



Southwest Power Pool
REGIONAL ENTITY TRUSTEES
August 20, 2007
Southwest Power Pool Offices, Little Rock, AR

• M I N U T E S •

Agenda Item 1 – Administrative Items

John Meyer called the meeting to order at 1:04 p.m. Other members in attendance were: Dave Christiano and Gerry Burrows. Staff in attendance included Ron Ciesiel, Michael Desselle, Charles Yeung, Kevin Goolsby, Shon Austin, and Stacy Duckett (secretary).

Mr. Meyer referred to draft minutes for the July 25 meeting and asked for corrections or a motion for approval (RET Minutes 7/25/07– Attachment 1). Gerry Burrows moved to approve the minutes as presented. Dave Christiano seconded the motion, which passed unanimously.

Agenda Item 2 – Past Action Items

Stacy Duckett reported on Action Items in accordance with the Status Report (Attachment 2).

Agenda Item 3 – Agenda for August 21 FERC Meeting

Michael Desselle reviewed the agenda and informational materials for the August 21 meeting with FERC Staff. The group also discussed feedback from other regions following their meetings. The committee heard summaries of the presentations to be made by SPP staff.

As part of the discussion, it was determined that the Regional Entity Trustees will be responsible for developing and providing the annual performance evaluation for the Executive Director position to further establish the independence of the Regional Entity function within SPP.

The Trustees have requested that some interim reporting mechanism be developed to keep them apprised of violations found through the Compliance Monitoring and Enforcement Program.

Agenda Item 4 – Delegation Agreement Review

Stacy Duckett briefly reviewed the terms of the Delegation Agreement, as previously requested by the Trustees (Delegation Agreement – Attachment 3).

Agenda Item 5 – Counsel Update

Michael Desselle reported that six resumes have been received to date for the Counsel position. Mr. Desselle and Ms. Duckett will review the resumes and begin the preliminary interview process.

Agenda Item 6 – Compliance Monitoring and Enforcement Program Review

Hearing and Settlement Procedures

Ron Ciesiel provided details of the presentations overview for the August 21 meeting with FERC (Compliance Monitoring and Enforcement Program Manual – Attachment 4).

Fine Calculation Software

Ron Ciesiel and Kevin Goolsby demonstrated a software tool available to Regional Entities for calculating fines, using a sample case. Some regions have committed to use this tool on a trial basis but are not required to use it, or bound by the results of its calculation. The Trustees will continue to receive updates on the tool and its possible uses to determine whether SPP may/may not implement it and if so, how.

Regional Entity Trustees Meeting
August 20, 2007

Agenda Item 7 – Review Action Items

Stacy Duckett reviewed New Action items:

- Ron Ciesiel is to develop an interim reporting mechanism for violations.
- Follow up with NERC regarding direction/support for use of the fine calculation tool.

Agenda Item 8 - Future Meetings

Trustees will participate in SPP Board of Directors/Members Committee meetings as follows:

All – October 2007
John Meyer – January 2008
Dave Christiano – April 2008
Gerry Burrows – July 2008
All – October 2008

The Trustees will have a special meeting in late May 2008 to address the annual budget, which is due to NERC by June 1 each year (Future Meetings – Attachment 5).

Other

The dates for the next Compliance Workshop have changed to October 10 -11; the location remains Tulsa.

With no further business, the meeting was adjourned at 6:25 p.m.

Respectfully Submitted,

Stacy Duckett
Secretary



Southwest Power Pool
REGIONAL ENTITY TRUSTEES MEETING
August 20, 2007
Southwest Power Pool Offices, Little Rock, AR

• A G E N D A •

1:00 p.m. – 5:00 p.m. CDT

1. Call to Order and Administrative Items Mr. John Meyer
2. Action Items Status Report Ms. Stacy Duckett
3. Agenda for August 21 FERC Meeting.....Mr. Michael Desselle
4. Delegation Agreement Review Ms. Stacy Duckett
5. Counsel UpdateMr. Michael Desselle
6. Compliance Monitoring and Enforcement Program Review Mr. Ron Ciesiel
 - a. Hearing Procedure
 - b. Settlement Procedure
 - c. Fine Calculation Software
7. Review New Action Items Ms. Stacy Duckett
8. Future Meetings Mr. John Meyer
 - a. Attendance at SPP Board of Directors Meetings



Southwest Power Pool
REGIONAL ENTITY TRUSTEES
July 25, 2007
Marriott Country Club Plaza, Kansas City, MO

• M I N U T E S •

Agenda Item 1 – Administrative Items

John Meyer called the meeting to order at 8:07 a.m. The other members in attendance were: Dave Christiano and Gerry Burrows. Staff in attendance included Ron Ciesiel, Michael Desselle, Charles Yeung, and Stacy Duckett (secretary).

Mr. Meyer referred to draft minutes for the July 11 meeting and asked for corrections or a motion for approval (RET Minutes 7/11/07– Attachment 1). Dave Christiano moved to approve the minutes as presented. Gerry Burrows seconded the motion, which passed unanimously.

Agenda Item 2 – Past Action Items

- Staff to develop position description for counsel position; this will be covered in this meeting.
- Stacy Duckett to provide information regarding withholding on fees; this was discussed at the last meeting.
- Stacy Duckett to send out SPP Expense Report form; this has been done.

Agenda Item 3 - Violations

Ron Ciesiel reviewed an open violations report.

The group discussed violations in detail, and the process for addressing violations within the new compliance program. Mr. Ciesiel reviewed the fine process; he will provide a more detailed presentation at the August 20 meeting. There are approximately 160 pre-June 18 violations self reported in the SPP footprint among 14 companies. Mitigation dates for all are by the end of 2007, most in the third quarter. Mr. Ciesiel will present the 2008 Compliance Monitoring and Enforcement Program schedule at the October meeting.

Agenda Item 4 – 2008 Compliance Manager Retreat Report

Ron Ciesiel reviewed the Compliance Monitoring and Enforcement Program (CMEP) and corresponding proposed Hearing and Settlement Procedures (Attachment 2). This will be reviewed in more detail at the August 20 meeting. The CMEP is consistent across all regions and has been approved by FERC. The Hearing Procedures were developed by the regions; SPP has agreed to utilize these procedures. It will be filed as part of SPP's Delegation Agreement compliance filing. The Settlement Procedures are in development among the regions. The Hearing Procedures and Settlement Procedures will be attached to the CMEP. Trustees should review and send any comments/concerns to Ron Ciesiel.

At their retreat, Compliance managers determined to expand the compliance monitoring program to 60 standards of the 83 currently approved. The goal is to expand to 83 standards in 2009. Inclusion of the CIP standards is pending the outcome of the review of these standards at FERC.

Mr. Ciesiel asked the Trustees to provide feedback as to what information they would like going forward and in what format. He will provide copies of NERC Trustees reports/information as references.

All Regional Entity staff and others working closely with the Regional Entity will re-execute the Standards of Conduct to ensure records are current (Standard of Conduct – Attachment 3).

Agenda Item 5 – Staffing

Michael Desselle reviewed a draft position description for a counsel/secretary position for the Regional Entity (Counsel Position Description - Attachment 4). Trustees would like to consider up to 3 candidates for a staff position, with staff coordinating the initial hiring process (posting, resume review, etc.). The Trustees discussed some revisions and feedback on the requirements. John Meyer directed that the revised position description be posted and the hiring process initiated.

Agenda Item 6 – Bylaws Review

Stacy Duckett reviewed SPP Bylaws provisions for the Trustees for background (SPP Bylaws – Attachment 5). The group discussed questions and areas for clarification/revisions to meet the compliance filing requirements.

Agenda Item 7 – Delegation Agreement Review

The Delegation Agreement review was deferred until the August 20 meeting (Delegation Agreement – Attachment 6).

Agenda Item 8 – Meeting with FERC Staff – August 21, 2007

Michael Desselle and Charles Yeung are developing an agenda for consideration. Mr. Desselle reviewed items in the current draft, which the group discussed. The Trustees requested background information on the FERC staff for the August 21 meeting.

Agenda Item 9 – Review Action Items

- Ron Ciesiel to provide a more detailed fine process for violations at the August 20 meeting.
- Group to review in more detail the Hearing and Settlement Procedures at the August 20 meeting.
- Staff to post and initiate the hiring process for the counsel position.
- Group to review the Delegation Agreement at the August 20 meeting.
- Michael Desselle is to provide background information on FERC staff prior to the August 21 meeting.
- Group will develop a Board meeting attendance schedule at the August 20 meeting.

Agenda Item 10 - Future Meetings

At least one Trustee will attend each regular SPP Board of Directors meeting and provide an update on recent activities. A schedule will be developed at the August 20 meeting. The August 20 meeting will be 1:00 p.m. – 5:00 p.m. in Little Rock. The Trustees will also meet on October 31 in Tulsa, OK.

With no other business, the meeting adjourned to Executive Session.

Executive Session

The Trustees finalized compensation for the Executive Director of Compliance.

Respectfully Submitted,

Stacy Duckett
Secretary



Southwest Power Pool, Inc.
REGIONAL ENTITY TRUSTEES
Pending Action Items Status Report
August 13, 2007

Action Item	Date Originated	Status	Comments
Staff to develop position description for Counsel position	7/11/07	Completed	Approved at July 25 meeting
S. Duckett to provide information re: withholdings on fees	7/11/07	Completed	Information was provided at July 11 meeting
S. Duckett to distribute SPP Expense Report Form	7/11/07	Completed	Distributed July 18 via email
R. Ciesiel to review detailed fine process	7/25/07	Pending	August 20 agenda item
Detailed review of Hearing and Settlement procedures	7/25/07	Pending	August 20 agenda item
Staff to post and initiate hiring process for Counsel	7/25/07	Completed	
Detailed review of Delegation Agreement	7/25/07	Pending	August 20 agenda item
M. Desselle to provide background information in advance of Aug 21 meeting with FERC Enforcement staff	7/25/07	Pending	
Trustees to determine Board meeting attendance schedule	7/25/07	Pending	August 20 agenda item

**DELEGATION AGREEMENT BETWEEN
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
AND [REGIONAL ENTITY]**

DELEGATION AGREEMENT (“Agreement”) made this ___ day of _____ 2006, between the North American Electric Reliability Corporation (“NERC”), an organization certified by the Federal Energy Regulatory Commission (“Commission”) pursuant to Section 215(c) of the Federal Power Act to establish and enforce Reliability Standards for the bulk power system, and the Southwest Power Pool, Inc, (“SPP”), an organization established to develop and enforce Reliability Standards within the geographic boundaries identified on **Exhibit A** to this Agreement, and for other purposes. NERC and [REGIONAL ENTITY] may be individually referred to herein as “Party” or collectively as “Parties.”

WITNESSETH

WHEREAS, Subtitle A of the Electricity Modernization Act of 2005 added Section 215 to the Federal Power Act (16 U.S.C. § 824n) (hereafter “the Act”) and, among other things, provides for the establishment of an electric reliability organization (“ERO”) to develop and enforce Reliability Standards applicable to all owners, operators, and users of the bulk power system;

WHEREAS, the Commission has adopted regulations for the implementation of the Act set forth at Chapter I, Title 18, Code of Federal Regulations, Part 39, as adopted by Commission Order No. 672 in Docket No. RM05-30-000 on February 3, 2006; (114 FERC ¶ 61, 104; hereafter “Order 672”);

WHEREAS, the Commission has certified NERC as the ERO that will, in accordance with the Act, establish and enforce Reliability Standards for the bulk power system, subject to certain delegation provisions described below;

WHEREAS, the Act recognizes the international interdependency of electric reliability within North America and envisions the ERO and such applicable Regional Entities as international organizations;

WHEREAS, the Act and Section 39.8 of the Commission’s regulations provide for the delegation by the ERO of authority to propose and enforce Reliability Standards to regional entities such as SPP provided that:

(A) The Regional Entity is governed by —

- (i) an independent board;
- (ii) a balanced stakeholder board; or
- (iii) a combination independent and balanced stakeholder board.

(B) The Regional Entity otherwise satisfies the provisions of Section 215(c)(1) and (2) of the Act; and

(C) The agreement promotes effective and efficient administration of bulk power system reliability;

WHEREAS, certain Regional Entities are organized on an Interconnection-wide basis and are therefore entitled to the presumption set forth in the Act that: “[t]he ERO and the Commission shall rebuttably presume that a proposal for delegation to a Regional Entity organized on an Interconnection-wide basis promotes effective and efficient administration of bulk power system reliability and should be approved”;

WHEREAS, the Act further provides that the ERO shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Reliability Standard or modification to a Reliability Standard to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest;

WHEREAS, SPP [is/is not] organized on an Interconnection-wide basis and therefore [is/is not] entitled to the rebuttable presumptions accorded such an entity;

WHEREAS, NERC will work through SPP to carry out certain of its activities in furtherance of its responsibilities as the electric reliability organization under the Act; and

WHEREAS, NERC has concluded that SPP meets all requirements of the Act, the Commission's regulations, and the NERC Rules of Procedure as approved by the Commission ("NERC Rules") necessary to qualify for delegation;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, NERC and SPP, agree as follows:

1. **Definitions**. The capitalized terms used in this Agreement shall be defined as set forth in the Act, the Commission's regulations, or the NERC Rules or, if not so defined, shall be defined as follows:

(a) **Breach** means (i) the failure of a Party to perform or observe any material term, condition or covenant of the Agreement or (ii) a representation in Section 2 of the Agreement shall have become materially untrue.

(b) **Cross-Border Regional Entity** means a Regional Entity that encompasses a part of the United States and a part of Canada or Mexico.

(c) **Delegated Authority** means the authority delegated by NERC to SPP to propose and enforce Reliability Standards pursuant to the Act.

(d) **SPP Rules** means the bylaws, a rule of procedure or other organizational rule or protocol of SPP.

(e) **Reliability Standard** means a requirement approved by the Commission under Section 215 of the Federal Power Act to provide for reliable operation of the bulk power system. The term includes requirements for the operation of existing bulk power system facilities, including cyber security protection, and the design of planned additions or modifications to such facilities to the extent necessary for reliable operation of the bulk power system; but the term does not include any requirement to enlarge such facilities or to construct new transmission capacity or generation capacity.

2. **Representations.**

(a) For purposes of its Delegated Authority, SPP hereby represents and warrants to NERC that:

(i) SPP is and shall remain during the term of this Agreement validly existing and in good standing pursuant all applicable laws relevant to this Agreement and that no applicable law, contract or other legal obligation prevents it from executing this Agreement and fulfilling its obligations hereunder. SPP is governed in accordance with its bylaws by [*select appropriate*: an independent board/a balanced stakeholder board/ a combination independent and balanced stakeholder board]. Pursuant to these bylaws, no two industry sectors can control any SPP decision and no single industry sector can veto any SPP decision. The relevant portions of such bylaws are attached hereto as **Exhibit B**¹, and as so attached are in full force and effect. No other such corporate governance documents are binding upon SPP.

(ii) As set forth in **Exhibit C** hereto², SPP has developed a standards development procedure, which provides the process that SPP may use to develop Regional Reliability Standards [and Regional Variances, if the regional entity is organized on an Interconnection-wide basis] that are proposed to NERC for adoption.

(iii) As set forth in **Exhibit D** hereto³, SPP has adopted the NERC Compliance Monitoring and Enforcement Program, which provides for the enforcement of Reliability Standards within its geographic boundaries.

(b) NERC hereby represents and warrants to SPP that:

(i) It is and shall remain during the term of this Agreement validly existing and in good standing pursuant all applicable laws relevant to this Agreement and that no applicable law, contract or other legal obligation prevents it from executing this Agreement and fulfilling its obligations hereunder; and

¹ The **Exhibit B** from each Regional Entity shall meet the requirements contained in **Exhibit B** to this pro forma Agreement.

² The **Exhibit C** from each Regional Entity shall meet the requirements contained in **Exhibit C** to this pro forma Agreement.

³ The **Exhibit D** from each Regional Entity shall meet the requirements contained in **Exhibit D** to this pro forma Agreement.

(ii) It has been certified as the ERO by the Commission pursuant to the Act.

3. Covenants.

(a) During the term of this Agreement, SPP shall maintain and preserve its qualifications for delegation pursuant to the Act and shall not amend the SPP Rules without NERC's approval, which shall not be unreasonably withheld or delayed and which shall, in the case of a Regional Entity organized on an Interconnection-wide basis, be governed by the presumptions provided for in Section 215(d)(2) and (e)(4)(C) of the Act, and be subject to any required Commission approval.

(b) During the term of this agreement, NERC shall maintain its qualification and status as the ERO pursuant to the Act and, subject to the provisions of Sections 16 and 17 of this Agreement, NERC shall not adopt amendments to the NERC Rules that conflict with the rights, obligations or programs of SPP under this Agreement without first obtaining the consent of SPP, which consent shall not be unreasonably withheld or delayed.

(c) During the term of this agreement, NERC and SPP shall adhere to and require that all participants in their respective activities under this Agreement follow and comply with the NERC Antitrust Compliance Guidelines.

4. Delegation of Authority.

(a) Based upon the representations, warranties and covenants of SPP in Sections 2 and 3 above, the corporate governance documents set forth in **Exhibit B**, the standards development process set forth in **Exhibit C**, and the regional compliance enforcement program set forth in **Exhibit D**, NERC hereby delegates authority, pursuant to Section 215(e)(4) of the Act, to SPP for the purpose of proposing Reliability Standards to NERC, as set forth in Section 5 of this Agreement, and enforcing Reliability Standards, as set forth in Section 6 of this Agreement, within the geographic boundaries set forth on **Exhibit A**. No further redelegation of authority or responsibility, in total or in part, under this Agreement is allowed without NERC's express consent.

(b) For Cross-Border Regional Entities, the authority delegated by this Agreement shall extend only to the portion of the region identified on **Exhibit A** that is within the United States. Any delegation of authority by governmental authorities in Canada or Mexico shall be

governed by a separate agreement and is outside the scope of this Agreement; provided, however, that both SPP and NERC shall endeavor to ensure that this Agreement and such separate agreements are compatible.

(c) As a condition to this delegation of authority and subject to the provisions of section 16 of this Agreement, SPP shall comply with the applicable provisions of NERC's Certificate of Incorporation, Bylaws, Rules of Procedure, and Reliability Standards, as from time to time adopted, approved, or amended.

5. **Reliability Standards.**

(a) In connection with its Delegated Authority, SPP shall be entitled to:

(i) propose Reliability Standards, Regional Variances, or modifications thereof to NERC, which shall be considered by NERC through an open and inclusive process for proposing and adopting Reliability Standards that affords SPP reasonable notice and opportunity to be heard; and

(ii) develop Regional Reliability Standards [and Regional Variances, if Regional Entity is organized on an Interconnection-wide basis] through SPP's process as set forth in **Exhibit C**. Proposals approved through SPP's process shall be reviewed by the NERC Board of Trustees after NERC provides notice and an opportunity for interested persons to comment. In the case of a proposal from a Regional Entity organized on an Interconnection-wide basis, comments shall be limited to the factors identified in NERC Rule 313, section 3.1 as it may be amended from time to time. The NERC board of trustees shall promptly thereafter consider such proposed Regional Reliability Standard or Regional Variance, applying the rebuttable presumption described in subsection 5(b) if the proposed Regional Reliability Standard or Regional Variance is from a Regional Entity organized on an Interconnection-wide basis, and either approve the proposed standard and submit it to the Commission for approval, or disapprove it in writing setting forth its reasons. SPP may appeal any disapproval of a proposed Regional Reliability Standard or Regional Variance to the Commission.

(b) Pursuant to Section 215(d)(3) of the Act, NERC shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Regional Reliability Standard or Regional Variance or modification thereof to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential,

and in the public interest. Any person challenging such proposal from the [INTERCONNECTION-WIDE REGIONAL ENTITY] shall have the burden of proof. NERC shall not find that this presumption has been rebutted except based upon substantial evidence that has been disclosed to, and been subject to comment by, the [INTERCONNECTION-WIDE REGIONAL ENTITY] during NERC's review of the proposal.

6. Enforcement.

(a) In connection with its delegated authority pursuant to this Agreement, SPP shall enforce Reliability Standards (including Regional Reliability Standards and Regional Variances) within the geographic boundaries set forth in **Exhibit A** through the compliance enforcement program set forth in **Exhibit D**. NERC and SPP agree that this program meets all applicable requirements of the Act, Order 672 and the Commission's regulations, including, *inter alia*, the requirement for an audit program pursuant to Section 39.7(a) of the Commission's regulations, the assessment of penalties pursuant to Section 39.7(c) through 39.7(g) of the Commission's regulations and the requirements for due process. SPP may not change its compliance enforcement program set forth in **Exhibit D** absent NERC's approval, which shall not be unreasonably withheld or delayed. Subject to the rights and limitations of Sections 16 and 17 of this Agreement, SPP agrees to comply with the NERC Rules in implementing this program.

(b) SPP shall report promptly to NERC any self-reported violation or investigation of a violation or an alleged violation of a Reliability Standard and its eventual disposition. Such report shall include the owner's, operator's, or user's name, which Reliability Standard or Reliability Standards were violated or allegedly violated, when the violation or alleged violation occurred, other pertinent facts about the violation including circumstances surrounding the violation with any known risk to the bulk power system, when the violation was or will be mitigated, the name of a person knowledgeable about the violation or alleged violation to serve as a point of contact with the Commission, and any other information required by NERC compliance program procedures. NERC shall promptly forward such report to the Commission. NERC and SPP shall cooperate in filing such periodic summary reports as the Commission shall from time to time direct on violations of Reliability Standards and summary analyses of such violations.

