Other Current Liabilities	83,583	54,310	29,273
Deferred Revenue	<u>3,197</u>	<u>5,127</u>	<u>(1,930)</u>
Total Current Liabilities	474,189	373,554	100,635
Long Term Liabilities			
Long-Term Debt	218,990	235,050	(16,060)
Capital Lease Obligation	1,966	3,856	(1,890)
Other Long Term Liabilities	<u>38,612</u>	<u>35,044</u>	<u>3,568</u>
Total Long Term Liabilities	259,568	273,951	(14,383)
Net Income	2,685	(37,265)	39,950
Members' Equity	<u>(166,680)</u>	<u>(129,415)</u>	<u>(37,265)</u>
Total Members' Equity	(163,995)	(166,680)	2,685
TOTAL LIABILITIES & EQUITY	<u>\$569,762</u>	<u>\$480,825</u>	<u>\$88,937</u>

Southwest Power Pool
Headcount Analysis
November 30, 2017

	Current Month Actual vs. Budget			Year End Forecast vs. Budget		
	Actual	Budget	Over/(Under)	2017	2017	Over/(Under)
	Nov-17	Nov-17	Budget	Forecast	Budget	Budget
Administration	46	50	(4)	49	50	(1)
Process Integrity	48	52	(4)	52	52	0
Operations	160	158	2	162	158	4
Information Technology	159	156	3	162	156	6
Engineering	77	80	(3)	80	80	0
Regulatory Policy & General Counsel	23	27	(4)	27	27	0
Corporate Services	29	30	(1)	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	22	28	(6)	22	28	(6)
Open Positions / Adjustments	0	(2)	2	0	(2)	2
Total Headcount	594	610	(16)	615	610	5

Headcount changes:

2017 Approved positions	612
Unidentified positions to be eliminated	(2)
2017 Budgeted positions	610
Incremental out-of-budget positions	8
Removal of RE open positions	(5)
Added unidentified eliminations	2
2017 Current total positions	615

Notes: Five incremental out-of-budget positions in IT and compliance were approved in early 2017. Three out-of-budget operator-in-training positions were approved in April 2017 in anticipation of organizational changes as a result of upcoming retirements. Five open positions within the Regional Entity were removed from the forecast.

The 2017 budget included two unidentified eliminations (carried over from the 2016 budget) and the elimination of one operator-in-training position. The two unidentified positions have been added back to the forecast as a result of recent developments with the Regional Entity.

**Unbudgeted Report
2017**

PO Number	Project Name	Vendor Name	Scope of Work/Item Description	Total Amount	Budgeted	Unbudgeted	Notes
PO2017-1163	2017 Identity & Access Mgmt	PathMaker Group LP	PathMaker WO #1-Selection of IAMS Solution	\$152,775		\$152,775	(A)
PO2017-1057	2017 Foundation General	Glarus Group, Inc.	Consulting Services for Mountain West	\$100,000		\$100,000	
PO2017-1056	2017 Foundation General	MRGH LLC	MRGH WO #2 - Development of MM Data Depository	\$168,000		\$168,000	(B)
PO2017-1018	2017 IT Outside Services	Monitoring Analytics	Market Monitoring Data Depository Support Renewal	\$115,250	-	\$115,250	(C)
PO2017-1303	2017 GRC Tool	Anfield Group, Inc.	WO #3 - Consulting related to GRC Tool Development	\$191,000	-	\$191,000	(D)
N/A	N/A	AES Shady Point LLC	Payment of Legal Fees per Arbitration Ruling	\$1,600,000	-	\$1,600,000	(E)
PO2017-1519	RHEL 7 EMS & Markets Upgrade	ALSTOM Grid LLC	Additional Funds to Complete Project	\$186,150	-	\$186,150	(F)
PO2017-1488	Market Monitoring Support Renewal	Monitoring Analytics	Extension to Support Agreement	\$230,500	115,250	\$115,250	(G)
PO2017-1680	Mountain West Transmission Group	ALSTOM Grid LLC	Preliminary Design & Requirements Work	\$176,000	-	\$176,000	(H)
PO2017-1582	Circuit Redesign	Mainstream Technologies	Completion of Project from Previous Vendor	\$176,445	\$7,245	\$169,200	(I)
				Unbudgeted Total		\$2,973,625	

(A) Total project was budgeted as a capital expenditure, but this Phase 1 work covered only the selection of the solution which was not a capitalizable expense

(B) Represents the costs associated with the development of the in-house solution for the functionality that was previously provided by Monitoring Analytics

(C) Represents the costs associated with the ongoing services required from Monitoring Analytics until the in-house solution was completed by MRGH

(D) 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.

(E) 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) The project included multiple phases, with initial/earlier phases having been previously approved within budget. This particular requisition is for the additional funding of \$186k to complete the remainder of the project work. While the requested funding is within total project cost expectations, the requisition was submitted as "unbudgeted" due to a timing misalignment associated with the IT Foundation budget (i.e funds were included in the 2016 IT Foundation Budget).

(G) The original PO was from January 1, 2017 until June 30, 2017 for \$115,250. We determined the need to extend the PO until the end of the year when development of the replacement solution was delayed several months. The PO was reissued for the revised estimated total which included the original amount and the incremental \$115,250 for the extension of support from the current vendor.

(H) Although, there were 2 other purchase orders executed for preliminary MWTG work to both Utilicast and Glarus Group, they were individually less than \$100k and therefore, did not meet the criteria of this report.

(I) The original budget with first vendor was \$80k. In transition to second vendor, it was determined that the total cost of the project was \$249k, including the \$176k to complete with new vendor under this purchase order. Therefore, the difference \$169k (\$80k original budget less \$249 revised total budget) is considered unbudgeted.



SPP Member-Facing Member-Impacting Portfolio Report Summary

REVISION REQUESTS	CURRENT QUARTER	PREVIOUS QUARTER	CHANGE
In Flight/Current Release	0	2	-2
Pending	17	15	2
Estimated Cost of Pending Items	\$2,000,327	\$1,375,422	\$624,905

ENHANCEMENT REQUESTS	CURRENT QUARTER	PREVIOUS QUARTER	CHANGE
In Flight/Current Release	7	10	-3
Pending	91	82	9
Estimated Cost of Pending Items	\$2,935,000	\$2,640,000	\$295,000

PROJECTS	CURRENT QUARTER	PREVIOUS QUARTER	CHANGE
In Flight/Current Release	14	20	-6
Pending	6	2	4
Estimated Cost of Pending Items	\$404,004	\$1,326,996	-\$922,992

Notes and Qualifications

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

internal costs.

- Items shaded in blue in the enhancements requests section indicate items that are new since the last quarterly report was published.

Revision Requests - Open

RR#	RR Name	Primary Working Group	Cost Estimate
RR0113	Node Connectivity Requirement Enhancement	ORWG	\$10k - 25k
RR0116, RR0137, RR0142	Quick-Start Real-Time Commitment Quick-Start Appendix G and ECC Clean-up Quick-Start Multi-Configuration	MWG	\$150-\$200K
RR0162	PMU for New Generator Interconnections	RTWG	N/A
RR0200	Design Change for BSS and OCL Distribution	MWG	\$75k-100k
RR0203	Adding Second Step to Monthly ARR Allocation	MWG	\$375k - 400k
RR0210	Contingency Reserve Deployment Tests	MWG	\$100K
RR0214	Cost Plus Ten Percent Mitigation Enhancement	MWG	\$255,480
RR0222	MCR Configuration Identification	MWG	\$15,342
RR0229	Order No. 831 Compliance (Offer Caps)	MWG	\$474,600
RR0231	Mitigation of Locally Committed Resources	MWG	\$235,480
RR0234	Redirect Billing	RTWG	TBD

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Enhancement Request: OASIS is fundamental to SPP services and its customers. This clean-up effort would improve the engagement SPP customers, members, market participants, and stakeholders have with the SPP OASIS site. Information on SPP's operational services would be more transparent and I suspect a lot of time would be saved for everyone engaging with the site. Customers would be able to find current information instead of sorting through the various folders, many of which are outdated, on the SPP OASIS.	Unplanned C	Medium	\$10k - 25k	
Enable new entities (MPs) to view their Credit Limit Report from the Portal <=7days before their effective date. Does not affect existing members.	Current Release	Medium	\$25k - 50k	SPP
Provide API for checking Credit Limit Information as an alternative to the Portal Web page	Current Release	Medium	\$10k - 25k	SPP
This is in response to RMS ticket #37749. We would like to see a method to programmatically download the CSS Output Reports. Currently we have to download big files and have to run into connection issues when the screen is idle for quite some time between getting the report and downloading the report.	Unplanned C	Medium	Up to \$10k	TEA
Registered Entities request the ability to upload/download data to the new RAW workbook database via API.	Unplanned C	High	\$50k - 100k	Tenaska
The PPOR Heat Rate curve graph in the MMDD tool is not large enough to show a MW range that is useful for polynomial curves. The size of the graph needs to be increased to provide meaningful value.	Unplanned C	High	Over \$100k	SPP

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
The MMDD tool should allow multiple submissions of OCC data up until the deadline just like the market systems which allows corrections and changes to be made until the market closes. At midnight the OCC should take the latest submitted values to use in its calculations.	Unplanned C	Unknown	Over \$100k	AEP
Create a read-only user role in the MMDD tool.	Unplanned C	High	Over \$100k	AEP
Settlements & MMU received a request from an MP to breakdown the Day-Ahead Must Offer penalty by Settlement Location.	Unplanned C	Low	Up to \$10k	
<p>Programmatic interface to alert members of Repricing Notifications. This would be in lue of the email currently sent out and would be fashioned after the notifications for Settlement Statement publications.</p> <p>Specifically, the intent of the enhancement is to create the following:</p> <ol style="list-style-type: none"> 1. A web service that sends a notification to Market Participant listeners to notify that the repricing data is ready 2. A web service to accept requests and return repricing data to Market Participants 	Unplanned C	High	Up to \$10k	MCG Energy Solutions
API to download data published to the Public FTP site	Unplanned A	High	\$10k - 25k	Monterey SW (MOSW_X)
We would like to propose to SPP to provide on a monthly basis a summary file that contains terminated facilities, newly in-service facilities, and facility changes (such as line ratings or impedances).	Unplanned A	Low	Up to \$10k	AEPM
Add Functionality to send notifications to mobile devices based on individual user preferences	Unplanned A	High	\$10k - 25k	OG&E