(c) Each violation or alleged violation shall be treated as nonpublic until the matter is filed with the Commission as a notice of penalty or resolved by an admission that the owner, operator, or user of the bulk power system violated a Reliability Standard or by a settlement or other negotiated disposition. The disposition of each violation or alleged violation that relates to a Cybersecurity Incident or that would jeopardize the security of the bulk power system if publicly disclosed shall be nonpublic unless the Commission directs otherwise.

(d) All appeals of penalties imposed by SPP shall be filed with NERC, in accordance with the NERC Rules.

(e) SPP shall maintain the capability to conduct investigations of potential violations of Reliability Standards and to conduct such investigations in a confidential manner.

(f) SPP shall maintain a program of proactive enforcement audits including procedures for spot-checks of self-reported compliance and periodic audits of all responsible entities.

(g) As part of its compliance enforcement program, SPP shall maintain a conflict of interest policy that assures the integrity of such program and the independence of the compliance program staff from those subject to enforcement actions.

(h) As often as NERC deems necessary, but no less than every three years, NERC shall review SPP's compliance enforcement program to ensure that: (i) the program meets all applicable legal requirements; (ii) actual practices reflect the requirements; and (iii) the program administered pursuant to the Delegated Authority promotes consistent interpretations across North America of Reliability Standards and comparable levels of sanctions and penalties to violations of Reliability Standards constituting comparable levels of threat to reliability of the bulk power system.

(i) SPP shall modify its compliance enforcement program as needed to reflect additions to, deletions from, or modifications of Reliability Standards and, subject to the rights and limitations of Sections 16 and 17 of this Agreement, shall modify its compliance enforcement program as needed: (i) to reflect amendments to the NERC Rules; (ii) to comply with NERC directives resulting from the review of compliance enforcement programs as

provided in Section 6(h) of this Agreement; or (iii) to resolve a conflict with a function, rule, order, tariff, rate schedule, or agreement accepted, approved, or ordered by the Commission.

(j) NERC shall conduct a review with the Regional Entities that provides for the exchange of information on practices, experiences, and lessons learned in the implementation of compliance enforcement programs.

7. Delegation-Related Services. NERC will engage SPP on its behalf to carry out certain of its activities that are in furtherance of its responsibilities as the ERO under the Act or in support of delegated functions, as specified in the NERC Rules and listed on **Exhibit E**.

8. Funding. SPP and NERC shall ensure that the delegated functions and related activities listed on **Exhibit E** have reasonable and adequate funding and resources by undertaking the following:

(a) NERC shall fund SPP activities necessary for SPP to carry out its Delegated Authority under this Agreement, including the functions listed on **Exhibit E**, and shall not impose any obligation or requirement regarding Delegated Authority upon SPP without providing appropriate funding to carry out such mandates;

(b) SPP and NERC agree that costs of carrying out SPP's responsibilities under the Delegation Agreement will be equitably allocated among end users within the geographic boundaries described in **Exhibit A** and recovered through a formula based on net energy for load as set forth in **Exhibit E**;

(c) NERC will ensure that the costs for its responsibilities are first allocated fairly among the interconnections and regions according to the applicability of this work to those interconnections and regions, and then equitably among the end users of the applicable interconnections and regions as appropriate. Allocation on a net energy for load basis will be presumed to satisfy this equity requirement.

(d) NERC shall provide SPP with the form for budget submittal no later than April 30 of the prior year.

(e) SPP shall submit its annual budget for carrying out its Delegated Authority functions and related activities listed on **Exhibit E**, as well as all other SPP activities and funding to NERC no later than June 1 of the prior fiscal year such that NERC may submit its

budget to the Commission 130 days in advance of the beginning of each fiscal year. The SPP budget submission shall include supporting materials, including SPP's complete business plan and organization chart, explaining the proposed collection of all dues, fees and charges, and the proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures, as well as the budget, supporting materials, and proposed allocation and method of collection for the costs of any approved regional advisory body. NERC shall develop, in consultation with the Regional Entities, a reasonable and consistent system of accounts, with a level of detail and record keeping comparable to the Commission's Uniform System of Accounts and sufficient to allow the Commission to compare each Commission-approved NERC fiscal year budget with the actual results at the NERC and Regional Entity level. SPP shall follow NERC's prescribed system of accounts.

(f) SPP's funding system shall include reasonable reserve funding for unforeseen and extraordinary expenses and other contingencies, consistent with generally accepted accounting principles.

(g) NERC shall review and approve SPP's budget for meeting its responsibilities under the Delegation Agreement.

(h) SPP shall submit unaudited quarterly interim financial statements in form provided by NERC no later than 20 days after the end of the fiscal quarter (March 31, June 30, September 30, and December 31).

(i) SPP shall submit audited financial statements annually including supporting materials in a form provided by NERC no later than 150 days after the end of the fiscal year.

(j) NERC shall have the right to review from time to time, in reasonable intervals but no less than every three years, the financial records of SPP in order to ensure that the documentation fairly represents in all material respects appropriate funding under this Agreement.

(k) **Exhibit E** to this Agreement sets forth the mechanism through which SPP shall offset penalty monies it receives against its next year's annual budget for carrying out functions under this Agreement.

9. Assignment. This Agreement may be assigned by either Party only with the prior written consent of the other, which consent shall be granted or withheld in such non-assigning

Party's sole discretion, subject to approval by the Commission. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. SPP may not delegate in whole or in part its Delegated Authority to any other entity; provided, however, that nothing in this provision shall prohibit SPP from contracting with other entities to assist it in carrying out its Delegated Authority, provided SPP retains control and responsibility for such Delegated Authority.

10. Default and Cure. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party (the "Default Notice"). Subject to a suspension of the following deadlines as specified below, the breaching Party shall have thirty (30) calendar days from receipt of the Default Notice within which to cure such Breach; provided however, that if such Breach is not capable of cure within thirty (30) calendar days, the breaching Party shall commence such cure within thirty (30) calendar days after notice and continuously and diligently complete such cure within ninety (90) calendar days from receipt of the Default Notice; and, if cured within such time, the Breach specified in such notice shall cease to exist. Subject to the limitation specified in the following sentence, if a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, the nonbreaching Party shall have the right to declare a default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder. The deadlines for cure and the right to declare a default and terminate this Agreement shall be suspended during the pendency of any efforts or proceedings in accordance with Section 17 of this Agreement to resolve a dispute as to whether a Breach has occurred. The provisions of this article will survive termination of this Agreement.

11. Term and Termination.

(a) This Agreement shall become effective thirty (30) days after the date of issuance of a final Commission order approving this Agreement without requiring any changes to this Agreement unacceptable to either Party.

(b) The initial term of the Agreement shall be three (3) years, prior to which time NERC shall conduct an audit pursuant to subsections 6(e) and 7(i) to ensure that SPP continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility

for delegation. If SPP meets such requirements, this Agreement may be renewed for another five (5) year term. If this Agreement is not renewed or becomes subject to termination for any reason, the Parties shall work to ensure a transition of SPP's Delegated Authority to NERC or to another eligible entity. The termination of this Agreement shall not take effect until such transition has been effected, unless the transition period exceeds one year, at which time SPP may unilaterally terminate.

(c) If any provision of this Agreement, or the application thereof to any person, entity or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification or condition. If either Party finds such holding, modification or condition unacceptable and the Parties are unable to renegotiate a mutually acceptable resolution, either Party may unilaterally terminate this Agreement. Such termination shall be effective one year following written notice by either Party to the other Party and to the Commission, or at such other time as may be mutually agreed by SPP and NERC.

(d) Notwithstanding any termination of this Agreement, provisions contained in Limitation of Liability (Section 12), No Third Party Beneficiaries (Section 13) and Confidentiality (Section 14) shall survive this Agreement in accordance with their terms until sixty (60) days following the expiration of any applicable statute of limitations.

12. Limitation of Liability. SPP and NERC agree not to sue each other or their directors, officers, employees, and persons serving on their committees and subgroups based on any act or omission of any of the foregoing in the performance of duties pursuant to this Agreement or in conducting activities under the authority of Section 215 of the Act, other than seeking a review of such action or inaction by the Commission. NERC and SPP shall not be liable to one another for any damages whatsoever, including without limitation, direct, indirect, incidental, special, multiple, consequential (including attorneys' fees and litigation costs), exemplary, or punitive damages arising out of or resulting from any act or omission associated with the performance of the SPP's or NERC's responsibilities under this Agreement or in conducting activities under the

authority of Section 215 of the Act, except to the extent that the SPP or NERC is found liable for gross negligence or intentional misconduct, in which case SPP or NERC shall not be liable for any indirect, incidental, special, multiple, consequential (including without limitation attorneys' fees and litigation costs), exemplary, or punitive damages.

13. No Third Party Beneficiaries. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any third party.

14. Confidentiality. During the course of the Parties' performance under this Agreement, a Party may receive Confidential Information, as defined in Rule [nnn] of NERC's Rules of Procedure. Except as set forth herein, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the issuing Party, unless disclosure is required by subpoena, law, or other directive of a court, administrative agency, or arbitration panel, in which event the recipient hereby agrees to provide the Party that provided the Confidential Information with prompt notice of such request or requirement in order to enable such issuing Party to (a) seek an appropriate protective order or other remedy, (b) consult with the recipient with respect to taking steps to resist or narrow the scope of such request or legal process, or (c) waive compliance, in whole or in part, with the terms of this Section. In the event a protective order or other remedy is not obtained or that issuing Party waives compliance with the provisions, the recipient agrees to furnish only that portion of the Confidential Information which the recipient's counsel advises is legally required and to exercise best efforts to obtain assurance that confidential treatment will be accorded to such Confidential Information. In addition, each Party shall ensure that its officers, trustees directors, employees, subcontractors and subcontractors' employees, and agents to whom Confidential Information is exposed are under obligations of confidentiality that are at least as restrictive as those contained herein. This confidentiality provision does not prohibit reporting and disclosure as directed by NERC, as set forth in Section 6 of this Agreement.

15. **Amendment.** Neither this Agreement nor any of the terms hereof, may be amended unless such amendment is made in writing, signed by the Parties, and filed with and approved by the Commission.

16. **Amendments to the NERC Rules.** NERC shall not adopt amendments to the NERC Rules that conflict with the rights, obligations, or programs of SPP under this Agreement without first obtaining the consent of SPP, which consent shall not be unreasonably withheld or delayed. To the extent SPP does not consent, NERC shall have the right to invoke the dispute resolution provisions of Section 17 and, if such effort fails to resolve the dispute, to petition the Commission to adopt the amendment to the NERC Rules. To the extent that the Commission issues an order amending or materially affecting the rights or obligations of SPP under this Agreement, SPP shall have the option, exercisable no later than 60 days after issuance of such order, to terminate this Agreement. Such termination shall be effective one year following written notice by SPP to NERC and the Commission, or at such other time as may be mutually agreed by SPP and NERC.

17. **Dispute Resolution.** In the event a dispute arises under this Agreement between NERC and SPP, representatives of the Parties with authority to settle the dispute shall meet and confer in good faith in an effort to resolve the dispute in a timely manner. In the event the designated representatives are unable to resolve the dispute within thirty (30) days or such other period as the Parties may agree upon, each Party shall have all rights to pursue all remedies, except as expressly limited by the terms of this Agreement. Neither Party shall have the right to pursue other remedies until the Dispute Resolution procedures of this Section 17 have been exhausted. This Section 17 shall not apply to enforcement actions against individual entities.

18. **Notice.** Whether expressly so stated or not, all notices, demands, requests, and other communications required or permitted by or provided for in this Agreement shall be given in writing to a Party at the address set forth below, or at such other address as a Party shall designate for itself in writing in accordance with this Section, and shall be delivered by hand or reputable overnight courier:

If to NERC:

If to SPP:

North American Electric
Reliability Corporation
116-390 Village Blvd.
Princeton, NJ 08540-5721
Attn: David Hilt
Facsimile: (609) 452-9550

Attn:
Facsimile:

19. Governing Law. When not in conflict with or preempted by federal law, this Agreement will be governed by and construed in accordance with the laws of New Jersey without giving effect to the conflict of law principles thereof. The Parties recognize and agree not to contest the exclusive or primary jurisdiction of the Commission to interpret and apply this Agreement; provided however that if the Commission declines to exercise or is precluded from exercising jurisdiction of any action arising out of or concerning this Agreement, such action shall be brought in any state or federal court of competent jurisdiction in New Jersey. All Parties hereby consent to the jurisdiction of any state or federal court of competent jurisdiction in New Jersey for the purpose of hearing and determining any action not heard and determined by the Commission.

20. Headings. The headings and captions in this Agreement are for convenience of reference only and shall not define, limit, or otherwise affect any of the terms or provisions hereof.

21. Savings Clause. Nothing in this Agreement shall be construed to preempt or limit any authority that SPP may have to adopt reliability requirements or take other actions to ensure reliability of the bulk power system within the geographic boundaries described in **Exhibit A** that are outside the authority delegated from NERC, as long as such reliability requirements and actions are not inconsistent with Reliability Standards applicable to the region described in **Exhibit A** and do not result in a lessening of reliability outside the region described in **Exhibit A**.

22. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement.

Regional Boundaries

Exhibit A Regional Boundaries

The geographic boundaries of Southwest Power Pool (SPP) are determined by the service areas of its membership, comprised of investor-owned utilities, municipal, cooperative, state and federal systems, merchant electricity generators and power marketers.

SPP covers an area of approximately 255,000 square miles of service territory (purple region depicted below) in all or part of eight states: Arkansas, Kansas, Louisiana, New Mexico, Mississippi, Missouri, Oklahoma, and Texas.

Service provided by SPP members in areas which overlap with neighboring regions:

- ◆ The area in northeastern Oklahoma is served by Western Farmers Electric Cooperative, Oklahoma Gas & Electric Company, Oklahoma Municipal Power Authority, Grand River Dam Authority, and AEP West.
- ◆ The area in Arkansas is served by Arkansas Electric Cooperative Corporation, Oklahoma Gas & Electric Company, and AEP West.
- ◆ The area in western Missouri is served by Aquila, Empire District Electric Company, City Power & Light (Independence, MO), City Utilities (Springfield, MO), Grand River Dam Authority, Kansas City Power & Light Company, City Power & Light (Independence, MO), and Southwestern Power Administration.

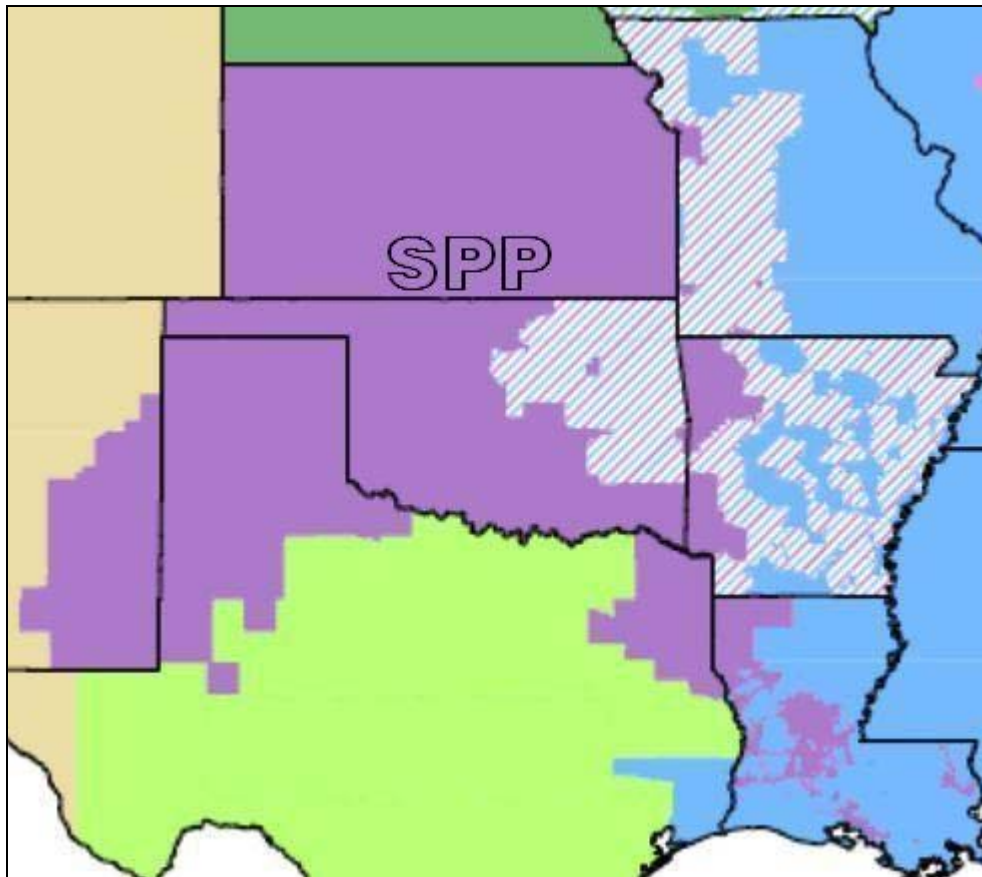


Exhibit B – Governance

CRITERION 1: The Regional Entity shall be governed by an independent board, a balanced stakeholder board, or a combination independent and balanced stakeholder board. (Federal Power Act § 215(e)(4)(A), 18 C.F.R. § 39.8(c)(1), Order No. 672 at ¶ 727.)

A. Southwest Power Pool, Inc. is governed by an independent Board of Directors.

B. Southwest Power Pool, Inc.’s bylaws specify that the Regional Entity will be governed by the Regional Entity Trustees:

“The Regional Entity Trustees shall consist of three (3) persons. The trustees shall be independent of the SPP Board of Directors, any Member, industry stakeholder, or SPP organizational group. Regional Entity Trustees do not serve as members of the SPP Board of Directors. A trustee shall not be limited in the number of terms he/she may serve.” SPP Bylaws § 9.7.2.1.

“Regional Entity Trustees shall have relevant senior management expertise and experience in the reliable operation of the bulk electric transmission system in North America.” SPP Bylaws § 9.7.2.2.

C. Southwest Power Pool, Inc.’s bylaws define “independent” as follows:

“Directors shall not be a director, officer, or employee of, and shall have no direct business relationship, financial interest in, or other affiliation with, a Member or customer of services provided by SPP. Directors may indirectly own securities through a mutual fund or similar arrangement (other than a fund or arrangement specifically targeted toward the electric industry or any segments thereof) under which the director does not control the purchase or sale of such securities. Participation in a pension plan of a Member or customer shall not be deemed to be a direct financial benefit if the Member’s or customer’s financial performance has no material effect on such pension plan.” SPP Bylaws § 4.2.3.

“Regional Entity Trustees shall not be a director, officer, or employee of, and shall have no direct business relationship, financial interest in, or other affiliation with, a Member, a customer of services provided by SPP, or a Registered Entity in the SPP footprint. Trustees may indirectly own securities through a mutual fund or similar arrangement (other than a fund or arrangement specifically targeted toward the electric industry or any segments thereof) under which the trustee does not control the purchase or sale of such securities. Participation in a pension plan of a Member, customer, or Registered Entity in the SPP footprint shall not be deemed to be a direct financial benefit if the Member’s, customer’s, or Registered Entity’s financial performance has no material effect on such pension plan.” SPP Bylaws § 9.7.2.3.

CRITERION 2: The Regional Entity has established rules that assure its independence of the users and owners and operators of the bulk power system, while assuring fair stakeholder representation in the selection of its directors.

Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶¶ 699, 700.)

- A. Southwest Power Pool, Inc., or its affiliate, is an RTO and therefore a user, owner, or operator of bulk power system facilities. Southwest Power Pool, Inc.'s bylaws, rules of procedure, and protocols establish a strong separation between Southwest Power Pool, Inc.'s oversight and operations functions, as follows:

“Monitoring of Members and Staff shall be performed to ensure compliance with all requirements of Membership. Certain SPP compliance monitoring functions, as detailed in Section 9.0, shall be performed in concert with related ERO programs, and will be overseen by the Regional Entity Trustees. Other monitoring functions shall be provided by appropriate SPP staff under the oversight of the Oversight Committee and the Board of Directors. Compliance monitoring shall be an after-the-fact investigative and assessment function performed by appropriate SPP staff.” SPP Bylaws § 3.16

“The Regional Entity Trustees will oversee SPP’s Compliance Enforcement Program (CEP). The CEP will enforce compliance according to ERO reliability standards for Registered Entities. Regional Entity Compliance staff shall oversee compliance auditing of registered entities, and will report audit results to the Regional Entity Trustees.

“All audits of SPP’s compliance with ERO reliability standards will be performed by external third party auditors as coordinated and managed by the Regional Entity Trustees.” SPP Bylaws § 9.6

“The Regional Entity Trustees shall at all times act in the best interests of SPP’s role as the Regional Entity in its management, control, and direction of the general business of the Regional Entity functions. In reaching any decision and in considering the recommendations of any appropriate entity, the Regional Entity Trustees shall abide by the principles in these Bylaws.

Its duties shall include, but are not limited to the following:

- (a) Monitor all Registered Entities in the SPP footprint for compliance with ERO/FERC requirements, including auditing and issuance of official findings.
- (b) Administer SPP’s Compliance Enforcement Program.
- (c) Coordinate and manage third party audits to confirm that SPP is conforming to ERO policies and standards;
- (d) Impose penalties as prescribed and approved by ERO/FERC.

- (e) Regional Entity staff administration.
- (f) Regional Entity budget decisions.
- (g) Track and review Regional Standards from MOPC for submission to the ERO and FERC for approval and implementation.
- (h) Complete a self-assessment annually to determine how effectively the Regional Entity Trustees are meeting their responsibilities; and
- (i) Provide an annual report to the Board of Directors regarding the effectiveness of the Regional Entity function and processes.” SPP Bylaws § 9.7.1.