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Annual Public Data Files Zip and Archival - This enhancement will include evaluation of current amount of storage space available for public data and creating a plan to efficiently use available storage ongoing by creating .zip files for previous years' data and any clean up, deletion of files as necessary.	Unplanned A	Low	Up to \$10k	SPP
Post a dead buss file for each DA Market operating day - The Energy Authority (TEA) requests SPP post a public data file of all dead buses in the DA market for each operating day with the note that at this time, participants who are spreading two nodes are at risk of being long or short unintentionally if a source or sink is dead. The public data file would give participants a better chance of avoiding this risk.	Unplanned A	Low	Up to \$10k	The Energy Authority (TEA)
Publish realized and scheduled circuit breaker outages Saracen Energy Midwest believes circuit breaker outages are having a major effect on SPP market operations and the market needs this information to make informed decisions about what is happening in its marketplace. Other RTOs publish this information both currently and prospectively, such as ISO-NE, NYISO, PJM, MISO.	Unplanned A	Low	\$25k - 50k	Saracen Energy Midwest

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Add Weather Overlay to Price Contour Map. OG&E believes that a combined Price contour/weather map will provide additional value to MPs as they monitor prices, binding constraints, weather, and wind impacts. This will allow MPs to monitor weather systems and prices across the footprint. MPs are doing it currently but with separate tools. Allowing MPs to monitor fronts and wind traveling into the footprint and then see how congestion grows west to east or south to north is added values to allow MPs to communicate with plant personal the important of being on dispatch instruction.	Unplanned A	Low	\$10k - 25k	OG&E
Provide icing forecast data with traditional wind forecast data for each VER anytime that an icing forecast is created	Current Release	Low	Up to \$10k	OG&E
Summary: XML Download (Reports) functionality in the Markets UI needs to support both CSV and XML formats. Currently, the UI only supports XML file format. Requires MP Code Changes: No.	Release +2	Medium	\$10k - 25k	SPP
Summary: Enhance Markets UI to allow right click feature to view or edit Requires MP Code Changes: No.	Release +2	Medium	\$10k - 25k	Southwestern Public Service Company (SPS)
Summary: Add indicator to Emergency Limit notifications, API operations and UI displays to specify whether the minimum or maximum limit will be exercised. Requires MP Code Changes: Yes. Participants using the EnergyService API and/or EnergyNotifyService XML Notification service will be required to make code changes.	Release +2	High	\$25k - 50k	Southwestern Public Service Company (SPS)

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
<p>Summary: Create a new XML notification to inform participants their Virtual Bids or Offers have been deleted from the Markets system as the result of Credit Default or Market Monitoring Virtual Block event.</p> <p>Requires MP Code Changes: No. This would be a new, optional Notification that will not require MP code changes.</p>	Release +2	Medium	\$10k - 25k	SPP
<p>Summary: In the Markets UI, provide members with a visual timeline of their commitments.</p> <p>Requires MP Code Changes: No.</p>	Release +2	High	\$25k - 50k	SPP
<p>ENH MUI: Update the Commitment Acknowledgement History display modified by column to show the certificates user name instead of the certificate number.</p>	Unplanned B	Medium	\$10k - 25k	
<p>Summary: Create a screen in the Markets UI that lists all of the Settlement Locations that have a Virtual Bid and/or Offer with the ability to link to the Virtual Bid/Offer.</p> <p>Requires MP Code Changes: No.</p> <p>Priority changed to Unplanned B on 03/25/2016 based on SPQM discussion.</p>	Unplanned B	High	\$25k - 50k	Sesco Trading
<p>Summary: Clearly highlight the type of Market case (RTBM, DA, or Mitigation) for which the Market Participant is entering offer curve data so as to be readily visible to the user.</p> <p>Requires MP Code Changes: No.</p> <p>Priority changed to Unplanned C on 03/25/2016 based on SPQM discussion</p>	Unplanned C	Medium	\$10k - 25k	Google Energy, LLC

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
<p>Summary: Allow users to submit, delete and query Virtual Bids/Offers within the same API operation. Today, participants must submit, delete and query Virtual Bids separately from Virtual Offers.</p> <p>Requires MP Code Changes: No. This change would result in new, optional API operations which would not require MPs to make code changes.</p>	Unplanned C	High	\$25k - 50k	XO Energy SW, LP (XOSW)
<p>Summary: Create a Markets UI display and API operations to show the total output (Energy+Reg Up/Down+Spin/Supp) of a generation plant.</p> <p>Requires MP Code Changes: No. The new API operations would be added as optional which would not require participant code changes.</p>	Unplanned C	High	\$10k - 25k	Arkansas Electric Cooperative Corporation (AECC)
<p>Summary: Provide UI page and API operations to retrieve historical Reserve Cap notifications. The goal is to allow participants to review the stream of notifications that may have been delivered in the past.</p> <p>Requires MP Code Changes: No. The new API operations would be optional operations which would not require participant system modifications.</p>	Unplanned C	High	\$10k - 25k	SPP
<p>Summary: Add a Markets UI page and API operation to show total Real-Time LMP per hour.</p> <p>Requires MP Code Changes: No. There would be new, optional API operations added. Participants would not be required to make code changes.</p>	Unplanned C	High	\$10k - 25k	Arkansas Electric Cooperative Corporation (AECC)

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Summary: Add new API operations and UI display to provide aggregated wind forecast. Requires MP Code Changes: No. This is a new, optional API operation that does not require MP code changes.	Unplanned C	Medium	\$10k - 25k	Southwestern Public Service Company (SPSM-MP)
New business process regarding reason code #1 for contingency reserve & #3 missing or bad resource SCADA under the XmptDev5minFlg.	Unplanned C	High	\$25k - 50k	SPSM
Request to add Total MWs to all pages in the UI containing 24 hours of MW data. This includes both submitted and result data pages.	Unplanned C	Medium	\$10k - 25k	
Currently, the OperatingDay parameter to GetTransactionSummarySetByDay filters on the day the transaction was submitted, not the market day of the transaction. The market day of the transaction would be a much more useful parameter.	Unplanned C	Low	\$10k - 25k	
Currently the markets notifications configuration is set to support TLS1.0. A request has been made to upgrade the servers to support TLS 1.2. When updating the configuration to support TLS 1.2 backwards compatibility is expected to continue to support TLS 1.0.	Unplanned C	Low	Up to \$10k	EXGN Chirag Thaker
1. Change the Max Daily Starts and Max Weekly Starts MCR Offer parameters to only count a start each time a configuration moves from a lower state (e.g. offline, 1X1) to a higher state (e.g. 2X1). This enhancement will prevent the unnecessary counting of transitions that currently exist with counting starts for bi-directional transitions.	Release +1	High	\$10k - 25k	OGE -Shawn McBroom

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
This change is proposed to enable the Market to handle unit/load contingency constraints in a more accurate manner. The primary member impact will be that if a unit or load is expected to be disconnected during the contingency of the flowgate (based on flowgate definition/modeling), then it will no longer receive a Marginal Congestion Component added to their LMP for that flowgate.	Release +2	Medium	\$25k - 50k	SPP
Ability to download a node MW size similar to what CAISO publishes on their PNode Listing report on their OASIS	Unplanned A	Low	Up to \$10k	Anthony.Nairns - denverenergygroup.com
Predictive LMP forecast in a 55 minute forward look	Unplanned A	Low	Up to \$10k	Shawn McBroom - OGE
Update the "External LSA Role Request" screen so that an LSA is allowed to make an "LSA-to-LSA" request to other entity types for which they are not an LSA. For example, Market Participant LSAs would be allowed to request roles from Transmission Owner type companies. Currently, LSAs can only make this type of request within entity types for which they are the LSA.	Release +1	Medium	Up to \$10k	Don Martin
FileSystemBrowser in the matrix view the file icons and font are bigger than in the list view, can we make them smaller like the list view so we can see more of the file name.	Release +1	Low	Up to \$10k	SPP Internal
When selecting a role in a drop down, default to the first option in the next drop down if there is only one item in the drop down. For example, currently we will only ever have one option in the third drop down but I have to click in that drop down to select it every time.	Unplanned C	Low	Up to \$10k	AECC
Allow members to be able to export Certs and Roles from PROD and import into MTE.	Unplanned C	Medium	\$25k - 50k	AECC

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Westar requests an SPP modeling enhancement to either make CROW line/xfmr names consistent with EMS/TCR comment names for line/xfmrs or vice versa. The line/xfmrs names need to be the consistent between CROW and EMS/TCR .raw comment names.	Unplanned C	Low	Up to \$10k	WRGS
Would it be possible to automatically export the equipment (lines and transformer) to a file on a regular basis (1 time a week)? There is a need to post this info on a FTP site.	Unplanned C	Unknown	Up to \$10k	AEP
Keep the lower environments of CROW more in line with PROD as far as equipment that is available to submit outages for	Unplanned C	Low	Up to \$10k	KCPL
In an effort increase security around member-facing systems, SPP is implementing 2-factor authentication. This will involve the use of a username and password in addition to the OATI digital certificate to access the Ratings Submission Tool (and most other SPP systems).	Release +2	Medium	Up to \$10k	
Enhance member-facing Settlements UI to present the user with a meaningful message when the user does not have the appropriate roles assigned to their certificate.	Release +1	Medium	\$10k - 25k	
MP submitted multiple enhancement requests to the BSS application and are being tracked in this one request: Enhancements requested include the following: - Ability to Confirm/Approve Multiple Days and/or Months at a time	Unplanned C	Medium	\$50k - 100k	TEA, ETEC

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Market Participant has requested an enhancement to add a drop-down list for all "location" and buyer + seller" fields in the SPP Portal. Currently, If "Location" or acronym of "Buyer" or "Seller" is not known or misspelled, then "error" will populate when trying to enter a new contract or filter by particular location or company abbreviation. This goes for any tab in the SPP portal.	Unplanned C	Low	Up to \$10k	TEA
Market Participant has requested an enhancement to move the "Submit Profile Data" button on the Home tab to another location on the screen. Currently, it is placed between the "Deny Contract" and "End Contract" buttons. This has caused a few unexpected accidentals. When you accidentally hit the "Deny Contracts" button an error is thrown; however, when the "End Contract" button is accidentally hit, there is no precautionary warning to populate, where the end result will create the contract highlighted to "end" as of the current date.	Unplanned C	Low	Up to \$10k	TEA
Market Participant has requested an enhancement to filter by a date range on the Home, Profile Approval and Reporting Tabs in the BSS UI. Currently, you are only able to filter by a single operating day. MP would like to have the option to filter by single and/or multiple days, as well as filter up to a monthly date range.	Unplanned C	Low	Up to \$10k	TEA
Market Participant has requested an enhancement to filter by Asset Owner/Company on the Home, Profile Approval and Reporting tabs without being required to indicate buyer or seller information.	Unplanned C	Low	Up to \$10k	TEA