B. Southwest Power Pool, Inc.’s bylaws provide for fair stakeholder representation in the selection of its directors, as follows:

“Regional Entity Trustees shall be elected at the meeting of Members to a three-year term commencing upon election and continuing until his/her duly elected successor takes office. Initial staggering of terms will be decided by lottery with one trustee’s term to expire in the first year, one in the second year, and one in the third year. The election process shall be as follows:

- (a) At least three months prior to the meeting of Members when election of a new trustee is required, the Corporate Governance Committee shall commence the process to nominate persons for the position to be elected;
- (b) At least one month prior to the meeting of Members, the Corporate Governance Committee shall notify the President in writing of the person it nominates for election as a trustee, specifying the nominee for any vacancy to be filled. The President shall prepare the ballot accordingly, leaving space for additional names, and shall deliver same to Members at least two weeks prior to the meeting of Members;
- (c) For purposes of electing or removing trustees only, Members with Affiliate Relationships shall be considered a single Member;
- (d) At the meeting of Members, any additional nominee(s) may be added to the ballot if a motion is made and seconded by Members; and
- (e) At the meeting of Members, the required number of trustees shall be elected by written ballot. Each sector of the Membership votes separately with the result for that sector being a percent of approving votes to the total number of Members voting. Each Member shall be entitled to cast a number of votes equal to the number of trustees to be elected. A Member may not cumulate votes. The candidate(s) receiving the highest percent of the average of approving vote ratios within each Membership sector will fill vacancy(ies).” SPP Bylaw § 9.7.3

CRITERION 3: If the Regional Entity has members, the Regional Entity has established rules that assure that its membership is open, that it charges no more than a nominal membership fee and agrees to waive the fee for good cause shown, and that membership is not a condition for participating in the development of or voting on proposed Regional Reliability Standards. (Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶¶ 170-173.)

A. Southwest Power Pool, Inc. has an open membership policy that permits full and fair participation of all stakeholders through their representatives, including in the development and voting on Regional Reliability Standards, as follows:

“Membership in SPP is voluntary and is open to any electric utility, Federal power marketing agency, transmission service provider, any entity engaged in the business of producing, selling and/or purchasing electric energy for resale, and any entity willing to meet the membership requirements, including execution of the Membership Agreement. Membership also is open to any entity eligible to take service under the SPP Open Access Transmission Tariff (OATT). These entities desire the greater efficiency and service reliability gained through better coordination by voluntary association in SPP as constituted herein and in the SPP Articles of Incorporation. Members recognize that such association has a significant effect upon the availability and reliability of the bulk electric power supply of the region, and thereby affects the reliability of the nation's electric power supply.” SPP Bylaws § 2.1.

“The Members Committee shall work with the Board of Directors to manage and direct the general business of SPP. Its duties shall include, but are not limited to the following:

(c) Provide input with the Board of Directors to the Regional Entity Trustees on SPP Regional Reliability Standards recommended by the MOPC to the trustees for submission to the ERO for its approval.” SPP Bylaws § 5.1

“Each SPP Member shall appoint a representative to the Markets and Operations Policy Committee (MOPC) at the regular meeting of the Board of Directors immediately following each annual meeting of Members...

“The responsibilities of the Markets and Operations Policy Committee shall include:

(c) Recommend any Regional Reliability Standards for ERO adoption in accordance with SPP’s Standards Development Process.

(d) Coordinate and oversee the work of any Standards Development Team(s).” SPP Bylaws § 6.1

“When an SPP working group or task force is considering an SPP Regional Reliability Standard, it will be designated the Standards Development Team (SDT) for that Standard in accordance with the SPP Regional Entity Standards

Development Process Manual. For purposes of an SDT, participation and voting will be open to any interested party in accordance with the Standards Development Process and without regard to membership status in SPP.” SPP Bylaws § 9.5

B. Southwest Power Pool, Inc. charges no more than a nominal membership fee and agrees to waive the fee for good cause shown, as follows:

“All SPP Members will be subject to an annual membership fee in the amount of \$6,000, or other amount established by the Board of Directors. Membership fees are not subject to refund. The Board of Directors shall determine the annual membership fee for the upcoming year in advance of the last meeting of Members in a calendar year. Legitimate public interest groups (e.g. consumer advocates, environmental groups, or citizen participation groups) may seek a waiver of the annual membership fee. Legitimate public interest groups may seek waiver of the annual membership fee. The request for waiver must be directed to the President in writing.” SPP Bylaws § 8.2

CRITERION 4: The Regional Entity has established rules that assure balance in its decision-making committees and subordinate organizational structures and assure no two industry sectors can control any action and no one industry sector can veto any action. (Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶ 728.)

A. Southwest Power Pool, Inc.’s bylaws, procedural rules, and protocols assure balance in decision-making committees and subordinate organizational structures in how such groups are structured, as follows:

“Provided that Membership is sufficient to accommodate these provisions, the Members Committee shall consist of up to 18 persons. Four representatives shall be investor owned utilities Members; four representatives shall be cooperatives Members; two representatives shall be municipals Members (including municipal joint action agencies); three representatives shall be independent power producers/marketers Members; one representative shall be a state/federal power agencies Member; two representatives shall be alternative power/public interest Members; one representative shall be a large retail customer Member; defined as non-residential end-use customers with individual or aggregated loads of 1-MW or more; and one representative shall be a small retail customer Member, defined as residential customers and other customers with individual or aggregated loads of less than 1-MW. Representatives will be elected in accordance with Section 5.1.2 of these Bylaws.” SPP Bylaws § 5.1.1.1.

“A representative shall be an officer or employee of a Member with decision-making responsibility over SPP related activities, and must be the Member’s representative to the Membership.” SPP Bylaws § 5.1.1.2.

“Member input on decision-making shall be accomplished primarily through Membership participation in Organizational Groups. Members are expected to provide representation to Organizational Groups as requested. Working group representation will be appointed by the Board of Directors, who shall consider the various types and expertise of Members and their geographic locations, to achieve a widespread and effective representation of the Membership. The Chair of any Organizational Group may appoint any ad hoc task forces as necessary to fulfill its mission. Task force appointments shall be made with due consideration of the various types and expertise of Members and their geographic locations. Participation in certain sessions of Organizational Group meetings where market sensitive issues are discussed may be restricted to persons representing entities that have executed ERO’s Confidentiality Agreement. Representatives on all Organizational Groups will be documented in the SPP directory maintained by the Staff. Organizational Group vacancies will be filled on an interim basis by appointment of the President unless otherwise provided for in these Bylaws.” SPP Bylaws § 3.1

“If a Member's designated representative is unable to attend an Organizational Group meeting, it may in writing appoint a substitute representative who shall have such rights to participate and vote as the Member specifies.” SPP Bylaws § 3.2.

“6.1 Markets and Operations Policy Committee

Each SPP Member shall appoint a representative to the Markets and Operations Policy Committee (MOPC) at the regular meeting of the Board of Directors immediately following each annual meeting of Members. Each representative designated shall be an officer or employee of the Member. The Board of Directors will appoint the Chair and Vice Chair of the MOPC. Each member of the MOPC may continue to be a member thereof until the appropriate Member appoints a successor.

“6.2 Strategic Planning Committee

The Strategic Planning Committee (SPC) shall be comprised of eleven members. Three representatives shall be from the Board of Directors; four representatives from the Transmission Owning Member sector as nominated by the Corporate Governance Committee; and four representatives from the Transmission Using Member sector as nominated by the Corporate Governance Committee.

The Board of Directors shall appoint the representatives of the SPC at the regular meeting of the Board of Directors immediately following each annual meeting of Members. Each representative of the SPC shall continue to be a representative thereof until the Board of Directors appoints his/her successor. Where a vacancy occurs, the Corporate Governance Committee will fill the vacancy on an interim basis until the next meeting of the Board of Directors.

“6.3 Human Resources Committee

The Human Resources Committee (HRC) shall be comprised of six members. Two representatives shall be from the Board of Directors, one of whom shall serve as the Chair; two representatives from the Transmission Owning Member sector as nominated by the Corporate Governance Committee; and two representatives from the Transmission Using Member sector as nominated by the Corporate Governance Committee.

The Board of Directors shall appoint the representatives of the HRC at the regular meeting of the Board of Directors immediately following each annual meeting of Members. Each representative of the HRC shall continue to be a representative thereof until the Board of Directors appoints his/her successor. Where a vacancy occurs the Corporate Governance Committee will fill the vacancy on an interim basis until the next meeting of the Board of Directors.

“6.4 Oversight Committee

The Oversight Committee (OC) shall be comprised of three members from the Board of Directors.

The Board of Directors shall appoint the representatives of the OC at the regular meeting of the Board of Directors immediately following each annual meeting of Members. Each representative of the OC shall continue to be a representative thereof until the Board of Directors appoints his/her successor. Where a vacancy occurs, the Board of Directors will fill the vacancy.

“6.5 Finance Committee

The Finance Committee (FC) shall be comprised of six members. Two representatives shall be from the Board of Directors, one of whom shall serve as the Chair; two representatives from the Transmission Owning Member sector as nominated by the Corporate Governance Committee; and two representatives from the Transmission Using Member sector as nominated by the Corporate Governance Committee.

The Board of Directors shall appoint the representatives of the FC at the regular meeting of the Board of Directors immediately following each annual meeting of Members. Each representative of the FC shall continue to be a representative thereof until the Board of Directors appoints his/her successor. Where a vacancy occurs the Corporate Governance Committee will fill the vacancy on an interim basis until the next meeting of the Board of Directors.

“6.6 Corporate Governance Committee

To the extent that the membership allows, the Corporate Governance Committee (CGC) shall be comprised of nine members. One representative shall be the President of SPP who will serve as the Chair; the Chairman of the Board, unless his/her position is under consideration, in which case the Vice Chairman of the Board; one representative shall be representative of and selected by investor owned utilities Members; one representative shall be representative of and selected by co-operatives Members; one representative shall be representative of and selected by municipals Members; one representative shall be representative of

and selected by independent power producers/marketers Members; one representative shall be representative of and selected by state/federal power agencies Members; one representative shall be representative of and selected by alternative power/public interest Members; and one representative shall be representative of and selected by large/small retail Members.

Where a vacancy occurs with respect to a representative of a sector, the representatives from the appropriate sector will fill the vacancy.

B. Southwest Power Pool, Inc.'s bylaws, procedural rules, and protocols assure balance in decision-making committees and subordinate organizational structures in how such groups make decisions, as follows:

“The quorum for a meeting of the Markets and Operations Policy Committee or the Membership shall be those Members present. The quorum for any other Organizational Group or task force shall be one-half of the membership thereof, but not less than three members; provided, that a lesser number may adjourn the meeting to a later time.” SPP Bylaws § 3.8.

“Except as provided for in Section 9.5 of these Bylaws, each participant in an Organizational Group shall have one vote. Upon joining, Members shall be assigned to one of two Membership sectors for the sole purpose of voting: Transmission Owning Members, or Transmission Using Members. Markets and Operations Policy Committee and Membership actions are taken in the following process. Each sector votes separately with the result for that sector being a percent of approving votes to the total number of Members voting. Then the action is approved if the average of these two percentages is at least sixty-six percent. If no Members are present within a sector, the single present sector-voting ratio will determine approval. A simple majority of participants present or represented by proxy and voting shall be required for all other Organizational Group and task force action.” SPP Bylaws § 3.9.

“Should any Member or group of Members disagree on an action taken or recommended by any Organizational Group, such Member(s) may, in writing, appeal and submit an alternate recommendation to the Board of Directors prior to the meeting at which consideration of the action by the Board of Directors is scheduled.” SPP Bylaws § 3.10.

“When an SPP working group or task force is considering an SPP Regional Reliability Standard, it will be designated the Standards Development Team (SDT) for that Standard in accordance with the SPP Regional Entity Standards Development Process Manual. For purposes of an SDT, participation and voting will be open to any interested party in accordance with the Standards Development Process and without regard to membership status in SPP.” SPP Bylaws § 9.5.

C. Southwest Power Pool, Inc.'s bylaws, procedural rules, and protocols assure no two industry sectors can control any action and no one industry sector can veto any action, as follows:

See above.

CRITERION 5: The Regional Entity has established rules that provide reasonable notice and opportunity for public comment, due process, openness, and balance of interests in exercising its duties. (Federal Power Act § 215(c)(2)(D) and (e)(4), 18 C.F.R. § 39.8(c)(2).)

Southwest Power Pool, Inc.'s bylaws, procedural rules, and protocols provide reasonable notice and opportunity for public comment, due process, openness, and balance of interests in exercising its duties, as follows:

▪ **NOTICE PERIODS:**

“The Regional Entity Trustees will meet coincident in time and location as the regularly scheduled SPP Board of Directors meetings, and additionally upon the call of the chair or upon concurrence of at least two trustees... At least fifteen days' written notice shall be given by the chair to each trustee, the Board of Directors, and the Members Committee of the date, time, place and purpose of a meeting, unless such notice is waived by the trustees. Telephone conference meetings may be called as appropriate by the chair with at least one-day prior notice.” SPP Bylaws § 9.7.6

“Organizational Groups shall meet as necessary. SPP meetings shall be open, however, any Organizational Group may limit attendance at a meeting by an affirmative vote of the Organizational Group as necessary to safeguard confidentiality of sensitive information, included but not limited to Order 889 Code of Conduct requirements, personnel, financial, or legal matters. Representatives shall be given at least fifteen days written notice of the date, time, place and purpose of each regular or special meeting. Telephone conference meetings may be called as appropriate by the Chair of any Organizational Group with at least one-day prior notice.” SPP Bylaws § 3.5.

▪ **AVAILABILITY OF AGENDAS AND BACKGROUND INFORMATION:**

See above.

▪ **OPENNESS OF MEETINGS:**

“Except as otherwise provided in these Bylaws, all meetings will be open to any interested party.” SPP Bylaws § 9.7.6

“Executive sessions (open only to Trustees and parties invited by the chair of the Regional Entity Trustees) shall be held as necessary upon agreement of the

Regional Entity Trustees to safeguard confidentiality of sensitive information regarding employee, financial or legal matters, or confidential information related to compliance matters.” SPP Bylaws § 9.7.10

“Member input on decision-making shall be accomplished primarily through Membership participation in Organizational Groups. Members are expected to provide representation to Organizational Groups as requested. Working group representation will be appointed by the Board of Directors, who shall consider the various types and expertise of Members and their geographic locations, to achieve a widespread and effective representation of the Membership. The Chair of any Organizational Group may appoint any ad hoc task forces as necessary to fulfill its mission. Task force appointments shall be made with due consideration of the various types and expertise of Members and their geographic locations. Participation in certain sessions of Organizational Group meetings where market sensitive issues are discussed may be restricted to persons representing entities that have executed ERO’s Confidentiality Agreement. Representatives on all Organizational Groups will be documented in the SPP directory maintained by the Staff. Organizational Group vacancies will be filled on an interim basis by appointment of the President unless otherwise provided for in these Bylaws.” SPP Bylaws § 3.1.

“Organizational Groups shall meet as necessary. SPP meetings shall be open, however, any Organizational Group may limit attendance at a meeting by an affirmative vote of the Organizational Group as necessary to safeguard confidentiality of sensitive information, included but not limited to Order 889 Code of Conduct requirements, personnel, financial, or legal matters. Representatives shall be given at least fifteen days written notice of the date, time, place and purpose of each regular or special meeting. Telephone conference meetings may be called as appropriate by the Chair of any Organizational Group with at least one-day prior notice.” SPP Bylaws § 3.5.

▪ OPPORTUNITIES FOR PUBLIC PARTICIPATION:

“The chair shall grant any party’s request to address the Regional Entity Trustees.” SPP Bylaws § 9.7.6.

“Organizational Groups shall meet as necessary. SPP meetings shall be open, however, any Organizational Group may limit attendance at a meeting by an affirmative vote of the Organizational Group as necessary to safeguard confidentiality of sensitive information, included but not limited to Order 889 Code of Conduct requirements, personnel, financial, or legal matters. Representatives shall be given at least fifteen days written notice of the date, time, place and purpose of each regular or special meeting. Telephone conference meetings may be called as appropriate by the Chair of any Organizational Group with at least one-day prior notice.” SPP Bylaws § 3.5.

- AVAILABILITY OF MINUTES:

[No Bylaws cite, but corporate process requires minutes be posted on the SPP website within one week of a meeting.]

- AMENDMENT OF BYLAWS AND PROCEDURAL RULES:

“Except for modifications to Section 4.0 BOARD OF DIRECTORS, Section 5.0 COMMITTEES ADVISING THE BOARD OF DIRECTORS, Section 9.0 REGIONAL ENTITY FUNCTION, and Section 10.0 AMENDMENTS, these Bylaws may be amended, repealed, or added to by the Board of Directors only upon 30 days written notice to the Membership of the proposed modification(s). Approval of amendments to the Bylaws by the Board of Directors must be by an affirmative vote of at least five directors. Sections 4.0, 5.0, 9.0, and 10.0 of these Bylaws and the Articles of Incorporation may be amended, repealed, or added to only by approval of the Membership. All amendments are subject to the requisite regulatory approval(s).” SPP Bylaws § 10.0.

Exhibit C – Regional Standard Development Procedure

COMMON ATTRIBUTE 1

Proposed regional reliability standards shall be subject to approval by NERC, as the electric reliability organization, and by FERC before becoming mandatory and enforceable under Section 215 of the FPA [add reference to any applicable authorities in Canada and Mexico]. No regional reliability standard shall be effective within the [Regional Entity Name] area unless filed by NERC with FERC [and applicable authorities in Canada and Mexico] and approved by FERC [and applicable authorities in Canada and Mexico].

Southwest Power Pool's ("SPP") regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See Southwest Power Pool Regional Entity (SPP RE) Standards Development Process Manual Pg 14, Sec V.C. Filing of Regional Reliability Standards with Regulatory Agencies:

The development of Standards must be administered in coordination with the NERC Standards Development Procedure. At the discretion of the NERC Board of Trustees, adopted Standards may be filed with applicable regulatory agencies in the United States, Canada, and Mexico.

The NERC Standards Development Procedure requires proposed reliability standards be approved by FERC before becoming effective and enforceable. Any proposed SPP Regional Entity standard will be required to be submitted to NERC for further action and cannot become effective without FERC approval per the NERC procedure.

COMMON ATTRIBUTE 2

[Regional Entity Name] regional reliability standards shall provide for as much uniformity as possible with reliability standards across the interconnected bulk power system of the North American continent. A [Regional Entity Name] reliability standard shall be more stringent than a continent-wide reliability standard, including a regional difference that addresses matters that the continent-wide reliability standard does not, or shall be a regional difference necessitated by a physical difference in the bulk power system. A regional reliability standard that satisfies the statutory and regulatory criteria for approval of proposed North American reliability standards, and that is more stringent than a continent-wide reliability standard, would generally be acceptable.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

The specific language cited in Common Attribute 2 was provided to NERC in the Commission's July 20 Compliance Order. SPP has revised the SPP RE Standards Development Process Manual in Pg 4, Sec III. A. Definition of a Regional Reliability Standard, paragraph 2 to adopt this new language:

SPP RE may develop, through the process described in this manual, separate SPP Regional Reliability Standards (Standard) that go beyond, add detail to, or implement NERC reliability standards, or that cover matters not addressed in NERC reliability standards. SPP Regional Reliability Standards may be developed and exist separately from NERC reliability standards, or may be proposed as NERC reliability standards. Standards that exist separately from NERC reliability standards shall not be inconsistent with or less stringent than NERC reliability standards.

Section III. D. Elements of a Regional Reliability Standard, establishes guidelines to ensure SPP RE Standards are consistent with NERC standards:

An RE Standard shall consist of the elements identified in this section of this manual. These elements are intended to apply a systematic discipline in the development and revision of Standards. This discipline is necessary to achieve standards that are measurable, enforceable, and consistent.

COMMON ATTRIBUTE 3

[Regional Entity Name] regional reliability standards, when approved by FERC [add applicable authorities in Canada], shall be made part of the body of NERC reliability standards and shall be enforced upon all applicable bulk power system owners, operators, and users within the [Regional Entity Name] area, regardless of membership in the region.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See Southwest Power Pool Regional Entity (SPP RE) Standards Development Process Manual Pg 14, Sec V.C. Filing of Regional Reliability Standards with Regulatory Agencies:

The development of Standards must be administered in coordination with the NERC Standards Development Procedure. At the discretion of the NERC Board of Trustees, adopted Standards may be filed with applicable regulatory agencies in the United States, Canada, and Mexico.

The NERC Standards Development Procedure requires proposed reliability standards be approved by FERC before becoming effective and enforceable. Any proposed SPP

Regional Entity standard will be required to be submitted to NERC for further action and cannot become effective without FERC approval per the NERC procedure.

COMMON ATTRIBUTE 4

Requester — The requester is the sponsor of the regional reliability standard request may assist in the development of the standard. Any member of [Regional Entity Name], or group within [Regional Entity Name] shall be allowed to request that a regional reliability standard be developed, modified, or withdrawn. Additionally, any entity (person, organization, company, government agency, individual, etc.) that is directly and materially affected by the reliability of the bulk power system in the [Regional Entity Name] area shall be allowed to request a regional reliability standard be developed, modified, or withdrawn.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

SPP uses the term “originator” in place of “requester”. See SPP RE Standards Development Process Manual Page 8, Sec IV. Roles in the Regional Reliability Standards Development Process, paragraph 2:

Originator - Any person, acting as a representative of an organization which is directly and materially affected by the operation of an RE's BPS, is allowed to request a Standard be developed or an existing Standard be modified, or deleted.