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
<p>Market Participant has requested an enhancement to the BSS UI to display the end date of a contract to be displayed instead of the following date being displayed as “end date”.</p> <p>Impact to MP: This change would eliminate any room for confusion and save time for the end user.</p>	Unplanned C	Low	Up to \$10k	TEA
<p>Market Participant has requested an enhancement to the BSS UI Reporting Tab to display the option of hour ending interval instead of the current AM/PM that is currently displayed on this screen. The tabs in the BSS UI need to be consistent as the Profile Approval Screen and the extraction of data out of the Reporting tab show the hour ending as an interval.</p>	Unplanned C	Low	Up to \$10k	TEA
<p>Member requested enhancement to provide the schedule 11 charges with the associated upgrade.</p> <p>Complexity and Cost Estimate can't be provided at this time. This request is dependent on the automation of another project outside of Settlements. Once that project is implemented in Q32018 this ticket can be evaluated for complexity and cost and re-evaluated for a Settlements release.</p>	Unplanned C	Unknown		NPPD, ITCM
<p>Member requested enhancement to update the meter application and reports (including calibration report) in real-time as meter data is submitted while the meter windows are open. Currently, the submitter must wait until the files are picked up before they can see them and this may take up to 30 minutes depending on when the file is submitted and when the meter files were last loaded.</p>	Unplanned C	Medium	\$25k - 50k	

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Enhance member-facing Settlements UI to present the user with a meaningful message when the user does not have the appropriate roles assigned to their certificate.	Release +1	Medium	\$10k - 25k	
Enhance the current Meter Agent Report Card to work similar to the MP Meter Report to improve performance and usability for the MPs.	Unplanned C	Low	\$10k - 25k	SPP
MP and MA need the ability to see/validate submitted meter data and calibration between Initial and Final meter windows. Currently, the reports are locked and not updated between Initial and Final Meter Windows. Some MPs have requested a way to view what has been submitted and calibration that is continually updated and not stopped, but at a minimum, they need additional time for validation prior to close of Final. This request should also include the ability for the MA and MP to see the final version of the meter reports as of each approved settlement run (Initial, Final, and Resettlements) without the latest run overriding the prior reports.	Unplanned C	High	\$50k - 100k	KMEA, WFEC, GRDA, KCPL, AEP
Request to update the meter status field whenever the meter file is picked up and processed. Currently, this status is set upon upload of data and is never updated to reflect current status as the settlement system picks them up for processing. Not having this field updated not only makes it confusing (appears that the meter file was not picked up for the final), but makes this field useless to the end user.	Unplanned C	Low	Up to \$10k	MECB
Enhancement to provide a new MA Interchange Report with additional details. The report will have the hourly information at a high level with the option to drill down into a 5 minute level.	Unplanned C	Medium	\$10k - 25k	SPP

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Add the ability to the GUI for processing Meter Requests within Soap Envelopes. This would allow the same file to be processed both via API or GUI without any changes. Currently, API requires the envelope and Portal requires it NOT be there. It would be much simpler if the same format could be used for both.	Unplanned C	Low	Up to \$10k	SPS
MP request to display summarized data at the hourly interval in the Meter Agent Report Card. Currently, only a detailed display is available.	Unplanned C	Medium	\$10k - 25k	GRDA
MP request to add a filter for Meter Locations based on the Meter Agent/MP logged into the Portal. Currently, ALL meter locations for a Meter Agent are displayed and some have around 100.	Unplanned C	Medium	\$25k - 50k	GRDA
Create a report that summarizes the submitted data and indicates when meter data has not been submitted. This report needs to be available to both a Meter Agent Level Role and also a MP/AO Level Role.	Unplanned C	Medium	\$10k - 25k	Westar Energy
Members have requested the ability to know when the last time an OD has been updated for meter processing via the portal. Since the meter process runs every 30 - 60 - minutes, we are requesting that the report show the last time the meter file has processed for that given day to display on report output and if window is open/closed.	Unplanned C	Low	Up to \$10k	WFEC

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
<p>The transmission settlements (and MVAR upload) still resides in the COS portal. MP would like for API functionality to be added for transmission settlements. Also, we would like to have the ability to assign multiple functions to one certificate (like the current IM; "SPP model" per Annette Holbert).</p> <p>API functions for: Transmission Owner/Customer settlement statements - XML - Daily PTP - Monthly NITS - Schedule 2</p> <p>MVARHr, NITS/CP, Direct Assignment, and Schedule 12 file submissions</p> <p>XML Inputs - Network billing inputs designed to dictate monthly settlement which includes DA, NITS, S12 load designations per specific TSR and / or customer.</p> <p>Prior Year Coincident Peak - Prior Year monthly assessment and net energy load per zone (Schedule 11)</p> <p>Coincident Peak & Prior Year Coincident Peak - Prior Year zonal load for SCH9</p> <p>MVAR Data - Megavahr data for Schedule 2 (reactive compensation)</p>	Unplanned C	Medium	\$50k - 100k	WFEC