COMMON ATTRIBUTE 5

[Standards or other named] committee — The [Regional Entity Name] [standards] committee manages the standards development process. The [standards] committee will consider which requests for new or revised standards shall be assigned for development (or existing standards considered for deletion). The [standards] committee will advise the [Regional Entity Name] board on standards presented for adoption.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 8, Sec IV. Roles in the Regional Reliability Standards Development Process, paragraph 4:

SPP Markets and Operations Policy Committee (MOPC) - The SPP Markets and Operations Policy Committee will consider which requests for new or revised Standards shall be assigned for development (or existing Standards considered for deletion). The MOPC manages the Standards development process. The MOPC will advise the SPP Board of Directors and Members Committee on Standards to be presented for adoption by the RE Trustees.

COMMON ATTRIBUTE 6

[Registered ballot body — The registered ballot body comprises all entities or individuals that a) qualify for one of the stakeholder segments; are registered with [Regional Entity Name] as potential ballot participants in the voting on standards; and are current with any designated fees. Each member of the registered ballot body is eligible to vote on standards. [Each standard action has its own ballot pool formed of interested members of the registered ballot body. Each ballot pool comprises those members of the registered ballot body that respond to a pre-ballot survey for that particular standard action indicating their desire to participate in such a ballot pool.] The representation model of the registered ballot body is provided in Appendix A.]

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 11, Sec V.B. Regional Reliability Standards Development Process Steps, Step 5. Open Voting:

All interested parties are eligible to participate in voting on proposed new Standards, Standard revisions or Standard deletions. There is not a requirement to separately join a ballot body to participate in voting. Each interested party shall have one vote. A company or entity that qualifies in more than one segment may designate a different person qualified to represent the company/entity's interests in that segment to vote.

SPP allows any interested party to join a ballot pool created to vote on a specific proposed standard prior to balloting. This ballot body for the standard is specific to that standard and would be dissolved when final action is taken by the RE Trustees. Since there is not a standing ballot body, the notice of a proposed standard on the SPP public website would serve the purpose of the NERC pre-ballot survey.

SPP RE Standards Development Process Manual Page 8, Sec IV. Roles in the Regional Reliability Standards Development Process has been revised to add a definition of the ballot body and its responsibilities in the standards process.

Ballot Body — The Ballot Body comprises all entities or individuals that qualify for one of the voting segments that are registered with SPP as a ballot participant in the voting for a proposed Standard. Membership in SPP is not a requirement for registration. Registration in a ballot body must be done via the SPP website any time during the 15 day ballot period for the standard. Each standard action has its own ballot body. No pre-registration into a ballot pool is required. The representation model of the ballot body is provided in Sec V. B. Regional Reliability Standards Development Process Steps, Step 5 – Open Voting. The outcome of the vote of the Ballot Body is forwarded to the RE Trustees along with the voting results of the MOPC and the SPP Board of Directors/Members Committee.

COMMON ATTRIBUTE 7

[Regional Entity Name] will coordinate with NERC such that the acknowledgement of receipt of a standard request identified in step 1, notice of comment posting period identified in step 4, and notice for vote identified in step 5 below are concurrently posted on both the [Regional Entity Name] and NERC websites.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 10, Sec V.B. Regional Reliability Standards Development Process Steps, Step 2. Notification to Regional Entity Trustees & Public Notice. SPP staff will coordinate with NERC staff to provide this information. SPP's standards process manager is a SPP staff person designated by the MOPC.

The Chairman of the MOPC or his/her designee will forward the request to the RE Trustees. SPP staff will also post the request on the SPP website for public notice and may utilize any appropriate SPP email distribution lists. The request is not to be judged as appropriate or useful at this stage.

Sec V.B. Regional Reliability Standards Development Process Steps, Step 4 requires the public notice of comment period:

Step 4 – Post Draft for 30 Day Public Comments

At the direction of the MOPC, the SPP staff will facilitate posting of the draft Standard on the SPP website, along with any supporting documents, for a 30-day comment period. The SPP staff shall also inform RE Members and other potentially interested entities of the posting using typical membership communication procedures then currently in effect, or by other means deemed appropriate. Comments may be submitted using the RSR Comment Form in Appendix B available on the SPP website.

Sec V.B. Regional Reliability Standards Development Process Steps, Step 5 requires SPP staff to post the draft Standard for vote:

Step 5 – Open Voting

The SDT shall direct the SPP staff to post the revised draft Standard, implementation plan, supporting technical documentation, and summary of comments if necessary.

SPP staff will schedule a vote by interested parties to be scheduled to commence no sooner than 15 days and no later than 30 days following the posting of the revised draft.

Interested parties shall be allowed to vote over a period of 15 days. It is expected that votes will be through electronic means such as email, but may be submitted through other means as available from SPP.

COMMON ATTRIBUTE 8

An acceptable standard request shall contain a description of the proposed regional reliability standard subject matter containing sufficiently descriptive detail to clearly define the purpose, scope, impacted parties, and other relevant information of the proposed standard.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 10, Sec V.B. Regional Reliability Standards Development Process Steps, Step 1:

The MOPC or a designee will work with the Originator to develop a description of the proposed Standard subject matter containing sufficient detail to clearly define the purpose, scope, impacted parties, and other relevant information related to the proposed Standard.

COMMON ATTRIBUTE 9

Within [no greater than 60] days of receipt of a completed standard request, the [standards] committee shall determine the disposition of the standard request.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP's Bylaws Sec 6.1, paragraph 2, requires the MOPC to meet at least three times per calendar year and additionally as needed:

SPP RE Standards Development Process Manual Page 13 Step 7- Post Draft Standard for Action on the MOPC Agenda allows the MOPC to act on a standard request in an expedited time frame between scheduled MOPC meetings:

If a Standard requires action by the MOPC prior to a regularly scheduled meeting, the SPP staff will notify the MOPC Chairman who notice a special meeting in accordance with the SPP Bylaws.

COMMON ATTRIBUTE 10

The [standards] committee may take one of the following actions:

- Accept the standard request as a candidate for development of a new standard, revision of an existing standard, or deletion of an existing standard. The [standards] committee may, at its discretion, expand or narrow the scope of the standard request under consideration. The [standards] committee shall prioritize the development of standard in relation to other proposed standards, as may be required based on the volume of requests and resources.
- Reject the standard request. If the [standards] committee rejects a standard request, a written explanation for rejection will be delivered to the requester within [no greater than 30] days of the decision.
- Remand the standard request back to the requester for additional work. The standards process manager will make reasonable efforts to assist the requester in addressing the deficiencies identified by the [standards] committee. The requester may then resubmit the modified standard request using the process above. The requester may choose to withdraw the standard request from further consideration prior to acceptance by the [standards] committee.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

A SDT must act through the MOPC to take any action to accept, reject or remand a proposed regional reliability standard including the modification or deletion of an existing RE Standard. See SPP RE Standards Development Process Manual Page 9, Sec V.B. Regional Reliability Standards Development Process Steps, Step 1, and Page 11 Step 3, last 2 paragraphs:

Step 1 – Request to Develop, Revise or Delete a Regional Reliability Standard

Any individual representing an organization (Originator) that is directly or materially impacted by the operation of the BPS within the geographical footprint of the RE may submit a request to the Markets and Operations Policy Committee (MOPC) for the development, modification, or deletion of an RE Standard. Any such request shall be submitted to the MOPC Chairman, or his/her designee, or by another process as otherwise posted on the SPP website. The request will use the SPP Regional Standard Request Form (RSR) in Appendix B.

The MOPC or a designee will work with the Originator to develop a description of the proposed Standard subject matter containing sufficient detail to clearly define the purpose, scope, impacted parties, and other relevant information related to the proposed Standard.

Step 3 – Scoping and Drafting (last 2 paragraphs)

The MOPC may, at any time, exercise its authority over the Standards development process by directing the SDT to move to Step 4 and post for comment the current work product, or terminate the activity if there is no further need for the Standard. If there are competing drafts, the MOPC may, at its sole discretion, post the version(s) of the draft Standard for comment on the RE website. The SC may take this step at any time after a SDT has been commissioned to develop the Standard.

For Standards in progress, the MOPC must vote to move to Step 4. *Public Comments*, or to terminate the work. If the MOPC votes to terminate the activity, the RE Trustees must be notified with supporting reasons provided to them. (See Step 11. *RE Trustees Action*)

SPP has revised Step 3 to include a notice period to the Originator and the RE Trustees not to exceed 30 days if the MOPC terminates work on a proposed regional reliability standard.

There is nothing in the SPP RE Standards Process Manual that restricts the originator or another party from submitting a new request for a regional reliability standard based on a revision to a request that has been terminated.

COMMON ATTRIBUTE 11

Any standard request that is accepted by the [standards] committee for development of a standard (or modification or deletion of an existing standard) shall be posted for public viewing on the [Regional Entity Name] website within [no greater than 30] days of acceptance by the committee.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 10, Sec V.B. Regional Reliability Standards Development Process Steps, Step 2. SPP has added a requirement for posting for 30 days:

The Chairman of the MOPC or his/her designee will forward the request to the RE Trustees. SPP staff will also post the request on the SPP website for public notice and may utilize any appropriate SPP email distribution lists. The request is not to be judged as appropriate or useful at this stage.

COMMON ATTRIBUTE 12

The standards process manager shall submit the proposed members of the drafting team to the [standards] committee. The [standards] committee shall approve the drafting team membership within 60 days of accepting a standard request for development, modifying the recommendations of the standards process manager as the committee deems appropriate, and assign development of the proposed standard to the drafting team.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 10, Sec V.B. Regional Reliability Standards Development Process Steps, Step 2, paragraph 2. The MOPC fulfills the roles of the standards process manager and the standards committee.

The MOPC will assign the drafting and scoping responsibility to an appropriate SPP Working Group or Task Force. This group will become the acting Standards Drafting Team (SDT) for this particular Standard request. The MOPC will establish any necessary deadlines and due dates for the Standard.

SPP SDTs are open to any interested party to participate and do not require approval of participants. See SPP RE Standards Development Process Manual Sec. V. A. Assumptions and Prerequisites, paragraph titled "Openness" :

Meetings of SDT's are open to all interested parties and are noticed on the SPP website at least 7 days in advance. Since pre-existing SPP committees, working groups, or task forces may be assigned the responsibilities of a SDT, the agenda for meetings will note that an SDT activity is being undertaken to distinguish such activity from other non-SDT related agenda items. The openness provisions of this manual apply explicitly to the SDT activities.

COMMON ATTRIBUTE 13

At the direction from the [standards] committee, the standards process manager shall facilitate the posting of the draft standard on the [Regional Entity Name] website, along with a draft implementation plan and supporting documents, for a no less than a [30]-day comment period. The standards process manager shall provide notice to [Regional Entity Name] stakeholders and other potentially interested entities, both within and outside of the [Regional Entity Name] area, of the posting using communication procedures then currently in effect or by other means as deemed appropriate.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 11, Sec V.B. Regional Reliability Standards Development Process Steps, Step 4:

Step 4 – Post Draft for 30 Day Public Comments

At the direction of the MOPC, the SPP staff will facilitate posting of the draft Standard on the SPP website, along with any supporting documents, for a 30-day comment period. The SPP staff shall also inform RE Members and other potentially interested entities of the posting using typical membership communication procedures then currently in effect, or by other means deemed appropriate. Comments may be submitted using the RSR Comment Form in Appendix B available on the SPP website.

COMMON ATTRIBUTE 14

The drafting team shall prepare a summary of the comments received and the changes made to the proposed standard as a result of these comments. The drafting team shall summarize comments that were rejected by the drafting team and the reason(s) that these comments were rejected, in part or whole. The summary, along with a response to each comment received will be posted on the [Regional Entity Name] website no later than the next posting of the proposed standard.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 11, Sec V.B. Regional Reliability Standards Development Process Steps, Step 4, para. 2:

Within 30 days of the conclusion of 30-day comment posting period the SDT shall convene and consider changes to the draft Standard, the implementation plan and/or supporting technical documents based upon comments received. The SDT may elect to return to Step 3. *Scoping and Drafting* to revise the draft Standard, and/or any supporting documentation. The SDT shall summarize the comments received and any changes made as a result. This summary will be presented to the MOPC and posted on the RE website when completed.

COMMON ATTRIBUTE 15

Upon recommendation of the drafting team, and if the [standards] committee concurs that all of the requirements for development of the standard have been met, the standards process manager shall post the proposed standard and implementation plan for ballot and shall announce the vote to approve the standard, including when the vote will be conducted and the method for voting. Once the notice for a vote has been issued, no substantive modifications may be made to the proposed standard unless the revisions are posted and a new notice of the vote is issued.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 12, Sec V.B. Regional Reliability Standards Development Process Steps, Step 5:

SPP staff will schedule a vote by interested parties to be scheduled to commence no sooner than 15 days and no later than 30 days following the posting of the revised draft.

Step 4, limits the ability for the MOPC and the SDT to revise the draft standard without returning to Step 3 – Scoping and Drafting and Step 4 Post Draft for 30 Day Public Comment. See SPP RE Standards Development Process Manual Page 12, Sec V.B. Regional Reliability Standards Development Process Steps, Step 4, end of last paragraph:

The SDT may elect to return to Step 3. *Scoping and Drafting* to revise the draft Standard, and/or any supporting documentation. The SDT shall summarize the comments received and any changes made as a result. This summary will be presented to the MOPC and posted on the RE website when completed.

COMMON ATTRIBUTE 16

The standards process manager shall schedule a vote by the [Regional Entity Name] [registered ballot body/[standards] committee]. The vote shall commence no sooner than [15] days and no later than [30] days following the issuance of the notice for the vote.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 12, Sec V.B. Regional Reliability Standards Development Process Steps, Step 5:

Interested parties shall be allowed to vote over a period of 15 days. It is expected that votes will be through electronic means such as email, but may be submitted through other means as available from SPP.

COMMON ATTRIBUTE 17

The [Regional Entity Name] registered ballot body shall be able to vote on the proposed standard during a period of [not less than 10] days.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 12, Sec V.B. Regional Reliability Standards Development Process Steps, Step 5 Open Voting:

Interested parties shall be allowed to vote over a period of 15 days. It is expected that votes will be through electronic means such as email, but may be submitted through other means as available from SPP.

COMMON ATTRIBUTE 18

All members of [Regional Entity Name] are eligible to participate in voting on proposed new standards, standard revisions or standard deletions. [Alternatively: Each standard action requires formation of a ballot pool of interested members of the registered ballot body.]

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 12, Sec V.B. Regional Reliability Standards Development Process Steps, Step 5 Open Voting, SPP Segment Weighted Voting, paragraph 1:

All interested parties are eligible to participate in voting on proposed new Standards, Standard revisions or Standard deletions. There is not a requirement to separately join a ballot body to participate in voting. Each interested party shall have one vote. A company or entity that qualifies in more than one segment may designate a different person qualified to represent the company/entity's interests in that segment to vote.

COMMON ATTRIBUTE 19

Approval of the proposed regional reliability standard shall require a [two thirds] majority in the affirmative (affirmative votes divided by the sum of affirmative and negative votes). Abstentions and non-responses shall not count toward the results, except that abstentions may be used in the determination of a quorum. A quorum shall mean [XX%] of the members of the [registered ballot body/ballot pool] submitted a ballot.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 12, Sec V.B. Regional Reliability Standards Development Process Steps, Step 5 Open Voting, SPP Segment Weighted Voting, paragraph 2:

SPP staff will accept votes from entities any time during the 15-day ballot period for the Standard. No pre-registration is required. Votes will be counted by segment. Each segment will receive 20% of the vote. A weighted vote of 2/3 affirmative of those voting will pass a Standard for SPP MOPC consideration (Step 7).

SPP RE Bylaws Sec 3.8 Quorum, defines a quorum for SPP voting purposes:

The quorum for any other Organizational Group or task force shall be one-half of the membership thereof, but not less than three members; provided, that a lesser number may adjourn the meeting to a later time.

COMMON ATTRIBUTE 20

Under no circumstances may the board substantively modify the proposed regional reliability standard.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

SPP's standards process is overseen by the RE Trustee, a separate governing body from the SPP Inc. Board of Directors. SPP RE Standards Development Process Manual Page 14, Sec V.B. Regional Reliability Standards Development Process Steps, Step 11-RE Trustees Action, defines the only allowable actions that may be taken by the RE Trustees on a proposed regional standard:

The RE Trustees are expected to either:

- Recommend NERC approve the Standard through the NERC process
- Remand the Standard to the MOPC with comments and instructions
- Determine there is no need for the Standard and terminate any future activity

Additionally, the SPP BOD and the Members Committee (MC) whom review the recommended regional reliability standard prior to RE Trustees action, are limited to certain actions. See SPP RE Standards Development Process Manual Page 13, Sec V.B. Regional Reliability Standards Development Process Steps Step 9 – SPP Board of Directors/Members Committee Review:

The BOD/MC will:

- Recommend the RE Trustees accept the Standard (Step 10); or
- Remand the Standard to the MOPC with comments

If a Standard is remanded twice, it is forwarded to the RE Trustees for action. (See Steps 10 and 11).

COMMON ATTRIBUTE 21

Once a regional reliability standard is approved by the board, the standard will be submitted to NERC for approval and filing with FERC [and applicable authorities in Canada and Mexico.]

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 14, Sec V.B. Regional Reliability Standards Development Process Steps, Step 12, Submit to NERC for Approval as Regional Standard:

Step 12 – Submit to NERC for Approval as Regional Standard

SPP staff will notify interested parties of such action of the RE Trustees through the normal and customary communication procedures and processes then in effect.

The SPP staff will publicly notice any further steps necessary to have a Standard reviewed and/or approved through the NERC or any successor organization standards process.

COMMON ATTRIBUTE 22

- **Open** - Participation in the development of a regional reliability standard shall be open to all organizations that are directly and materially affected by the [Regional Entity Name] bulk power system reliability. There shall be no undue financial barriers to participation. Participation shall not be conditioned upon membership in [Regional Entity Name], and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements. Meetings of drafting teams shall be open to the [Regional Entity Name] members and others.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 9, Sec V.A. Regional Reliability Standards Development Process, Assumptions and Prerequisites, 2nd bullet item-Openness:

- **Openness** - Participation is open to all organizations that are directly and materially affected by the RE's BPS reliability. There shall be no undue financial barriers to participation. Participation shall not be conditioned upon membership in the RE, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements. Meetings of SDT's are open to all interested parties and are noticed on the SPP website at least 7 days in advance. Since pre-existing SPP committees, working groups, or task forces may be assigned the responsibilities of a SDT, the agenda for meetings will note that an SDT activity is being undertaken to distinguish such activity from other non-SDT related agenda items. The openness provisions of this manual apply explicitly to the SDT activities.

COMMON ATTRIBUTE 23

- **Balanced** - The [Regional Entity Name] standards development process strives to have an appropriate balance of interests and shall not be dominated by any two interest categories and no single interest category shall be able to defeat a matter.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 9, Sec V.A. Regional Reliability Standards Development Process, Assumptions and Prerequisites, 3rd bullet item-Balance:

- **Balance** - The RE Standards development process strives to have an appropriate balance of interests. The process prevents any two interest categories from dominating voting outcomes and no single interest category from defeating a proposed reliability standard.

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The specific language cited in Common Attribute 23 was added by NERC in response to the Commission's July 20 Compliance Order. SPP has made changes to the SPP RE Standards Development Process Manual Page 9, Sec V.A. Regional Reliability Standards Development Process, Assumptions and Prerequisites.

COMMON ATTRIBUTE 24

- **Inclusive** — Any entity (person, organization, company, government agency, individual, etc.) with a direct and material interest in the bulk power system in the [Regional Entity Name] area shall have a right to participate by: a) expressing a position and its basis, b) having that position considered, and c) having the right to appeal.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 9, Sec V.A. Regional Reliability Standards Development Process, Assumptions and Prerequisites, 1st bulleted item-Due Process:

- **Due process** - Any person representing an organization with a direct and material interest has a right to participate by:
 - a) Expressing an opinion and its basis,
 - b) Having that position considered, and
 - c) Appealing any negative decision

COMMON ATTRIBUTE 25

- **Fair due process** — The regional reliability standards development procedure shall provide for reasonable notice and opportunity for public comment. At a minimum, the procedure shall include public notice of the intent to develop a standard, a public comment period on the proposed standard, due consideration of those public comments, and a ballot of interested stakeholders.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute.

See SPP RE Standards Development Process Manual Pages 10 thru 12, Sec V.B. Regional Reliability Standards Development Process Steps, Step 2-Notification to Regional Entity Trustees & Public Notice, Step 4 – Post Draft for 30 Day Public Comments, and Step 5 – Open Voting:

SPP Segment Weighted Voting

All interested parties are eligible to participate in voting on proposed new Standards, Standard revisions or Standard deletions. There is not a requirement to separately join a ballot body to participate in voting. Each interested party shall have one vote. A company or entity that qualifies in more than one segment may designate a different person qualified to represent the company/entity's interests in that segment to vote.

SPP staff will accept votes from entities any time during the 15-day ballot period for the Standard. No pre-registration is required. Votes will be counted by segment. Each segment will receive 20% of the vote. A weighted vote of 2/3 affirmative of those voting will pass a Standard for SPP MOPC consideration (Step 7).

The five SPP voting segments for Regional Reliability Standards are:

- 1) Transmission
- 2) Generation
- 3) Marketer/Broker
- 4) Distribution/Load Serving Entity
- 5) End User

Step 2 – Notification to Regional Entity Trustees & Public Notice

The Chairman of the MOPC or his/her designee will forward the request to the RE Trustees. SPP staff will also post the request on the SPP website for public notice and may utilize any appropriate SPP email distribution lists. The request is not to be judged as appropriate or useful at this stage.

Step 4 – Post Draft for 30 Day Public Comments

At the direction of the MOPC, the SPP staff will facilitate posting of the draft Standard on the SPP website, along with any supporting documents, for a 30-day comment period. The SPP staff shall also inform RE Members and other potentially interested entities of the posting using typical membership communication procedures then currently in effect, or by other means deemed appropriate. Comments may be submitted using the RSR Comment Form in Appendix B available on the SPP website.

Within 30 days of the conclusion of 30-day comment posting period the SDT shall convene and consider changes to the draft Standard, the implementation plan and/or supporting technical documents based upon comments received. The SDT may elect to return to Step 3. *Scoping and Drafting* to revise the draft Standard, and/or any supporting documentation. The SDT shall summarize the comments received and any changes made as a result. This summary will be presented to the MOPC and posted on the RE website when completed.

Step 5 – Open Voting

The SDT shall direct the SPP staff to post the revised draft Standard, implementation plan, supporting technical documentation, and summary of comments if necessary.

SPP staff will schedule a vote by interested parties to be scheduled to commence no sooner than 15 days and no later than 30 days following the posting of the revised draft.

Interested parties shall be allowed to vote over a period of 15 days. It is expected that votes will be through electronic means such as email, but may be submitted through other means as available from SPP.

If the vote fails to achieve a 2/3 majority of those voting, the Standard will be returned to the SDT for consideration for future action (Step 3). The SDT may seek guidance from the MOPC for further action. The SDT may: revise the Standard; post the Standard again for comments; rebalot the Standard; ask the MOPC to terminate the request; or any other action it deems appropriate. The SDT must consider any relevant timelines or deadlines as established by the MOPC in its consideration for further action.

COMMON ATTRIBUTE 26

- **Transparent** — All actions material to the development of regional reliability standards shall be transparent. All standards development meetings shall be open and publicly noticed on the regional entity’s Web site.

SPP’s regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 9, Sec V.A. Regional Reliability Standards Development Process, Step 2 - Notification to Regional Entity Trustees & Public Notice, last 2 paragraphs:

Any documentation of the deliberations of the SDT concerning the Standard shall be made available according to normal “business rules and procedures” of the SDT then in effect.

The SDT shall submit a report to the MOPC on a periodic basis (at least at every regularly scheduled MOPC meeting) showing the status of the Standard that has been assigned to it for consideration.

SPP has made changes to the SPP RE Standards Development Process Manual Page 9, Sec V.A. Regional Reliability Standards Development Process ,Step 2 – Notification to Regional Entity Trustees & Public Notice, second to last paragraph to explicitly require open SDT meetings and notice of meeting dates and actions on the SPP Web site.

COMMON ATTRIBUTE 27

- Does not unnecessarily delay development of the proposed reliability standard.

SPP’s regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual page 10, Sec V.B. Regional Reliability Standards Development Process Steps, Step 3 – Scoping and Drafting:

Step 3 – Scoping and Drafting

The SDT will draft the language of the Standard as per the Standard description provided by the MOPC. The SDT may recommend changes to the scope, purpose, need or other relevant aspects of the Standard through consultation with the MOPC.

The SDT will then develop a work plan for completing the Standard development work, including the establishment of milestones for completing critical elements of the work in sufficient detail to ensure that the SDT will meet the date objective established by the MOPC or the SDT shall propose an alternative date. This plan will be presented to the MOPC for its concurrence.

Additionally, the SPP process requires the RE Trustees to act on a proposed reliability standard after 2 Remands by the SPP BOD. See Page 14, Step 9 – SPP Board of Directors/Members Committee Review:

Step 9 – SPP Board of Directors/Members Committee Review

The BOD/MC will:

- Recommend the RE Trustees accept the Standard (Step 10); or
- Remand the Standard to the MOPC with comments

If a Standard is remanded twice, it is forwarded to the RE Trustees for action. (See Steps 10 and 11).

COMMON ATTRIBUTE 28

Each standard shall enable or support one or more of the reliability principles, thereby ensuring that each standard serves a purpose in support of the reliability of the regional bulk power system. Each standard shall also be consistent with all of the reliability principles, thereby ensuring that no standard undermines reliability through an unintended consequence.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

*See SPP RE Standards Development Process Manual Page 4, Sec III.C.
Characteristics of a Regional Reliability Standard:*

C. Characteristics of a Regional Reliability Standard

Standards define obligations or requirements for the operation and planning of interconnected systems and market interface practices that will be enforceable under the authority of the SPP RE. The format and process defined by this manual applies to all Standards.

A Standard shall have the following characteristics:

- **Material to Reliability** - A Standard shall be material to the reliability of bulk power systems of the RE's region. If the reliability of the bulk power systems could be compromised without a particular standard or by a failure to comply with that standard, then the standard is material to reliability.
- **Measurable** - A Standard shall establish technical or performance requirements that can be practically measured.
- **Relative to NERC Reliability Standards** - A Standard must go beyond, add detail to, or implement NERC reliability standards, or cover matters not addressed in NERC reliability standards.

COMMON ATTRIBUTE 29

While reliability standards are intended to promote reliability, they must at the same time accommodate competitive electricity markets. Reliability is a necessity for electricity markets, and robust electricity markets can support reliability. Recognizing that bulk power system reliability and electricity markets are inseparable and mutually interdependent, all regional reliability standards shall be consistent with NERC's market interface principles. Consideration of the market interface principles is intended to ensure that standards are written such that they achieve their reliability objective without causing undue restrictions or adverse impacts on competitive electricity markets.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

SPP Bylaws requires the MOPC (which acts as the standards process manager for SPP) to also recommend commercial practices and coordinate with business standards developed by NAESB. See SPP Bylaws Sec 6.1 Markets and Operations Policy Committee, subsections (o) and (p):

The MOPC shall meet at least three times per calendar year, and additionally as needed. The MOPC shall report to the Board of Directors following each MOPC meeting with respect to its activities and with such recommendations, as the MOPC deems necessary.

The responsibilities of the Markets and Operations Policy Committee shall include:

- (o) Work with all SPP Organizational Groups to promote a high standard of operational reliability;
- (p) Continue coordination of its efforts with the efforts of North American Energy Standards Board (NAESB) and the ISO/RTO Council (IRC), including periodic review of NAESB business practices and IRC policies and their applicability to SPP and its Members;

COMMON ATTRIBUTE 30

To ensure uniformity of regional reliability standards, a regional reliability standard shall consist of the elements identified in this section of the procedure. These elements are intended to apply a systematic discipline in the development and revision of standards. This discipline is necessary to achieving standards that are measurable, enforceable, and consistent.

SPP's regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

*See SPP RE Standards Development Process Manual Page 5, Sec III.D. Elements of a Regional Reliability Standard:
Violation severity levels has been added to the list of Performance Elements of a Regional Reliability Standard to be consistent with the NERC Proforma standards procedure.*

D. Elements of a Regional Reliability Standard

An RE Standard shall consist of the elements identified in this section of this manual. These elements are intended to apply a systematic discipline in the development and revision of Standards. This discipline is necessary to achieve standards that are measurable, enforceable, and consistent. The format allows a clear statement of the purpose, requirements, measures, and penalties for non-compliance associated with each Standard. Supporting documents to aid in the implementation of a Standard may be referenced by the Standard but are not part of the Standard itself. All mandatory requirements of a Standard shall be within an element of the standard.

Performance Elements of a Regional Reliability Standard

Identification Number	A unique identification number assigned in accordance with an administrative classification system to facilitate tracking and reference RE documentation. Format for Regional Standard Request will be: RSR-000
Title	A brief, descriptive phrase identifying the topic of the Standard.
Effective Date and Status	The effective date of the Standard or, prior to adoption of the Standard by the RE through its own processes, the proposed effective date.
Purpose	The purpose of the Standard. The purpose shall explicitly state what outcome will be achieved or is expected by this Standard.
Requirement(s)	Explicitly stated technical, performance, and preparedness requirements. Each requirement identifies the responsible entity and the action to be performed or outcome to be achieved.

<p>Risk Factor(s)</p>	<p>The potential reliability significance of each requirement, designated as a high, medium or low risk factor in accordance with the criteria listed below:</p> <p>A low risk factor requirement is administrative in nature. Violation of a low risk factor requirement would not be expected to affect the electrical state or capability of the BPS, or the ability to effectively monitor and control the BPS.</p> <p>A medium risk factor requirement could directly affect the electrical state or the capability of the BPS, or the ability to effectively monitor and control the BPS. However, violation of a medium risk factor requirement is unlikely to lead to BPS instability, separation, or cascading failures.</p> <p>A high risk factor requirement is one that, if violated, could directly cause or contribute to BPS instability, separation, or a cascading sequence of failures, or could place the BPS at an unacceptable risk of instability, separation, or cascading failures.</p> <p>Preparedness requirements, such as providing a valid restoration plan, are essential for reliability but may be used infrequently. Performance may not be directly observable through compliance monitoring. Risk factors for preparedness requirements should consider the potential impacts during the emergency, abnormal, or restorative conditions anticipated by the requirement.</p>
<p>Measure(s)</p>	<p>Each requirement shall be addressed by one or more measurements. Measurements will be used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above. Each measurement identifies to whom the measurement applies. Each measurement shall be tangible, practical, and objective. Achieving the full compliance level of each measurement should be a necessary and sufficient indicator that the requirement was met.</p>

COMMON ATTRIBUTE 31

All mandatory requirements of a regional reliability standard shall be within the standard. Supporting documents to aid in the implementation of a standard may be referenced by the standard but are not part of the standard itself.

SPP’s regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 5, Sec III.D. Elements of a Regional Reliability Standard, first paragraph:

An RE Standard shall consist of the elements identified in this section of this manual. These elements are intended to apply a systematic discipline in the development and revision of Standards. This discipline is necessary to achieve standards that are measurable, enforceable, and consistent. The format allows a clear statement of the purpose, requirements, measures, and penalties for non-compliance associated with each Standard. Supporting documents to aid in the implementation of a Standard may be referenced by the Standard but are not part of the Standard itself. All mandatory requirements of a Standard shall be within an element of the standard.

COMMON ATTRIBUTE 32

Applicability	<p>Clear identification of the functional classes of entities responsible for complying with the standard, noting any specific additions or exceptions.</p> <p>If not applicable to the entire [Regional Entity Name] area, then a clear identification of the portion of the bulk power system to which the standard applies.</p> <p>Any limitation on the applicability of the standard based on electric facility requirements should be described.</p>
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SPP’s regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Manual Page 5, Sec III.D. Elements of a Regional Reliability Standard, Table “Performance Elements of a Regional Reliability Standard”, Requirement(s):

The specific language cited in Common Attribute 32 was added by NERC in response to the Commission’s July 20 Compliance Order. SPP has made changes to the SPP RE Standards Development Process Manual Page 5, Sec III.D. Elements of a Regional Reliability Standard.

Requirement(s)	<p>Explicitly stated technical, performance, and preparedness requirements. Each requirement identifies the responsible entity and the action to be performed or outcome to be achieved.</p>
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COMMON ATTRIBUTE 33

Measure(s)	Each requirement shall be addressed by one or more measures. Measures are used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above. Each measure will identify to whom the measure applies and the expected level of performance or outcomes required demonstrating compliance. Each measure shall be tangible, practical, and as objective as is practical. It is important to realize that measures are proxies to assess required performance or outcomes. Achieving the measure should be a necessary and sufficient indicator that the requirement was met. Each measure shall clearly refer to the requirement(s) to which it applies.
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SPP’s regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

*See SPP RE Standards Development Process Manual Page 6, Sec III.D. Elements of a Regional Reliability Standard, Table “Performance Elements of a Regional Reliability Standard”, Measure(s):
The specific language cited in Common Attribute 33 was added by NERC in response to the Commission’s July 20 Compliance Order. SPP has made changes to the SPP RE Standards Development Process Manual Page 5, Sec III.D. Elements of a Regional Reliability Standard.*

Measure(s)	Each requirement shall be addressed by one or more measurements. Measurements will be used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above. Each measurement identifies to whom the measurement applies. Each measurement shall be tangible, practical, and objective. Achieving the full compliance level of each measurement should be a necessary and sufficient indicator that the requirement was met.
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COMMON ATTRIBUTE 34

Compliance Monitoring Process	Defines for each measure: <ul style="list-style-type: none"> • The specific data or information that is required to measure performance or outcomes. • The entity that is responsible for providing the data
--------------------------------------	--

	<p>or information for measuring performance or outcomes.</p> <ul style="list-style-type: none"> • The process that will be used to evaluate data or information for the purpose of assessing performance or outcomes. • The entity that is responsible for evaluating data or information to assess performance or outcomes. • The time period in which performance or outcomes is measured, evaluated, and then reset. • Measurement data retention requirements and assignment of responsibility for data archiving. • Violation severity levels.
--	--

SPP’s regional standard development procedure or other governing documents contain the following language relative to this Common Attribute:

See SPP RE Standards Development Process Page 6, Manual Sec III.D. Elements of a Regional Reliability Standard, Table “Performance Elements of a Regional Reliability Standard”, Compliance Monitoring Process:

Compliance Monitoring Process	<p>Defines for each measure:</p> <ul style="list-style-type: none"> • The specific data or information that is required to measure performance or outcomes. • The entity that is responsible for providing the data or information for measuring performance or outcomes. • The process that will be used to evaluate data or information for the purpose of assessing performance or outcomes. • The entity that is responsible for evaluating data or information to assess performance or outcomes. • The time period in which performance or outcomes is measured, evaluated, and then reset. • Measurement data retention requirements and assignment of responsibility for data archiving.
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Violation severity levels has been added to the list of elements to be consistent with the NERC Proforma standards procedure.

EXHIBIT D – COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

1.0 REGIONAL COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

1.1 Obligations of Southwest Power Pool, Inc.

Southwest Power Pool, Inc. (“SPP”) will implement the NERC Compliance Monitoring and Enforcement Program (Appendix 4C to the NERC Rules of Procedure) to monitor and enforce compliance with Reliability Standards by the owners, operators, and users within **SPP’s** geographic boundaries set forth on **Exhibit A** of this Agreement, subject to any deviations from the NERC Compliance Monitoring and Enforcement Program described in Section 1.2 below (the “Compliance Program”).

1.2 Deviations from the NERC Compliance Monitoring and Enforcement Program

SPP’s Compliance Monitoring and Enforcement Program has no deviations from the NERC Compliance Monitoring and Enforcement Program.

2.0 REGIONAL HEARING OF COMPLIANCE MATTERS

SPP shall establish and maintain a hearing body with authority to conduct and render decisions in compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, or a proposed mitigation plan, which shall be **SPP’s** Regional Entity Trustees.

3.0 OTHER DECISION-MAKING BODIES

SPP does not use any other decision making bodies for its Compliance and Monitoring Enforcement Program.

Exhibit E — Funding

1. Scope of activities funded through the ERO funding mechanism

Southwest Power Pool, Inc. (SPP) shall include in its annual budget submission to NERC amounts for costs it will incur in support of delegated activities and activities that are in furtherance of NERC's responsibilities as the ERO under the Act, as specified in the NERC Rules. These activities shall include:

- Reliability Standard Development (Section 300)
- Compliance Enforcement (Section 400)
- Organization Registration and Certification (Section 500)
- Reliability Readiness Audit and Improvement (Section 700)
- Reliability Assessment and Performance Analysis (Section 800)
- Training and Education (Section 900)
- Situational Awareness and Infrastructure Security (Section 1000)

2. Allocation of Costs

SPP shall allocate its dues, fees, and other charges for its activities pursuant to the delegation agreement among all Balancing Authorities on the basis of net-energy-for-load. SPP shall submit to NERC annually at the same time it submits its budget request a list of the Balancing Authorities within its geographic boundaries and their proportionate net energy for load.

3. Collection of Funding

NERC shall submit invoices to the Balancing Authorities identified by SPP covering the NERC and SPP Regional Entity budgets approved for collection.

NERC shall pursue any non-payments and shall request assistance from applicable governmental authorities as necessary to secure collection.

[Upon approval of the annual funding requirements by applicable governmental authorities, NERC shall fund each Regional Entities' costs identified in this Exhibit E in four equal quarterly payments.]

4. Application of Penalties

All penalty monies received by SPP shall be applied as a general offset to the entity's budget requirements for U.S.-related activities under this Agreement for the subsequent fiscal year. Funds from financial penalties shall not be directly applied to any program maintained by the investigating entity.



2007
Compliance Monitoring and Enforcement
Program Manual

Effective June 18, 2007

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1. Introduction

The Southwest Power Pool Regional Entity (SPP RE) is designed to operate under delegated authority as described in the Energy Policy Act of 2005 (“Act”). The Compliance Monitoring and Enforcement Program (CMEP) is designed to monitor, assess and enforce compliance with Reliability Standards duly approved by SPP, the Electric Reliability Organization (ERO) or the Federal Energy Regulatory Authority (FERC). The entities responsible for compliance to the Reliability Standards are, from this point forward, referred to as Registered Entities or Registered Entity. Registered Entities are owners, operators, and users of the bulk-power system that have at least one functional responsibility defined in any of the approved North American Electric Reliability Corporation (NERC) or SPP Regional Reliability Standards. NERC has been designated as the Electric Reliability Organization by the FERC.

In the United States, NERC has delegated its compliance and enforcement authority pursuant with the Act to the SPP (for the SPP Regional Entity footprint) in accordance with the approved delegation agreement. The SPP RE Delegation Agreement are posted on the SPP web site at www.spp.org. The delegated functions include, but are not limited to, data gathering, data reporting, monitoring, investigations, auditing activities, evaluating and determining compliance and non-compliance, imposing penalties and sanctions, and approving and tracking mitigation plan actions. NERC will oversee and monitor the SPP RE to assure the CMEP is performed in accordance with this program document. The SPP RE has an obligation to carry out the delegated functions in a fair, non-discriminatory manner. The SPP had no exceptions to the *pro forma* Delegation Agreement.

The imposition or recognition of sanctions and penalties, mitigation plans or other remedial actions shall not be construed as an acceptable alternative to any Registered Entity's continued obligation to comply with the Reliability Standards.

The SPP RE staff will monitor, assess and enforce compliance with Reliability Standards for each Registered Entity that has compliance responsibilities as defined in the SPP Registry. Registration requirements are provided by NERC, and the SPP RE staff will carry out those responsibilities. The SPP RE staff shall register all known entities subject to the Reliability Standards and will provide NERC revisions to the list as appropriate. The most current version of the SPP Registry can be found at www.spp.org under the Regional Entity tab.

The SPP compliance monitoring and enforcement functions are designed to be executed in a fair and non-discriminatory manner with due process. SPP RE staff shall make all initial assessments of non-compliance and enforcement actions and will provide the SPP RE Trustees with a facts assessment. The SPP RE Trustees will conduct a regional hearing if requested by the Registered Entity. Appeals of regional decisions are handled by NERC.

Organization

The governance of the SPP RE meets the requirements of the Act and has been approved by NERC and the FERC. The dedicated staff of the SPP RE is independent of all users, owners, and operators of the bulk power system.

Authority

The SPP RE Trustees provide policy and procedure oversight of the CMEP. The SPP RE staff exercises its authority in carrying out the functions of the delegation agreement in a fair, non-discriminatory manner with adequate due process for all Registered Entities.

SPP RE staff has the authority and responsibility for determining compliance status of a Registered Entity, determining the initial sanctions and penalties of non-compliance with a reliability standard, and issuing remedial action directives, subject to NERC requirements.

Staff Code of Conduct

SPP RE staff and its contractors shall follow the policies prohibiting activities that would cast doubt on and/or compromise the ability of the staff and any contractor of the SPP to act with total objectivity with regard to the overall interests of its delegated function, the compliance program, and its applicability to those Registered Entities subject to Reliability Standards.

SPP Trustees Standards of Conduct

The SPP RE Trustees follow anti-trust and standards of conduct as defined in the SPP policies and procedures while conducting business on behalf of the SPP Regional Entity.

2. Identification of Entities Responsible for Compliance

The SPP RE staff shall register all known entities responsible for complying with Reliability Standards, in accordance with Section 500 of the NERC Rules of Procedure. The SPP RE staff shall identify the owners, operators and users of the bulk-power system within the SPP RE footprint that must comply with each applicable Reliability Standard. An owner, operator or user of the bulk-power system must have at least one functional responsibility as defined in a Reliability Standard in order to be registered as a Registered Entity. Joint Action Agencies (and other similar organizations) have the option to create a sub-registry and submit such registry to the SPP RE staff in support of and representing the members of the association. The SPP RE staff shall develop and maintain a Regional Compliance Registry for use in monitoring, assessing and enforcing Reliability Standards. The SPP RE staff shall provide the Regional Compliance Registry to NERC as changes or revisions occur. For more information on registration, please refer to the most recent version of the Statement of Compliance Registry Criteria in the Regional Entity section of www.spp.org.

NERC, or the Regional Entity, if so authorized, will inform each Registered Entity at the time of registration that the Registered Entity is responsible and accountable and will be evaluated for, compliance with each Reliability Standard that is applicable to the Registered Entity.

The SPP RE staff will designate a contact person(s) and require each Registered Entity to designate a Primary Compliance Contact (PCC) responsible for sending and receiving all necessary information and communications concerning compliance matters. The SPP RE staff shall designate where and in what format Registered Entities are to send information, data, mitigation plans, or any other compliance-related correspondence.

Registered Entities have registered their functions with NERC and are subject to the Reliability Standards; however, all entities having at least one functional responsibility as defined in the Reliability Standards, regardless of registration and / or membership of a Regional Entity, are subject to the Reliability Standards.