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
Enhance member-facing Notifications UI to present the user with a meaningful message when the user does not have the appropriate roles assigned to their certificate.	Release +1	Medium	\$10k - 25k	
Settlements notifications are currently the only type of notification from the Marketplace systems that don't include a MP/AO name in the actual message XML. All other notifications that we are aware of have the MP/AO name in the message. For consistency purposes and to make sure that all messages from SPP contain all the information they need for their context, we would like the MP/AO identifier to be added to the Settlements Notification XSD and messages, rather than leaving it to the vendor/MP's system to add that information as metadata when the messages are persisted on our side	Unplanned A	Low	Up to \$10k	Tenaska
Enhance member-facing Settlements UI to present the user with a meaningful message when the user does not have the appropriate roles assigned to their certificate.	Release +1	Medium	\$10k - 25k	
Enhance member-facing Transmission Settlements System UI to present the user with a meaningful message when the user does not have the appropriate roles assigned to their certificate.	Release +1	Medium	\$10k - 25k	

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
<p>Would it be possible to provide the IM settlements calendar in XML format? Our meter submission is automatic and being able to import the "due dates" to compare against would be very handy, especially during the holiday adjusted schedules. I'm doing this with the Excel version, but due to the nature of Excel, it's a semi-manual process."</p> <p>This request has been added as a Requirement to be delivered with the new Settlements Management System.</p>	Unplanned C	High	\$50k - 100k	WFEC
<p>Market Participant has requested an update to the Settlement Calendar to include a reason for resettlements. It was also suggested that a business aid be created to include a master list of resettlements and a reason for the resettlement.</p> <p>This request has been added as a Requirement to be delivered with the new Settlements Management System.</p>	Other	Unknown		
<p>The invoice is created by Market Participant and if that MP has more than one Asset Owner there are currently no subtotals by Asset Owner. There is only a Grand Total for the MP. We have to provide these invoice to auditors and regulatory bodies and they would really like to see a subtotal by AO on the PDF invoice so they don't have to manually add up all the lines to come up with one.</p>	Unplanned B	Medium	\$10k - 25k	KCPL
<p>Enhance member-facing Settlements UI to present the user with a meaningful message when the user does not have the appropriate</p>	Release +1	Medium	\$10k - 25k	
<p>Currently, the Marketplace Portal Transmission Data Submittal screen allows for the TO, TC or MA to sort the information</p>	Current Release	Medium	\$10k - 25k	
<p>Have ARR nomination process directly mirror the TCR bid process (create portfolio, enter nominations, save, and submit portfolio).</p>	Unplanned C	High	\$25k - 50k	OGE

Open Enhancements - All

Enhancement Description	Priority Grouping	Level of Complexity	Cost Estimate	Requesting Party
The Public Downloads Source sink file truncates participation factors to two decimal places. This report needs to display up to 10 digits	Current Release	Low	Up to \$10k	KCPL
CROW Change Order 6	Unplanned C	Low	Up to \$10k	SPP
Silk Upgrade scheduled for 2018	Unplanned C	Low	\$10k - 25k	SPP

Projects

Project Name	Project Description	Cost Estimate	Targeted Implementation Date
Market Monitoring Portal	The MMDD and OCC systems must be replaced using a different vendor.	In flight	11/09/17
Freeze Date Replacement Allocation Calculator			01/01/19
2.11 TCR Release	This release will address several enhancements and defects.	In flight	01/04/18
3.13.0 CMS Release	This release will address several enhancements and defects.	In flight	01/11/18
Markets Release 1.23	Markets Release 1.23 – MP IMPACTING – Yes Other SPRs as identified and prioritized	In flight	12/01/17
Market Settlements Release 2.12	This release includes RR200 as well as modifications to both the TCR ARR Report and Settlement Statements (rolled up at AO level).	In flight	12/07/17
SPP.org Migration of Support and Maintenance	Plan to move all components of SPP.org from Aristotle to SPP to enhance Member experience	In flight	04/30/18
Market Settlements 2.11	This release will address several enhancements and defects.	In flight	12/14/17
Transmission Settlements 1.7	This release will address several enhancements and defects.	In flight	12/12/17
MOS 1.24	This release will address RR116, RR142, enhancements and defects.	In flight	05/01/18
CROW Upgrade		\$60,000	12/31/18
TTSE Dispatcher Training Simulator	<p>Phased approach to develop a more realistic simulator environment dedicated to SPP Operations Training</p> <p>The current Dispatcher Training Simulator (DTS) does not perform as realistically as it could, has limited availability to the Operations Analysis and Performance Support (OAPS) Department and does not meet the current needs of SPP Operators due to the additional role of the BA function.</p> <p>Creating a second DTS Environment to be used exclusively by OAPS for internal training. Enhancing the current DTS, as well as incorporating market system, to create a TTSE that performs more closely to Real-Time Production Systems.</p>	In flight	12/31/19