3. Compliance Monitoring and Enforcement Program Overview

The annual CMEP includes monitoring an entities' compliance to a specific subset of reliability standards. This subset of "actively monitored" reliability standards is determined in conjunction with the other Regional Entities and NERC to ensure uniform compliance monitoring. However, it should be noted that a Registered Entity can be monitored for any and all applicable standards at any time via any of the compliance monitoring processes discussed in this document.

Compliance audits shall be scheduled to accommodate compliance reporting requirements. All reliability standards are subject to audit. On-site compliance audits will be conducted by SPP RE staff on a three-year cycle for the Balancing Authority ("BA") and Transmission Operator ("TOP") functions. The SPP Reliability Coordinator ("RC") will be audited on-site on an annual basis. All other functions

will be audited on a 6-year cycle and may be either an on-site audit or an audit conducted at the RE offices.. The Regional Entity shall determine and publish the scope and audit schedule on an annual basis.

Compliance Enforcement Program Process

SPP RE staff shall review all submitted compliance information concerning a Registered Entity for accuracy and completeness. The SPP RE staff shall communicate with the Registered Entity regarding any information that is not clear or is missing.

1. SPP RE staff completes the assessment of the Registered Entity for compliance with the reliability standard(s), determines if there is an alleged violation, and informs the Registered Entity as described in Section 6 of this document. Prior to the issuance of the notice, SPP RE staff may hold discussions with the Registered Entity or the SPP RE Trustees in regard to the specifics of the alleged violation.
2. If the Registered Entity does not contest or does not respond to the notice of alleged violation within thirty (30) days, the Registered Entity shall be deemed to have accepted the determination of non-compliance and the proposed sanction or penalty (if applicable). SPP RE staff will issue a final report on the findings and submit to the RE Trustees for processing and reporting to NERC.
3. If the Registered Entity contests the alleged violation or proposed sanction, the Registered Entity shall submit a response explaining its position, signed by an officer or equivalent, together with any supporting information and documents. The SPP RE staff shall schedule a conference with the Registered Entity within ten (10) business days after receipt of the response. If the SPP RE staff and Registered Entity are unable to resolve all issues within forty (40) days after the Registered Entity's response, the Registered Entity may request a hearing in

accordance with the Regional Hearing Procedures (see Appendix 2 of this document). If no hearing request is made, the alleged violation will be filed with NERC, and will become a confirmed violation when approved by the FERC.

Mitigation Plans

A Mitigation Plan may be submitted at any time but shall be submitted by the Registered Entity within thirty (30) days from receiving the Notice of Alleged Violation (see section 6) if the Registered Entity does not contest the alleged violation. If there is no response from the Registered Entity within thirty (30) days, it shall be deemed to have accepted the determination of alleged violation and sanction (if applicable),

1. If the Registered Entity disputes the alleged violation, penalty, or sanction, the Registered Entity shall submit a Mitigation Plan within ten (10) business days following the issuance of a written decision upholding the alleged violation through the Regional Hearing Process, unless the Registered Entity elects to appeal the determination to NERC.
2. When a mitigation plan is received from the Registered Entity, SPP RE staff will review the plan and determine within thirty (30) days (unless this period is extended with concurrent notice to the Registered Entity) whether the plan is acceptable or requires modification. If the SPP RE staff requests a modification to a mitigation plan, the Registered Entity has the option to make the modifications or request a hearing through the Regional Hearing Process. SPP RE staff will provide a copy of all approved mitigation plans and periodic updates to NERC.
3. When SPP RE staff notifies the Registered Entity that the original or a revised mitigation plan is acceptable, the Registered Entity shall then be required to implement the plan in accordance with the schedule specified

in the approved mitigation plan including benchmark progress dates, if applicable.

4. If the mitigation plan submitted by the Registered Entity requires modification, SPP RE staff issues a written statement explaining why the plan was not accepted and requests the Registered Entity to modify the plan or develop a new one.
5. A meeting including the Registered Entity and the SPP RE staff shall be held if the SPP RE staff does not accept the modified or new plan submitted by the Registered Entity, and the Registered Entity is not in agreement with the SPP RE staff concerning the sufficiency of the second proposed mitigation plan or any additional proposed revisions. If the issue is still unresolved, the Registered Entity may request a hearing through the Regional Hearing Procedures.
6. If the SPP RE Trustees issues a determination as to the appropriateness of the mitigation plan, and the Registered Entity is in disagreement with the determination, the Registered Entity may appeal through the NERC Appeal Process.
7. If the Registered Entity fails to submit a mitigation plan within the required time period, the SPP RE staff shall execute the steps described in **Appendix 1, Process for Non-submittal of Requested Data**.

4. Compliance Monitoring Processes

The Compliance Program uses eight monitoring processes to collect information in order to make assessments of compliance: (1) compliance audits, (2) self-certifications, (3) spot checking, (4) compliance investigations, (5) self-reporting,

(6) data submittals, (7) exception reporting, and (8) complaints. These processes are described in sections 4.1 through 4.8 below.

SPP RE staff determines the type of monitoring process to be used for each standard measurement as approved by NERC, where appropriate. All requests for information will be sent to the Primary Compliance Contact (PCC). Any person responsible for the information of a Registered Entity may forward the information to the SPP RE staff with copies to their PCC.

4.1 Compliance Audits

Compliance audits will be on the cycle previously described but can be event-driven, a special audit, or as requested by the RE Trustees. The PCC shall be the responsible party to disseminate audit materials and coordinate agendas and schedules.

All Registered Entities are subject to audit for compliance with all Reliability Standards applicable to the functions for which the entity is registered. Compliance audits for the BA, TOP, and RC are conducted at the site or office of the Registered Entity. The location of compliance audits for all other functional Registered Entities will be determined by the SPP RE staff. These audits may be conducted on the Registered Entity's site or at the SPP offices after gathering data from the entity.

SPP RE staff shall develop a final report on the findings and submit to the Registered Entity. The report is archived for document retention purposes. All findings of non-compliance are reported to NERC. All alleged violations require a mitigation plan. The Mitigation Plan will be reviewed, approved, and tracked by the SPP RE staff until completion. Information deemed by a bulk power system user, owner, or operator, Registered Entity, SPP RE staff, or NERC as critical energy infrastructure information (*NERC Security Guidelines*

for the Electricity Sector – Protecting Potentially Sensitive Information may be used as a guide) shall be redacted and shall not be released publicly.

4.1.1 Compliance Audit Process Steps

1. SPP RE staff shall post the current audit schedule on the SPP web site; including any changes to the audit schedule as required. SPP RE staff shall ensure the appropriate reliability standards, compliance procedures, and required forms are available. Prior to the audit, the SPP RE staff shall inform the Registered Entity of the Reliability Standards to be assessed during the audit
2. SPP RE staff shall initiate the compliance audit process by notifying the Registered Entity at least two (2) months prior to the audit. The notification will include an audit survey / questionnaire and other documents to be completed by the Registered Entity and returned to SPP RE staff prior to the date in which the audit is scheduled.
3. The Registered Entity shall provide required information to the SPP RE staff in the format as specified in the request; and the members of the audit team shall review the data submittals before arrival at the Registered Entity's site.
4. The SPP RE audit team shall review the data submitted and perform the on-site audit by using the defined audit procedure. The SPP RE staff shall complete the assessment and make the initial determination of compliance, and share the initial findings with the Registered Entity via an exit briefing. SPP RE staff will create a draft report and work with the Registered Entity in developing a final report.
5. SPP RE staff shall develop a final audit report on the findings and submit to the Executive Director of Compliance for formal

announcement of the audit findings. For an alleged violation and applicable mitigation plan, the process moves to the Compliance Enforcement Program Process.

4.1.2 Annual Audit Plan and Schedule

The SPP RE staff will conduct audits for the Registered Entities subject to the Reliability Standards within its geographical boundaries.

The SPP RE staff shall develop an Annual Audit Plan. The Annual Audit Plan will be included in the Regional Implementation Plan submitted to NERC for review and approval.

Prior to January 1 of the year covered by the Annual Audit Plan, the SPP RE staff shall notify Registered Entities subject to the CMEP, of the SPP RE reporting requirements, schedules, and methods. The SPP RE staff will give due consideration to any schedule change requested by Registered Entities to avoid unnecessary burdens, including scheduling conflicts due to operations or maintenance.

Revisions and additions to a Regional Entity Annual Audit Plan shall be approved by NERC and the Registered Entity shall be notified 60 days in advance of changes or revisions to scheduled audit dates. An exception to this rule may be caused by FERC action and a limited or reduced implementation period.

The Reliability Standards identify the applicable entities that are responsible and accountable for the requirements within the standard. The SPP RE staff must assess compliance of the Registered Entities which are subject to the Reliability Standards and enforce the requirements of the standards within its geographical boundary.

The primary steps in the SPP Audit Procedure are as follows:

1. Identify the Registered Entities subject to the Reliability Standards within the SPP footprint
2. Determine and schedule compliance assessment processes (including audits for upcoming year)
3. Notify Registered Entities and request information in order to perform a complete audit and assessment process
4. Review data
5. Perform compliance audits
6. Determine and assess entity compliance.
7. Develop reports, mitigation plans, recommendations
8. Track status of mitigation plans and recommendations.

4.1.3 Frequency of Audits

The SPP RE staff shall perform comprehensive compliance audits as required by the NERC Rules of Procedure based on criteria established by NERC. Additionally, an unscheduled compliance audit of any Registered Entity may be initiated by the SPP RE staff , NERC or the FERC, if deemed necessary.

4.1.4 Scope of Audits

The annual scope of the CMEP is identified in the Regional Implementation Plan and includes the Annual Audit Plan (schedule). The Implementation Plan is available on the SPP website at www.spp.org. The schedule identifies the specific standards to be monitored in support of the

annual NERC CMEP and any additional standards for which assessment will be made by the SPP RE staff.

4.1.5 Conduct of Audits

The audit team shall be comprised of SPP RE staff and others as determined by the SPP. The audit team leader shall be a member of the SPP RE staff and has the responsibility for the conduct of the audit and preparation of the audit report. At the discretion, NERC Staff may participate on any Regional Entity compliance audit team either as an observer or as an audit team member as determined by the Regional Entity. Additionally, FERC and other regulatory bodies with regulatory authority for the Registered Entity may participate on the audit team for any audit of a Registered Entity.

Each audit team member must:

- Be free of conflicts of interests, as determined by SPP, in order for the audit process to be objective and possess a high degree of integrity. Employees or contractors of the Registered Entity being audited shall not be allowed to participate as auditors in the compliance audit of the Registered Entity.
- Comply with the NERC Antitrust Guidelines and shall have signed appropriate confidentiality agreements or acknowledgments in accordance with NERC requirements.
- Successfully complete all NERC and NERC approved Regional Entity auditor training applicable to the compliance audit by the timeframe as indicated by NERC.

A Registered Entity subject to an audit may object to any member of the audit team on grounds of a conflict of interest or the existence of other circumstances that could interfere with the team member's impartial

performance of his or her duties. Such objections must be provided in writing to the SPP Executive Director of Compliance (SPP Compliance Director) no later than fifteen (15) days prior to the start of on-site audit work. The SPP Compliance Director will make a final determination on whether the individual will participate in the audit of the Registered Entity.

All compliance audits shall be conducted in accordance with the auditor guides established for the Reliability Standards. The SPP RE staff shall be responsible for conducting the compliance audit in accordance with guidelines established by NERC, disseminating audit materials and coordinating agendas and schedules for the compliance audit team and the Registered Entity. The Registered Entity will provide responses to the SPP RE staff in accordance with the schedule established for the compliance audit.

4.1.6 Primary Focus of Audit

Each Registered Entity will review the Reliability Standards and requirements in their entirety to ensure compliance. Each Registered Entity shall be prepared to present information pertaining to the specific and applicable Reliability Standards identified in the regional Annual Audit Plan. In addition, the following list highlights the areas of primary focus during a compliance audit. However, the list not all inclusive:

Security: The Registered Entity shall have physical and cyber security plans.

Training: The Registered Entity shall have training programs in place as per NERC Reliability Standards, including training records for all system operators and documentation to support training instructor guidelines and

processes, and training courses with defined objectives and participant assessments.

Staff Certification: Evidence the Registered Entity is operated by NERC certified system operators 24 hours per day, seven days per week as specified in the standards.

Authority: Documentation that demonstrates the operating personnel's authority to implement emergency procedures without requesting approval from a supervisor; evidence in the job description or other documents identifying operator authority.

Operational Planning: Evidence of sufficient operational planning studies performed to ensure the reliability of the system.

Real-time Monitoring: Evidence there is monitoring of its own facilities and of adjacent system facilities that have an effect on the Registered Entity. Evidence the Registered Entity has adequate tools to perform real-time monitoring and operations.

Back-up Control Center: Evidence of a plan to continue operation in the event its control center becomes inoperable. Describe the back-up system. How often does testing occur? Records identifying the testing and that the operators have been drilled on the back-up plan during the past year.

System Restoration: Evidence of the restoration plan to reestablish its electric system and cover emergency conditions. Describe the restoration plan. Describe the relationship with the Reliability Coordinator. Provide training records for all operators in relation to system restoration. How is the restoration plan validated? How often are drills performed?

Outage Coordination: Evidence of the coordination of outages and/or maintenance which can affect the bulk electric system. Describe the outage reporting and coordination process that is used by the Registered Entity.

Equipment Maintenance and Testing: Evidence there is equipment maintenance and testing plans to assure the reliability of the transmission system for relays, batteries, etc . . . Evidence the plans have been followed as designed.

Capacity and Energy Emergency Plan: Evidence of emergency plans that are coordinated with neighboring Balancing Authorities, Reliability Coordinator, and other affected areas.

Operating Policies and Operating Procedures: Evidence of operating procedures and the coordination of these procedures with neighboring Balancing Authorities and Transmission Operators, and with its Reliability Coordinator.

Communications: Evidence of reliable communication facilities to assure the exchange of information necessary to maintain Interconnection reliability.

Vegetation Management: Evidence of a vegetation management plan and records of implementation of the plan.

Critical Infrastructure Protection: Review the processes, procedures, and documentation pertaining to CIP-001 through CIP-009.

4.1.7 Pre-Audit Process

SPP RE staff shall send an audit notification letter to the Registered Entity scheduled to be audited at least two (2) months prior to audit date including a request for information necessary to conduct the compliance audit. The audit notice will include a list of the audit team participants. The Registered Entity shall provide a written response and submit the information to SPP RE staff as directed in the notification notice. In addition, a survey/questionnaire will be sent to the Registered Entity. The survey/questionnaire will be completed and returned by the date identified in the notification letter. The Registered Entity will also provide logistical information to the SPP RE staff as requested in the notification letter which will include:

- Primary Compliance Contact (name, address, phone, email).
- Secondary Compliance Contact (name, address, phone, email).
- Senior executive officer (name, address, phone, email).
- Company (control operations) location.
- Nearest airport(s).
- Recommended hotels.
- Driving directions from airport to hotel(s) and company location.
- Name of Reliability Coordinator and neighboring entities.
- Any special security requirements.

4.1.8 Example of an Audit

The audit team will arrive at the Registered Entity's designated office on the morning of the first day of the scheduled audit to review the overall audit plan, discuss concerns, coordinate the interview process, and to assign team members to specific interviews, documentation review, and facility tours.

During the audit, the audit team will review; each standard that is part of the compliance audit, supporting data, information and documents;

interview the Control Center operation staff, management and support personnel as necessary; and inspect the Control Center facilities, equipment, and backup facility if available.

Upon completion of the audit, the audit team will conduct an exit briefing to present the preliminary findings to the Registered Entity, including items of alleged non-compliance that may ultimately be found in the final report.

Following the audit, the audit team will formulate its evaluation, determine alleged violations, penalties or sanctions (if applicable), remedial actions, and findings based strictly on information reviewed and from observation during the compliance audit process.

The Registered Entity will be requested to provide comments on the draft report. The audit team will consider corrections based on comments of the Registered Entity and provide the final audit report to the SPP Compliance Director. The Registered Entity may utilize the SPP Hearing Process in the event of a disagreement on any alleged violation, penalty or sanction, remedial action or finding.

Example of Audit Schedule

On- Site Compliance Audit
SPP Year 2007 Compliance Program
Company Name
Date[s] of Audit

Monday

16:00 – 18:00

Audit Team members meet for preliminary discussions and review of assignments, review new information and changes to agenda

Tuesday

8:00 – 8:30

Audit Team and Company Contact Person

- Audit Team preparation and set up time
- Compliance contact person to review administrative details; location of security constraints, interview rooms, washrooms, lunch arrangements, coffee, etc., and any last minute changes to the order of the agenda as required by the company.

8:30-9:30

- Introduction and overview of the audit process with staff that will be involved in the first day assessment process
- This introduction will help all staff involved in the audit to understand the process
- Management will be asked to provide an overview of the Company operation:
 - Functions and Area
 - BES Transmission Facilities
 - Interconnections
 - Staffing-Control Room, support staff etc (Provide an organization chart, and a control room schematic system diagram)
 - Brief overview of Back Up facility plans and facilities

9:30-12:00

Pre-determined set of standards to discuss with Registered Entity and verify their supporting material:

For example:

PER-002-0 – Operating Personnel Training

PER-003-0 – Operating Personnel Credentials
IRO-001-1 – Reliability Coordination – Responsibilities and Authority (R8)
IRO-004-1 - Reliability Coordination – Operations Planning (R4)
COM-001-1 – Telecommunications

12:00-13:00

Lunch (in house lunch)

13:00-16:30

Pre-determined set of standards to discuss with Registered Entity and verify their supporting material:

For example:

EOP-001-0 – Emergency Operations Planning
EOP-003-1 – Load Shedding Plans
EOP-005-1 – System Restoration Plans
TOP-003-0 – Planned Outage Coordination
TOP-005-1 - Operational Reliability Information
VAR-001-1– Voltage and Reactive Control
EOP-008-0 – Plans for loss of Control Center Functionality
EOP-009-0 Documentation of Black start Generating Unit Test Results

16:30 -17:00

- Wrap-up and identify any outstanding issues

Wednesday

8:00 – 8:30

- Audit Team preparation and set up time

8:30-12:00 (12:00-13:00 Working lunch if required)

Pre-determined set of standards to discuss with Registered Entity and verify their supporting material:

For example:

PRC-004-1 – Analysis and Mitigation of Transmission and Generation Protection System Mis-operations

PRC-005-1 -Transmission and Generation Protection System Maintenance and Testing
PRC-008-1 -Implementation and Documentation of Under-frequency Load Shedding Equipment Maintenance Program
PRC-016-0 Special Protection System Mis-operation
PRC-017-0 Special Protection System Maintenance and Testing
TOP-004-1 – Transmission Operations (Requirement 6)
TOP-007-0 - Reporting System Operating Limit (SOL) and Interconnection
FAC-003-1 -Vegetation Management Program
FAC-008-1 -Facility Ratings Methodology
FAC-009-1 -Establish and Communicate Facility Ratings

12:00-13:00 Lunch (Working lunch if required)

13:00-14:30

Demonstration of EMS facilities in the control room and discussions with on-shift personnel, when activity permits, such as:

CIP-001-1 – Sabotage Reporting (R3 – Guidelines in control room)
EOP-003-1 – Load Shedding Plans (R8 – Manual Load Shedding Plans)
COM-001-0 – Telecommunications (R1, R2, R5)
EOP-001-0 – Emergency Operations Planning (Plans in Control Room)
EOP-008-0 – Plans for loss of Control Center Functionality (Check for Evacuation Plan- visit BUCC, if practical –split team possibility)
TOP-007-0 - Reporting System Operating Limit (SOL) and Interconnection Reliability Operating Limit (Check monitoring of IROL)
VAR-001-1– Voltage and Reactive Control (R6, R7, R8, R9)

14:30 -16:30

Pre-determined set of standards to discuss with Registered Entity and verify their supporting material:

For example:

CIP-001-1 Sabotage reporting
CIP-002-1 – Critical Cyber Asset Identification
CIP-003-1 – Security Management Controls

16:30 -17:00

- Wrap-up and identify any outstanding issues

Thursday

8:00-10:00

Audit Team final Preparations

- answer any remaining questions/follow-up interviews
- create the exit interview with preliminary findings for the Register Entity

10:00-12:00

Closing presentation and discussion of preliminary findings

Notes: The arrangement of the standards being reviewed will be set by availability of the Registered Entity's staff. Visits to the BUCC will vary by company and will be made on a case-by-case basis. These details will be arranged before the audit.

The Audit Team may remove any evidence that it feels will aid in its evaluation of an entity's compliance or non-compliance. Typically, SPP Audit Teams will only remove evidence to justify a finding of non-compliance to preserve the information for the final record of both the audit report and the violation findings as determined by the SPP staff.

4.1.9 Audit Reports

The audit team shall solicit comments from the Registered Entity during and after the exit briefing to ensure that nothing is misrepresented or misstated. If there are disagreements with the assessments, an effort will be made to resolve any disputes before leaving the site and before issuing the final report.

The audit team shall develop and submit a draft report to the Registered Entity for review and written response. This report shall include all identified alleged violations, recommendations, and findings.

The Registered Entity will respond to the draft audit report in writing.

The audit team will use information in the draft report as well as the Registered Entity's comments in developing a final report.

Based upon the assessments in the final report, the SPP RE staff will issue the appropriate letter identifying the results, compliance status, and any additional actions required.

The Registered Entity will then respond in accordance with the steps of the compliance process as per the SPP Compliance Enforcement Program Process [See Appendix 4 for the flowchart of information].

The final report, including all NERC or regional standard alleged violations, will be provided to the Registered Entity, to NERC in accordance with established disclosure guidelines, and retained by SPP for record keeping purposes. SPP RE staff shall submit a formal alleged violation notification to the Registered Entity, and all mitigation plans will be tracked to completion by the SPP RE staff.

4.2 Self-Certification

Self-certification may be limited to specific Reliability Standards. Such measurements require documentation, information, or assessments to be made available upon request but do not require the data to be submitted to the SPP RE staff at the time self-certification is made. The data will be reviewed and validated via subsequent audits or specific requests and/or spot (*i.e.* random) checks on a periodic basis.

Self-certification compliance status for a specified Reliability Standard is submitted via the SPP Compliance Data Management System (CDMS). In addition, a Corporate Signature Form must be signed by the individual responsible for the compliance program at the Registered Entity. The form will attest as to how the Registered Entity has satisfied the standards and notifies the SPP RE staff of the compliance status. The SPP RE staff will review, assess, and determine the final status of compliance.

If a Registered Entity declares non-compliance through self-certification and provides an approved mitigation plan and a compliance audit again identifies the same item of non-compliance, the Registered Entity will not be subject to an escalated penalty as a result of the compliance audit unless the severity of the alleged violation is found to be greater than reported by the Registered Entity in the self-certification.

Self-Certification Process Steps

1. The SPP RE staff will send a reminder notification to all PCC's of the need for the annual self-certification submittal per the defined annual reporting schedule.
2. The Registered Entity shall provide the required information to the SPP RE staff as specified in the request. The SPP process and CDMS tool requires a complete data submittal to occur and does not allow for a submittal of partial data.
3. SPP RE staff submits all compliance information to NERC as required. For a self-certified alleged violation and applicable mitigation plan, the process moves to the Compliance Enforcement Program Process.

4.3 Spot (Random) Checking

Spot checking shall be conducted by SPP RE staff at any time to verify or confirm self-certification and periodic data submittal. Spot checking may be random or may be initiated in response to events as described in the Reliability Standards, or by operating problems, system events, or complaints from within or outside the SPP footprint.

SPP RE staff is responsible for monitoring the performance of the spot check process. Spot checks can be used to verify data from a self-certification submittal where the status of full compliance was declared or to ensure compliance to specific standards that SPP RE staff deems appropriate. Spot checks can take the form of an on-site review, or through data submittal and review. The SPP RE staff reviews the information submitted to verify the Registered Entity's compliance with the Reliability Standard.

Spot (Random) Checking Process Steps

1. The SPP RE staff notifies the Registered Entity within the advance notice period specified by the Reliability Standard that spot checking will be performed. If the Reliability Standard does not specify the advance notice period, any information submittal request made by the SPP RE staff will allow at least twenty calendar (20) days for the information to be submitted or available for review. The spot check may require submission of data, documentation, or an on-site review.
2. The Registered Entity provides required information to the SPP RE staff in the format specified in the request. If the requested information is not received by the requested date, the SPP RE staff shall execute the steps described in **Appendix 1, Process for Non-submittal of Requested Data**.
3. The SPP RE staff will review the submitted information to determine compliance status. Additional data and/or information may be requested to complete the assessment or to demonstrate compliance.
4. The SPP RE staff completes the assessment of the Registered Entity for compliance with the Reliability Standard. In the event the SPP RE staff determines that an alleged violation has occurred, it shall send the Registered Entity a Notice of Alleged Violation containing the information set forth in Section 6.1. SPP RE staff shall notify the SPP Trustees, and NERC of any alleged violations.

4.4 Investigations

A compliance investigation may be initiated at any time by the SPP RE staff in response to a system disturbance, complaint, or alleged violation of a Reliability Standard identified by any other means. Compliance investigations

will generally be led by the SPP RE staff. For good cause, NERC reserves the right to assume the leadership of a compliance investigation.

Investigations may be used to confirm or deny all allegations of violations identified by the SPP RE staff, NERC or other parties. Investigations may also be used as events dictate (e.g. system disturbance). SPP RE staff will investigate and determine if the alleged violation is verified. SPP RE staff may, at its discretion, use site visits, team investigations, data submittals, etc. to further determine the compliance and/or adherence to reliability standards pertinent to the event.

Investigation Process Steps

1. The SPP RE staff becomes aware of circumstances indicating an alleged violation with a Reliability Standard and determines whether a compliance investigation is warranted. If warranted, the SPP RE staff notifies the Registered Entity and NERC of the decision to initiate a compliance investigation and the reasons for the investigation.
2. NERC assigns a NERC staff member to the compliance investigation to serve as a single point of contact for communications with NERC. NERC may notify FERC and appropriate regulatory authorities of a compliance investigation.
3. The SPP RE staff requests data or documentation from the Registered Entity with the advance notice period as indicated by the Reliability Standard. If the Reliability Standard does not specify the advance notice period, a request is issued with no less than twenty calendar (20) days advance notice.
4. The SPP RE staff provides the Registered Entity and NERC a complete list of individuals on the investigation team. This list is normally included in the initial request for information. A Registered

Entity subject to an investigation may object to any member of the investigation team on grounds of a conflict of interest or the existence of other circumstances that could interfere with the team member's impartial performance of his or her duties. Such objections must be provided in writing to the SPP RE staff within ten (10) business days of receiving the list of investigation team names. The SPP RE staff will make a final determination as to whether the individual will participate in the investigation of the Registered Entity.

5. If necessary, the compliance investigation may include an on-site visit with interviews of the appropriate personnel.
6. The Registered Entity provides the required information to the SPP RE staff in the format as specified in the request. If the requested information is not received by the requested date, the SPP RE staff shall execute the steps described in **Appendix 1, Process for Non-Submittal of Requested Data**.
7. The SPP RE staff reviews information to determine compliance with the Reliability Standards. The SPP RE staff may request additional data and/or information if necessary for a complete assessment or to demonstrate compliance.
8. The SPP RE staff completes the assessment of compliance with the Reliability Standard and/or approval of the applicable mitigation plan, writes and distributes the report and notifies the Registered Entity. In the event the SPP RE staff determines that an alleged violation has occurred, it shall send the Registered Entity a Notice of Alleged Violation containing the information set forth in Section 6.1. The SPP RE staff shall notify the SPP Compliance Committee, SPP Board, and NERC of any alleged violations.

9. If the SPP RE staff determines there has been an alleged violation, the process moves to the Compliance Enforcement Program Process.

4.5 Self Reporting

Self-reporting is identification and reporting by the Registered Entity of an alleged violation to any reliability standard as the result of a self-assessment or other internal review process. A Registered Entity performs an internal review of the requirements of a standard, assessing how they are satisfying the requirements and notifying the SPP RE staff of any level of non-compliance or any change in the level of non-compliance to a specific standard. The SPP RE staff will review the information and determine formal findings of non-compliance.

Self-reporting of an alleged violation with a Reliability Standard is encouraged regardless of whether the Reliability Standard requires reporting on a pre-defined schedule in the Compliance Program and the alleged violation is determined outside the pre-defined reporting schedule. The SPP requires Registered Entities to self-report each alleged violation of a Reliability Standard at the time the Registered Entity becomes aware of the alleged violation. If a Registered Entity self-reports to the SPP RE staff any level of alleged violation, or a change in the level of a previously-reported alleged violation with a Reliability Standard, the SPP RE staff shall review and validate the Registered Entity's submittal. Self-reporting will be considered a mitigating action when the SPP RE staff determines the appropriate penalty or sanction. Self-reporting information is submitted via the CDMS.

Self-Reporting Process Steps

1. The SPP RE staff shall post and ensure self-reporting submittal forms (self initiate via CDMS) are maintained and available via CDMS.
2. The Registered Entity shall provide self-reporting information to the SPP RE staff.
3. The SPP RE staff shall review information submitted by the Registered Entity in accordance with the requirements of the applicable standard. The SPP RE staff may request additional data or information.
4. The SPP RE staff shall complete the assessment of the Registered Entity and submits all alleged non-compliance information to the SPP Trustees and to NERC as required.
5. For an alleged violation and applicable mitigation plan, the process moves to the Compliance Enforcement Program Process.

4.6 Periodic Data Submittal

The SPP RE will require Periodic Data Submittals in accordance with the predetermined schedule or on an ad hoc basis. This may include data to support modeling, studies, analyses, documents, procedures, methodologies, operating data, and process information necessary to support the assessment of compliance with Reliability Standards. The SPP RE staff will provide notice to the Registered Entities of periodic data submittal requirements by posting the current data submittal reporting schedule on the SPP web site, and informs the Registered Entities of changes and/or updates.

Requests for data submittals will be issued by the SPP RE staff to one or more Registered Entities with at least the minimum advance notice period specified

by the applicable Reliability Standard. If the Reliability Standard does not specify an advance notice period, the request will be issued with no less than twenty calendar (20) days advance notice.

The Registered Entity will provide required information to the SPP RE staff in the format as specified in the request. If the requested information is not submitted on or before the requested date, the SPP RE staff shall execute the steps described in **Appendix 1, Process for Non-Submittal of Requested Data.**

SPP RE staff reviews the submitted information and assesses compliance in accordance to the standard requirements. The SPP RE staff may request additional data or information if needed.

For an alleged violation and applicable mitigation plan, the process moves to the Compliance Enforcement Program Process.

Data Submittals Process Steps

1. The SPP RE staff posts the current data reporting schedule on its web site and keeps Registered Entities informed of changes and/or updates. The SPP RE staff ensures that the appropriate Reliability Standard compliance procedures and the required submittal forms for the Reliability Standards being evaluated are maintained and available via its web site.
2. The Registered Entity receives a request for a data submittal as specified in the standard and according to the posted schedule. In addition, the SPP RE staff makes a request for ad-hoc data submittal (if necessary).
3. The Registered Entity provides the required information to the SPP RE staff in the format as specified in the request. If the requested information is not received by the requested date, the SPP RE staff will execute the steps described in **Appendix 1, Process for Non-submittal of Requested Data**.
4. The SPP RE staff reviews the data submittal to determine compliance with the Reliability Standards and may request additional data and/or information for a complete assessment or to demonstrate compliance.
5. The SPP RE staff completes the assessment of the Registered Entity for compliance with the Reliability Standard and notifies the Registered Entity as set forth in Section 6.1. The SPP RE staff will notify the SPP Trustees and NERC of any alleged violation.
6. If the SPP RE staff determines there has been an alleged violation, the process moves to the Compliance Enforcement Program Process.

4.7 Exception Reporting

Some Reliability Standards require reporting of exceptions to compliance with the Reliability Standard as a form of compliance monitoring. The SPP RE shall require Registered Entities to provide Exception Reports identifying any alleged violations to the extent required by any Reliability Standard.

The SPP RE shall also require Registered Entities, through its Quarterly Reporting System, to confirm the number of exceptions that have occurred during each quarter, even if the number of exceptions is zero.

4.8 Complaints

NERC or SPP RE staff may receive complaints from individuals or entities alleging violations of a Reliability Standard by one or more Registered Entities. The SPP RE staff will conduct a review of each complaint it receives to determine if the complaint provides sufficient basis for a compliance investigation, with an exception that NERC will review any complaint (1) that is related to the delegated functions of the SPP RE, (2) where the SPP RE staff determines it cannot conduct the review, or (3) if the complainant wishes to remain anonymous or specifically request NERC to conduct the review of the complaint.

If the complaint is submitted to NERC, NERC will forward the information to the SPP RE, if applicable, to conduct the review of the complaint and, if warranted, the compliance investigation. Anonymous complaints received by the SPP RE staff will either be directed to NERC or the SPP RE staff will collect and forward the information to NERC at the discretion of the SPP RE staff.

All anonymous complaints will be reviewed and any resulting compliance investigations conducted by NERC will be conducted in accordance with NERC rules to prevent disclosure of the identity of the complainant.

When a complaint is forwarded by NERC to the SPP RE staff for review, the SPP RE staff will follow the detailed steps in the NERC rules. Either NERC or the SPP RE staff, depending on who is conducting the review, will determine if the complaint may be closed as a result of the initial review and assessment of the complaint to determine if it provides sufficient basis for a compliance investigation. The SPP RE staff will report the results of its review of the complaint to NERC. If, as a result of the initial review of the complaint, NERC or the SPP RE staff determines that a compliance investigation is warranted, a compliance investigation will be conducted in accordance with NERC rules.

Complaint Process Steps

1. The complainant notifies NERC or the SPP RE staff using the NERC hotline or other means, and then submits a complaint reporting form. A link to the complaint reporting form will be posted on the NERC and SPP web sites. The complaint must include sufficient information to enable NERC or the SPP RE staff to make an assessment of whether the initiation of a compliance investigation is warranted.
2. If the SPP RE staff determines that a compliance investigation is warranted, it initiates the compliance investigation in accordance with section 4.4. If the SPP RE staff determines that a compliance investigation is warranted, the SPP RE staff notifies the complainant, the Registered Entity, and NERC of the compliance investigation. If the SPP RE staff determines that a compliance investigation is not warranted, the complainant and NERC are notified that no further action will be taken.
3. If the complainant does not want his/her/its identity to be disclosed, the complaint is referred to NERC as an anonymous complaint and the investigation is conducted by NERC, refer to section 4.8.2.

Anonymous Complaint Notification Procedure

An anonymous complainant is a person or entity who lodges a complaint with NERC or with the SPP RE staff submitting information indicating an alleged violation of a Reliability Standard by a Registered Entity, but who does not want his/her/its identity revealed. Any person or entity which believes, or has information indicating, there has been an alleged violation of a Reliability Standard, can report the alleged violation and request that the complainant's identity not be disclosed. Anonymous complaints shall be investigated by NERC. Anonymous complaints received by the SPP RE staff will either be directed to NERC or the SPP RE staff will collect and forward the information to NERC, at the discretion of the SPP RE

staff. Neither NERC nor the SPP RE staff shall disclose the identity of any person or entity reporting alleged violations to NERC or SPP RE staff that requests that his/her/its identity not be revealed.

5. Annual Implementation Plan

NERC Compliance Program Implementation Plan

NERC will maintain and update the NERC Compliance Monitoring and Enforcement Program Implementation Plan (“NERC Implementation Plan”) to be carried out by Compliance Enforcement Authorities (such as the SPP RE) in the performance of their responsibilities and duties in implementing the NERC Compliance Monitoring and Enforcement Program. The NERC Implementation Plan will specify the Reliability Standards requiring reporting by Registered Entities to the SPP RE. The NERC Implementation Plan will be posted on the NERC web site. The NERC Implementation Plan will be provided to the Regional Entities by October 1 of each year.

SPP Implementation Plan

By November 1 of each year, the SPP RE staff will submit a “Regional Implementation Plan” for the following calendar year to NERC for approval. The Regional Implementation Plan shall encompass activities designed to monitor, evaluate, enforce, assess and report on compliance by Registered Entities with all Reliability Standards that have been designated to be actively monitored by the NERC Implementation Plan. The Regional Implementation Plan and the other SPP relevant Compliance Program documents shall be posted on the SPP web site. The SPP RE staff will provide an annual implementation plan, schedule, and updates to the plan as required, and will provide notices on upcoming compliance requirements to the Registered Entities. The Implementation Plan also describes the process used to perform compliance audits for where a single entity’s operation crosses Regional Entity boundaries.

6. Enforcement Actions

The SPP shall determine (i) whether there have been alleged violations of Reliability Standards by Registered Entities within the SPP area of responsibility, and (ii) if so, the appropriate remedial actions, penalties, and sanctions to impose as prescribed in the NERC Sanction Guidelines. NERC will oversee the application of the Sanction Guidelines by Regional Entities to ensure acceptable levels of consistency are achieved, and each Regional Entity shall provide to NERC such information as is requested by NERC concerning any penalty, sanction, or remedial actions imposed by it.

6.1 Notification to Registered Entity of Alleged Violation

If the SPP RE staff determines that a Registered Entity may have violated a Reliability Standard, the SPP Executive Director of Compliance shall provide written notice of alleged violation[s] and proposed penalty or sanction[s] to the Registered Entity's Compliance Officer, the Primary Compliance Contact, SPP Trustees, and NERC. The SPP RE staff may also issue an initial notice of alleged violation to the Registered Entity, without specifying the proposed penalty or sanction at the same time that it notifies NERC of the initial finding.

The notice of alleged violation and sanction shall contain, at a minimum:

- (i) the Reliability Standard requirement[s] that the Registered Entity has allegedly violated,
- (ii) the date the alleged violation occurred (or is occurring) and ,if necessary, the time of the violation,
- (iii) a summary of the facts as determined by the SPP RE staff demonstrating or constituting the alleged violation, and
- (iv) the proposed penalty or sanction, if any, determined by the SPP RE staff to be applicable to the alleged violation in accordance with the NERC Sanction Guidelines, including an explanation of the basis on which the particular penalty or sanction was determined to be applicable.

- (v) notice that the Registered Entity shall, within thirty (30) calendar days, elect one of the following options or the SPP RE staff will deem the Registered Entity to have accepted the determination of alleged violation and proposed penalty or sanction:
 - 1. agree with the alleged violation and proposed penalty or sanction, and agree to submit and implement a mitigation plan (may have previously provided) to correct the alleged violation and its underlying causes, or
 - 2. agree to the alleged violation and agree to submit and implement a mitigation plan to eliminate the alleged violation and its underlying causes, but contest the proposed penalty or sanction, or
 - 3. contest the alleged violation, and by default contest the proposed penalty or sanction, and
- (vi) the required submittal of a mitigation plan.

SPP RE staff will follow the process; principles, and factors for determining penalties, sanctions, and remedial actions as set out in the *NERC Sanction Guidelines*. The NERC oversees the application of these guidelines to ensure consistency across North America.

Upon agreement with the alleged violation and proposed penalty or sanction, the final record of the alleged violation, penalty, and sanction will then be processed and forwarded to NERC.

6.2 Registered Entity Response

If the Registered Entity does not contest or does not respond to the notice of alleged violation within thirty (30) days, it shall be deemed to have accepted the determination of alleged violation and sanction (if applicable), in which case the SPP RE staff shall issue to the Registered Entity and NERC a final report of alleged violation.

If the Registered Entity contests the alleged violation or the proposed sanction, the Registered Entity shall submit to the SPP RE staff a response explaining its position, signed by an officer of the Registered Entity, together with any supporting information. The SPP RE staff shall schedule a conference with the Registered Entity within ten (10) business days after receipt of the response. If the SPP RE staff, and the Registered Entity are unable to resolve all issues within forty (40) calendar days after the Registered Entity's response, the Registered Entity may request a hearing.

If a hearing is not requested, the alleged violation will become a Confirmed Violation when filed by NERC with FERC. If a hearing is requested, the SPP RE staff shall initiate the hearing process, issue a written notice of hearing, and identify the SPP RE staff designated hearing representative. The written notice will be sent to the Registered Entity and the SPP Trustees.

6.3 Process for Regional Hearings

See Appendix 2

6.4 Settlement Procedures

See Appendix 3.

6.5 NERC Appeal Process

If a Registered Entity has received an order from the SPP Trustees as the result of a Regional Hearing, and they remain unsatisfied with the results, the Registered Entity has the option of proceeding with an appeal to NERC. During the appeal process, only the information submitted to the SPP RE staff and Hearing Officer during the review and hearing process will be allowed to

be forwarded to NERC. New evidence cannot be included in the NERC Appeals process.

7. Notice of Penalty

If the Registered Entity does not dispute the notice of alleged violation and penalty or sanction, or a decision has been entered by the SPP Trustees finding an alleged violation of a Reliability Standard and appeals at NERC have either concluded or the opportunity requesting an appeal to NERC has passed, NERC will file a notice of Penalty with FERC. NERC will notify the SPP RE staff at least two (2) business days prior to filing any Notice of Penalty. The SPP RE staff shall provide similar notification to the Registered Entity including a copy of the Notice of Penalty.

NERC will post each confirmed violation for which a Notice of Penalty has been filed and associated penalty or sanction on its web site as a Confirmed Violation of a Reliability Standard in accordance with NERC Rules of Procedure Section 408.6 and section 10.0 below.

8. Mitigation of Alleged Violations of Reliability Standards

A Registered Entity who agrees that an alleged violation has occurred shall file with the SPP RE staff (i) a proposed Mitigation Plan to correct the alleged violation or (ii) a description of how the alleged violation has been mitigated.

8.1 Requirement for Submission of Mitigation Plan

The process used by the SPP RE staff for the development, implementation, and tracking of a Mitigation Plan (“Plan”) is explained below. A Plan is required for every non-disputed or verified alleged violation of a NERC or SPP Reliability Standard, regardless of how the alleged violation was discovered.

Upon determination of an alleged violation, a Registered Entity shall submit a mitigation plan explaining how it will correct the alleged violation and provide a schedule with a completion date and milestones [at least quarterly] for

tracking progress. If available, mitigation plans shall be submitted to the SPP RE staff along with the acceptance notification of non-compliance, or at least within thirty (30) calendar days after being served the Notice of Alleged Violation.

If the mitigation plan is not submitted as required, the SPP RE staff will initiate the Process for Non-submittal of Requested Data (see Appendix 1).

8.2 The Following Steps Provide Mitigation Plan Submittal Details:

1. The SPP RE staff notifies the Registered Entity that within thirty (30) calendar days after issuance of the notice of alleged violation, it is required to submit a mitigation plan, including a schedule with benchmarks and dates [at least quarterly], if appropriate, and an explanation of how the Registered Entity will achieve compliance in the future.
2. When a mitigation plan is received from the Registered Entity, SPP RE staff review the mitigation plan and determine within thirty (30) days (unless this period is extended with concurrent notice to the Registered Entity) whether the mitigation plan is acceptable or requires modification. The SPP RE staff provides a copy of the mitigation plan to NERC and provides NERC periodic updates regarding the mitigation plan status.
3. If SPP RE staff notifies the Registered Entity that the original or a revised mitigation plan is acceptable, the Registered Entity shall then be required to implement the mitigation plan in accordance with the schedule specified in the approved mitigation plan including benchmark progress dates, if applicable.
4. If the mitigation plan submitted by the Registered Entity requires modification, SPP RE staff issues a written statement explaining why the

mitigation plan was not accepted and requests the Registered Entity to modify the plan or develop another mitigation plan.