Projects

Project Name	Project Description	Cost Estimate	Targeted Implementation Date
2-Factor Authentication	The Marketplace UIs and APIs use certificate based single factor of authentication mechanism. This project proposes adding a 2nd factor of authentication (like password) to the authentication process. While there is no 100% security, the 2-factor authentication will lower the Marketplace UI and API security vulnerability and reduce the risk to the Marketplace systems. Most of the other ISOs use 2-factor authentication with their UIs and APIs.	In flight	12/18/17
PMU Data Exchange Phase I	SPP has a need to install the applicable components for SynchroPhasor (aka Phasor Measurement Unit PMU) data exchange and analytics. PMU devices can capture voltage, frequency, current, and angle for the 3 phases at a substation as fast as 60 measurements a second. This granularity of data is expected to greatly enhance after-the-fact event analysis as well as model validation efforts. Along with event analysis, the data will assist in real-time situational awareness. While the data can aid in identifying generator trips and island situations, it can also aid in improving State Estimator accuracy. This aligns with the Operations strategic plan to expand operations capabilities in the dynamic evaluation of the real-time operations.	In flight	12/29/17
Settlement Systems Replacement	This project will replace the current market and transmission settlement systems with a custom designed single high performance scalable system solution.	In flight	5/1/19
Day Ahead FFE Exchange	Design and Implement a DA FFE exchange mechanism	\$344,004	12/31/18
Engineering Hub	This project proposes implementation of an automated Engineering Hub to allow entry of Model Development and Resource Adequacy data through a web-based graphical user Interface (GUI).	In flight	12/22/17
Reliability Communications Tool	Creation of a real-time, web-based, two-way communication tool is needed for Reliability Coordination to relay messages to members and between members.	TBD	

Projects

Project Name	Project Description	Cost Estimate	Targeted Implementation Date
Storage and Distributed Generation	FERC has issued a NOPR for rule changes regarding the modeling of Storage Devices and the use of Distributed Generation. The NOPR shows additional data that would need to be accepted and used in the Commitment and Dispatch logic. The timing of a final rule is unknown at this time.	TBD	
Replicated Data Server	Increase the capabilities of and the support level commitment for the Replicated Data Server in support of SPP Transmission Operator's compliance with the new TOP-001 standard.	TBD	

How to Read this Report

The SPP Portfolio Report, published quarterly, is a report reflecting the latest available inventory of revision requests, enhancements, defects and projects that are subject to prioritization. Each of these areas are reported on a tab within the report.

Revision Requests: Revisions Requests (RRs) are requests to make additions, edits, deletions, revisions or clarifications to the SPP Market Protocols, SPP Business Practices, SPP Criteria, or SPP Open Access Transmission Tariff, except for Appendix F of the Market Protocols. The Portfolio Report includes all system and/or process-impacting revision requests which have been approved by the primary working group and are not yet implemented. The report does not include those RRs which are postponed, held, rejected, withdrawn, or other status which is not subject to prioritization. A complete list of RRs regardless of status is available on SPP.org here:

[SPP Revision Requests - RR Master List](#)

Enhancements: The items on the Enhancement tabs are requests for new or changed system functionality that do not require updates to SPP Market Protocols, SPP Business Practices, SPP Criteria, or SPP Open Access Transmission Tariff. The tab marked “**Open Enhancements-New**” reflects any enhancements that have been requested since the last quarterly report was published. The tab marked “**Open Enhancements-All**” includes both the new enhancement requests and the enhancements that were existing on the last quarterly report.

Defects: A defect is a deviation between the expected and actual results of a system component, service component, or approved artifact. The SPP Portfolio Report includes both stakeholder and staff-reported member-facing and member-impacting defects.

Projects: The items on this tab are a list of active and planned projects that are Member-facing, Member-Impacting or Major Technology projects.

Summary

Items included in the SPP Portfolio Report are evaluated with consideration for several key factors. For Revision Requests and Enhancements, the “Priority Grouping” for an item (defined below), is determined based on Cost Estimates, Level of Complexity and Severity. Other factors including resource availability, Tariff/FERC status, other areas impacted, and correlation to other work may be considered in prioritization. For Projects, prioritization is reflected via “Priority”. The priority of a project is similarly determined based on factors such as a score calculated using the SPP Scoring Tool and a cost estimate. And as with other items, other factors may be considered in prioritization. For more information on the Stakeholder Prioritization process and quarterly meeting process, please see the SPP Stakeholder Prioritization Process document located in the Stakeholder Center of SPP.org.

[SPP Stakeholder Prioritization Process Document](#)

How to Submit a Comment

Comments may be submitted for any: **Revision Request, Enhancement or Project**

To submit comments on Projects, Enhancements, RRs, please use RMS with the “Quarterly Stakeholder Prioritization Feedback” Quick Pick.

[SPP's Request management System](#)

Glossary

Revision Requests Report		
Column Header	Purpose	Filter Key Points/Notes

RR #	Tracking number assigned for the Revision Request. Each Rr is assigned a unique number by the Primary Working Group staff secretary.	Use filter to locate revision requests by RR#
RR Name	Revision Request Title	Use filter to locate revision requests by Title
Primary Working Group	The working group owing overall responsibility for the document impacted by the RR. <ul style="list-style-type: none"> • MWG – Market Protocols • RTWG – Tariff • ORWG – Criteria • BPWG – Business Practices 	Use filter to locate revision requests by Primary Working Group
Priority Grouping	Assessment by SPP Staff of the priority group: <ul style="list-style-type: none"> • Current Release – Those items for which system changes or process/procedure changes are in progress. The in-service date will vary depending on the length of development and implementation effort <ul style="list-style-type: none"> • Release+1 – Items that are planned for inclusion in upcoming release(s). Release+1 may also include items with a longer-term implementation date due to their complexity, which are being worked as a higher priority. • Release+2 – Items that are planned for inclusion in the next release after Release+1 items. • Unplanned-A, B or C – Items in the queue not yet planned for a specific release. The sub-classification of A, B or C indicates priority within Unplanned, A being the higher, B being middle and C being the lowest priority of the Unplanned items. • Other – Items which a) need clarification, b) need further explanation of the benefits of the request, or c) cannot be placed in the queue for another reason. 	Use to filter by Priority grouping
Level of Complexity	Staff's assessment of how complex the item is to implement, taking all factors into consideration (High, Medium, Low or Unknown)	Use to filter by Level of Complexity
Severity (Ranked by Primary WG)	Defines the criticality, according to a scale. <ul style="list-style-type: none"> • Critical • High • Medium • Low 	Use to sort by urgency, critical to low or low to critical
Cost Estimate	High-level cost estimation of work	Use filter to locate RR by RR cost estimate
Targeted Implementation Date	If known, the date the revision request is expected to be implemented	
Enhancement and Defect Reports		

Column Header	Purpose	Filter Key Points
Enhancement/Issue ID#	Tracking number assigned for the enhancement or defect	Use filter to locate enhancements/defects by IDR#
Primary Functional Area	SPP Business/System most impacted by the requested enhancement or defect.	Use to filter by functional area to view issues by SPP business areas and/or major systems.
Component	System and/or component of the system affected.	Use to filter by system component. The Component field may be blank if the solution has not been determined.
Enhancement/Defect Description	Brief description of the enhancement request or defect.	
Priority Grouping	<p>Assessment by SPP Staff of the priority group:</p> <ul style="list-style-type: none"> • Current Release – Those items for which system changes or process/procedure changes are in progress. The in-service date will vary depending on the length of development and implementation effort • Release+1 – Items that are planned for inclusion in upcoming release(s). Release+1 may also include items with a longer-term implementation date due to their complexity, which are being worked as a higher priority. • Release+2 – Items that are planned for inclusion in the next release after Release+1 items. • Unplanned-A,B or C – Items in the queue not yet planned for a specific release. The sub-classification of A, B or C indicates priority within Unplanned, A being the higher, B being middle and C being the lowest priority of the Unplanned items. • Other – Items which a) need clarification, b) need further explanation of the benefits of the request, or c) cannot be placed in the queue for another reason. 	Use to filter by Priority grouping
Level of Complexity	Staff's assessment of how complex the item is to implement, taking all factors into consideration (High, Medium, Low or Unknown)	Use to filter by Level of Complexity
Severity	<p>Defines the criticality, according to the scale.</p> <ul style="list-style-type: none"> • Critical • High • Medium • Low 	Use to sort by severity, critical to low or low to critical
Cost Estimate	High-level estimated cost of work based on internal and external man hours	Use filter to locate projects by projected cost estimate

Targeted Release ID	ID associated with the system release, patch, or change that is expected to contain the issue fix.	Filter by all, omitting "blanks", to view all issues that are expected in a planned (future) release. Blank Release ID fields indicate the issue has not yet been associated with a planned release.
Associated ID	Any identifier external to SPP's issue tracking ID, which is the originator of the issue, (e.g. MPRR, MCRR, RMS...).	Filter to view issues that originated from an RMS inquiry, MPRR, MCRR, etc. Use this filter to view data previously provided on the Revision Requests report by selecting all MPRR options in the filter.
Requesting/Identifying Party	Name of company (or companies) submitting the request/identifying the issue.	Filter to view items based on requesting party.
Issue Description	Describes the enhancement from the Market Participant's point of view.	
Date Created	Date on which the issue was opened in SPP's issue tracking system.	
Notes	Text field for any additional information about the issue.	
Project Report		
Column Header	Purpose	Filter Options
Project Number	Project ID within the SPP project portfolio for project identification and tracking	Use filter to locate projects by number
Project Category	The type of project (Marketplace systems, Major Membership Expansion, Major Technology, Other)	Use to filter by project category
Project Description	Brief description of the scope of the work in business terms	Use filter to locate projects by project description/name
Status	Status of the project, as defined by SPP's PMO: <ul style="list-style-type: none"> • Active: Initiated, • Pending: Awaiting Initiation • Suspended: Put on hold • Closed: Completed/delivered 	Use filter to view projects by status
Phase	Current Phase of project: Example, Planning, Execution, Closing	Use filter to view projects by project phase
Priority	Priority for the project. Initial priority (High, Medium, Low, TBD) set by SPP Staff	Use filter to sort by priority
Score	Scores are calculated using the SPP Scoring Tool, which considers alignment with foundational strategies and strategic initiatives defined by the 2014 SPP Strategic Plan, as well as operational and technical efficiencies. (Initial priority score set by SPP Staff)	Use filter to locate projects by score
Cost Estimate	High-level estimated cost of work based on internal and external man hours, as well as other line item costs	Use filter to locate projects by projected cost estimate
Targeted Implementation Date	Planned implementation date	Use filter to locate projects by date range