5. If the SPP RE staff does not accept the second mitigation plan submitted by the Registered Entity, or the Registered Entity is not in agreement with the SPP RE staff concerning the sufficiency of the second proposed mitigation plan or any additional proposed revisions, the Registered Entity is required to meet with SPP RE staff. The Registered Entity may invoke the SPP Hearing Process (if needed) for determination of the acceptability of the proposed mitigation plan.
6. If the SPP Trustees issue a determination as to the appropriateness of the mitigation plan and the Registered Entity is still in disagreement with the determination of the Trustees, the Registered Entity may appeal through the NERC Appeal Process.
7. If the Registered Entity fails to submit a mitigation plan within the required time period, the SPP RE staff executes the steps described in **Appendix 1, Process for Non-submittal of Requested Data**. Additionally, non-submission of a mitigation plan after the due date may result in escalation of the alleged violation level, as well as escalation of penalties and begin the Compliance Enforcement Program Process.

8.3 Contents of Mitigation Plan

The Mitigation Plan is a formal document which identifies the following:

1. The Registered Entity's point of contact for the mitigation plan who shall be a person (i) responsible for filing the mitigation plan, (ii) technically knowledgeable regarding the mitigation plan, and (iii) authorized and competent to respond to questions regarding the status of the mitigation plan.

2. The violation(s) of Reliability Standard(s) the mitigation plan will correct.
3. The cause of the violation(s) and the date on which the alleged violation was identified and reported.
4. Mechanism by which the alleged violation was detected.
5. The Registered Entity's action plan to correct the alleged or confirmed violation(s).
6. The Registered Entity's mitigation (action) plan to prevent recurrence of the violation(s).
7. A statement regarding the impact of the violation on the bulk-power system reliability and an action plan to mitigate any enhanced risk to the reliability of the bulk-power-system while the mitigation plan is being implemented.
8. A timetable for completion of the mitigation plan including the completion date by which the mitigation plan will be fully implemented and the violation(s) corrected.
9. Implementation milestones no more than three months apart for mitigation plans with expected completion date more than three months from the date of submission. Historical tracking to identify any revisions to the Plan, if applicable. Additional alleged violations could be determined for not completing work associated with approved milestones.
10. Any other information deemed necessary or appropriate

11. The mitigation plan shall be signed by an officer of the Registered Entity, which if applicable, shall be the same officer that signed the self-certification compliance audit, spot check or investigation.

8.4 Timetable for Completion of Mitigation Plans

The mitigation plan shall be completed in time to have a reasonable potential to correct all of the alleged violation(s) prior to the next applicable compliance reporting/assessment period after occurrence of the alleged violation for which the mitigation plan is submitted. The expected outcome of the next report or the next assessment of the Registered Entity by the SPP is full compliance with the Reliability Standard to which the mitigation plan is applicable. The completion deadline may be extended for good cause including: (i) short assessment periods (i.e., event driven or monthly assessments), and (ii) construction requirements in the mitigation plan that extend beyond the next assessment period or other extenuating circumstances. If the mitigation plan extends beyond the next applicable reporting/assessment period, sanctions or penalties assessed for any alleged violation occurring during the implementation period will be held in abeyance and will be waived if the mitigation plan is satisfactorily completed.

Any alleged violation assessed during the period of time the approved mitigation plan is being implemented will be recorded by the SPP RE staff and associated sanctions or penalties (if applicable). The SPP RE staff will report any findings of alleged violation(s) recorded during this time period to NERC with the notation that the Registered Entity is working under an approved mitigation plan with an extended completion date with penalties and sanctions held in abeyance until completion of the Mitigation Plan. Upon completion of the approved mitigation plan in accordance with section 8.6, the SPP RE staff will notify the Registered Entity that any findings of alleged violation(s) of the applicable Reliability Standard during the period that the approved mitigation plan was being implemented have been waived and no penalties or sanctions

will apply. Regional Entities will also notify NERC of any such waivers of alleged violations of Reliability Standards.

A request for an extension of the completion date of the approved mitigation plan by a Registered Entity must be received by the SPP RE staff at least five (5) business days before the original completion date of the approved mitigation plan. The SPP RE staff may approve a request for an extension or modification of a mitigation plan if the SPP RE staff determines the request is justified.

8.5 Submission of Mitigation Plans

A Mitigation Plan shall be submitted by the Registered Entity within thirty calendar (30) days after being served the notice of alleged violation and sanction. The notice of alleged violation and sanction will include notice of the required procedures that the Registered Entity must follow to submit its mitigation plan.

If the Registered Entity disputes the notice of alleged violation and sanction prior to submission of a mitigation plan, the SPP RE staff will require the Registered Entity to submit its mitigation plan within ten (10) business days following issuance of the written decision of the SPP Trustees, unless the Registered Entity elects to appeal through the NERC Appeal Process.

If the Registered Entity does not submit a mitigation plan or report of completed mitigation within the required time period, the SPP RE staff shall execute the process steps for non-submittal shown in **Appendix 1, Process for Non-submittal of Requested Data**.

8.6 Review and Approval of Proposed Mitigation Plans

Unless extended by the SPP RE staff, the SPP RE staff will complete its review of the mitigation plan, and will issue a written statement accepting or rejecting the mitigation plan, within thirty (30) calendar days of receipt; otherwise the mitigation plan will be deemed approved. If the SPP RE staff rejects a mitigation plan, the SPP RE staff will provide the Registered Entity with a written statement describing the reasons for the rejection, and will require the Registered Entity a revised mitigation plan. Upon receipt of the revised mitigation plan, the SPP RE staff will notify the Registered Entity within ten (10) business days after receipt of a revised mitigation plan, the SPP RE staff will approve the revised mitigation plan or reject it and provide a written statement describing the reasons for rejection. If the second review results in rejection of the mitigation plan, the Registered Entity may request a hearing in accordance with the Hearing Process. The SPP RE staff will notify NERC within five (5) business days of the acceptance of a mitigation plan.

Comment [c1]:

Once approved, the SPP RE staff will track the Mitigation Plan to completion to ensure the alleged violation has been mitigated.

8.7 Completion/Confirmation of Implementation of Mitigation Plans

The Registered Entity will update the SPP RE staff on the progress of the mitigation plan based on the quarterly milestone/events as stated in the mitigation plan. The SPP RE staff will track the mitigation plan to completion and may conduct on-site visits and use status reviews during audits to monitor mitigation plan implementation. A failure to respond to requests for tracking information will be treated as a late response in accordance with **Appendix 1, Non-submittal of Requested Data** up to but excluding the step issuing an alleged violation of a standard.

Upon completion of the mitigation plan, the Registered Entity shall provide to the SPP RE staff a certification, signed by the Registered Entity's officer responsible for the plan, that all the required actions described in the mitigation plan have been completed. The SPP RE staff may request such data or information and conduct follow-up assessments, on-site or other spot checking, or compliance audits as it deems necessary to verify that all required actions in the mitigation plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard.

In the event all required actions in the plan are not completed within the applicable time frame, including extensions, any alleged violation(s) of a Reliability Standard subject to the mitigation plan that occurred during the originally-scheduled time period for completion will be enforced immediately and a new mitigation plan must be submitted to and approved by the SPP RE staff. In addition, the SPP RE staff may conduct a compliance audit of, or issue a remedial action directive to, the Registered Entity.

SPP RE staff will provide quarterly status reports to NERC, other information as NERC requests, and will notify NERC when each mitigation plan is completed.

Mitigation plans within the SPP are submitted via the CDMS and must provide an explanation and description of the reason(s) for non-compliance. Mitigation plans with progress milestones and completion dates will be submitted for all alleged violations where mitigation cannot be achieved in a single step.

During mitigation plan development, the Registered Entity in conjunction with SPP RE staff may conclude that the original non-compliance finding was determined in error and will request a correction of non-compliance with the Reliability Standard. The Registered Entity must resubmit data to the SPP RE staff. After reconsideration and review, SPP RE staff, in conjunction with the

Compliance Committee ultimately may rescind any non-compliance penalties assessed.

During implementation of an approved mitigation plan, the Registered Entity will continue to be monitored for compliance to the subject Reliability Standard and remain in a non-compliant status until the mitigation plan is completed.

8.8 Mitigation Plan Process Steps

- Registered Entity submits all Plan(s) via Compliance Data Management System (CDMS).
- SPP RE staff executes the Non-Compliance Process if the Primary Compliance Contact (PCC) of the Registered Entity fails to submit a Plan set out in the Non-Compliance Process.
- SPP RE staff reviews the Plan for completeness.
- SPP RE staff contacts, if necessary, the PCC of the Registered Entity for questions and clarification.
- SPP RE staff validates and assesses the Plan, and notifies the PCC of its acceptance.
- SPP RE staff provides a follow-up report to NERC.
- If the Standard for which the Plan was submitted is revised or replaced SPP RE staff contacts the PCC. A revised Plan may be required.
- SPP RE staff tracks all Plans and prepares a monitoring list for the current program year. SPP RE staff sends a courtesy status check (follow-up letter) two weeks prior to the Plan's completion date. Note: the PCC is responsible to notify the SPP RE staff of the completion of the Plan.
- SPP RE staff executes the Non-Compliance Process if there is no response to the follow-up letter from the PCC of the Registered Entity.
- SPP RE staff documents the completion of the Plan and sends a follow-up report to NERC.
- SPP RE staff may also include the standard(s) for which the Plan was submitted in the following year Self Certification, Spot-Check or Compliance Audit in order to further verify the documentation.

8.9 Recordkeeping

The SPP RE staff uses the Compliance Data Management System (CDMS) for documenting Registered Entity mitigation plan, data, and report submittal.

The SPP RE staff will maintain a record containing the following information for each mitigation plan:

- Name of Registered Entity.
- The date of the alleged violation.
- Monitoring method by which the alleged violation was detected, i.e. self-certification, self reported, audit, investigation, complaint, etc.
- Date of notification of alleged violation and sanction or penalty.
- Expected and actual completion date of the mitigation plan.
- Expected and actual completion date for each required action.
- Approved changes to milestones, completion dates, or scope of mitigation plan.

9. Remedial Actions

A Remedial Action Directive may include, but is not limited to, any of the following: specifying operating or planning criteria, limits, or limitations; requiring specific system studies; defining operating practices or guidelines; requiring confirmation of data, practices, or procedures through inspection testing or other methods; requiring specific training for personnel; requiring development of specific operating plans; directing a Registered Entity to develop and comply with a plan to remedy an alleged violation; imposing increased auditing or additional training requirements; and requiring a Registered Entity to cease an activity that may constitute an alleged violation of a Reliability Standard.

A Remedial Action Directive may be issued to a Registered Entity at any time, including during any procedures relating to an alleged violation of a Reliability Standard. The SPP RE staff will specify if a remedial action obviates the need for a mitigation plan.

The SPP RE staff shall consult the Reliability Coordinator for the Registered Entity to ensure that the remedial action is not in conflict with Reliability Coordinator directives issued by the Reliability Coordinator.

Any Remedial Action Directive shall include a deadline for compliance and will advise the Registered Entity that failure to comply with the directive within the required deadline may result in further remedial action directives or significantly increased sanctions. The SPP RE staff will monitor implementation of remedial actions as necessary to verify compliance.

The SPP RE staff will notify NERC within two (2) business days after issuing a remedial action directive.

The SPP RE staff will conduct such monitoring activities as are necessary to verify that the Registered Entity complies with the remedial action directive in accordance with the deadline specified in the directive.

The Registered Entity may contest the remedial action directive by giving written notice to the SPP RE staff within two (2) business days following issuance of the directive and may request an expedited hearing. The hearing shall be conducted under the expedited hearing process set forth in **Appendix 2, Regional Hearing Process**.

10. Reporting and Disclosure

The SPP RE staff shall prepare and submit to NERC all required reports (including those required by NERC Rules of Procedure Sections 403.14, 403.18 and 403.19) containing current information concerning (1) Registered Entity compliance with Reliability Standards, (2) all alleged and confirmed violations of, Reliability Standards by Registered Entities, (3) the status of alleged violations, (4) sanctions and penalties, (5) remedial actions imposed, and (6) mitigation plan(s) approved including dates for all required actions and for completion.

The SPP RE staff shall report to NERC, on a confidential basis, any alleged violations of Reliability Standards regardless of significance, whether verified or still under

investigation, within five (5) business days after the SPP RE staff identifies an alleged violation. Some violation require more prompt notification and NERC will publish a list annually of Reliability Standards that require notification within 48 hours of determination by the SPP RE staff. Such reports shall include information regarding the nature of the alleged violation and its potential impact on the reliability of the bulk-power system, the name of the Registered Entity involved, and the status and timetable of any compliance investigation.

The SPP RE staff shall report to NERC the status of alleged violations of Reliability Standards, regardless of significance, that have not yet resulted in a final determination of an alleged violation or have not completed the Hearing Process, or for which mitigation activities (including activities being carried out pursuant to a settlement) have not been completed. The SPP RE staff shall report if the Registered Entity has contested the alleged violation and the status of the Hearing Process. The reports shall include, at a minimum: the identity of the Registered Entity alleged to be or found in alleged violation of a Reliability Standard; the relative seriousness of the alleged violation; the status of confirmation of the alleged violation; and the status of any mitigation activities. The SPP RE staff will ensure the information is current when these reports are provided.

The SPP RE staff shall report to NERC all alleged violations of Reliability Standards by Registered Entities including all penalties, sanctions, mitigation plans and schedules, and settlements.

The SPP RE staff will provide the report to each Registered Entity identified with an alleged violation of a Reliability Standard at least ten (10) business days prior to the date the report is to be published by NERC, accompanied by a notice that the Registered Entity may provide a statement to NERC to accompany the report when posted by NERC. The Registered Entity's statement must be on company letterhead and include the name, title and signature of an officer of the Registered Entity.

The SPP RE staff shall prepare the appropriate NERC report (monthly, quarterly, and annual) documenting compliance and non-compliance of Registered Entities with determination of sanctions and penalties imposed, along with the Registered Entity indication of non-compliance to a Reliability Standard(s) with the Mitigation Plan(s) including scheduled progress benchmark dates and scheduled completion date(s). The plans will be provided to NERC by the SPP RE staff as required.

The SPP RE staff shall provide confidential notice to NERC within prescribed time parameters of reported or other alleged violations of Reliability Standards. Such reports shall include information regarding the nature and potential reliability impact of the alleged violation, the Registered Entity of the organization involved, and the status and timetable of any investigation.

After due process and proper notices, violations and the accompanying enforcement actions will become public when filed with the regulatory authorities and posted on the NERC and SPP websites. Each bulk electric system owner, operator, or user may provide NERC with a statement to accompany the violation that is to be posted publicly. The statement must be on company letterhead and include a signature, as well as the name and title of the person submitting the information.

11. Data Retention and Confidentiality

11.1 Records Management and Retention Requirements

The timeframe or criteria of records management identified in this section represents the implementation of the NERC and SPP CMEP programs effective with the deployment of the Electric Reliability Organization (ERO) in 2007. However, the SPP RE staff performed compliance monitoring and assessment prior to 2007 and therefore has archived records prior to the deployment of the ERO. The SPP Records Management Policy shall provide for a routine and orderly process for the retention and disposal of electronic and paper records related to the compliance program, ensure verification of

compliance with appropriate business, regulatory and legal requirements, and conform to the data retention requirements of the Reliability Standards.

11.2 SPP Records Management Policy

Data received for purposes of the CMEP will be retained for a minimum period of five (5) years or as specified by a Reliability Standard. If the data is undergoing a review to address a question or controversy regarding such data, the data will be retained until the question or controversy is resolved.

All correspondence between the SPP RE staff, Registered Entity, and the SPP Trustees will be retained by the SPP RE staff for at least five (5) years, including summary reports as prepared by the SPP RE staff.

SPP RE staff will retain minutes, decisions, and action items of the SPP Trustees, and related correspondence for at least five (5) years.

11.3 Confidentiality and Critical Energy Infrastructure Information

The Registered Entity shall comply with the confidentiality provisions applicable to SPP as set forth in the SPP Confidentiality Agreement and must sign the SPP Confidentiality Agreement before gaining access to any confidential information. Certain information is considered confidential and protected from disclosure in any public format since it meets the NERC guidelines for protecting sensitive information in the electrical sector.

SPP RE staff and SPP Trustees must follow the policies and procedures related to confidentiality.

Information deemed by a Bulk Electric System owner, operator, user, Registered Entity, Regional Entity or NERC as critical energy infrastructure information (*NERC Security Guidelines for the Electricity Sector — Protecting*

Potentially Sensitive Information may be used as a guide) shall be redacted according to NERC procedures and not be released publicly.

11.3.1 Definitions

The terms “confidential information”, “confidential business and market information”, “critical energy infrastructure information” and “critical infrastructure” shall have the meanings stated in Section 1501 of the NERC Rules of Procedure.

11.3.2 Protection of Confidential Information

The SPP personnel (including any contractors, consultants and industry volunteers) and committee members, and participants in Compliance Program activities shall be informed of, and agree to comply with, Section 1500 of the NERC Rules of Procedure concerning Confidential Information.

11.3.3 Critical Infrastructure Information

The SPP RE staff will keep confidential all critical infrastructure information in accordance with Section 1500 of the NERC Rules of Procedures. Information deemed to be critical energy infrastructure information shall be redacted and shall not be released publicly.

12. Definitions

Assessment	An evaluation that allows a conclusion to be reached or a decision to be made that may or may not involve an analysis or simulation.
Audit	Process in which a detailed review is performed to determine if a Registered Entity is meeting the requirements of the NERC and SPP Reliability Standards. These audits can be performed on or off the Registered Entity's site. Audits can be of multiple types: Annual, Three-Year, Six-Year, Event-Driven, or Special (described below).
Annual Audit	An audit performed on an annual basis as delineated in specific Standards and may be as simple as just validating one Standard measurement for compliance.
CDMS	Compliance Database Management System is the primary electronic database utilized by SPP for compliance monitoring, data submittal, and mitigation plans.
Data Collection	The submitting of data to support modeling, studies and analyses; documents; procedures; methodologies; operating data; and process information. (This list is not all inclusive, but an example of typical data.)
Days	A measure of time that refers to calendar days in the context of this document unless otherwise specified.
Event-Driven Audit	When an unexpected or unplanned disturbance occurs to the bulk electric system, not driven to investigation by a Trigger Event, an audit of the Registered Entity involved may be initiated by the SPP RE staff to determine if the Registered Entity was non-compliant to the NERC Reliability Standards.
Investigation	An assessment/audit/review of an event that is specifically driven in the NERC Reliability Standards by a specific Trigger Event and/or a complaint, to determine compliance to any of the Standards.
Registered Entities	Users, owners, and operators of the bulk-power system that have at least one functional responsibility defined in any of the approved NERC or Regional Entity Reliability Standards.

Self-Certification	The practice of a Registered Entity performing a formal internal review of the requirements of a standard, attesting to how they are satisfying the requirement and then notifying the SPP RE staff of the status being either fully compliant or non-compliant specifying violation severity level. Self-Certifications are subject to audits and spot checks.
Spot (Random) Check	A form of audit that looks at any small group of measurements across one or more entities to verify compliance in a totally random manner or if driven due to a unique situation or system condition.
Three-Year (Six-Year) Audit	An audit that is performed on a three-year basis to verify compliance to the NERC and SPP Reliability Standards, presently only applied to Reliability Coordinators, Balancing Authorities and Transmission Operators. All other Registered Entities are on a six [6] year rotation.
Trigger Event	An event or action that has occurred, that results in follow-up actions that are required to be taken. Some Standards have specific events identified.

13. List of Acronyms and Abbreviations

BA	Balancing Authority
CDMS	Compliance Data Management System
CMEP	Compliance Monitoring and Enforcement Program
DA	Delegation Agreement
EPA	Energy Policy Act
FERC	Federal Energy Regulatory Commission
SPP	Southwest Power Pool
NERC	North American Electric Reliability Corporation
PCC	Primary Compliance Contact
RC	Reliability Coordinator
RE	Regional Entity
TOP	Transmission Operator

Appendix 1 – SPP Process for Non-submittal of Requested Data

If data, information, or other reports (including Mitigation Plans) requested from the SPP RE staff are not received by the required date, the SPP RE staff may sequentially execute the following steps. The SPP RE staff however will afford the Registered Entity reasonable opportunity to resolve a difficulty submitting data due to time or format issues.

<p>Step 1:</p>	<p>The SPP RE staff will issue a follow-up notification to the Registered Entity’s Primary Compliance Contact.</p>
<p>Step 2:</p>	<p>The SPP RE staff will issue a follow-up notification to the Registered Entity’s Primary Compliance Contact and Vice President (or equivalent) responsible for compliance 10 days after the required date.</p>
<p>Step 3:</p>	<p>The SPP RE staff will issue a follow-up notification to the Registered Entity’s Chief Executive Officer (or equivalent), the Registered Entity’s Vice President (or equivalent), the Primary Compliance Contact, and NERC 20 days after the required date.</p> <p>A full compliance audit may be scheduled at this step.</p>
<p>Step 4:</p>	<p>Thirty (30) days after the required date, a Reliability Standard alleged violation may be applied at the high violation severity level.</p> <p>Step 4 does not apply to Compliance Audits and mitigation tracking requests.</p>

Appendix 2 – SPP Regional Entity Hearing Procedures

1.0 HEARING PROCEDURES

1.1 Applicability, Definitions and Interpretation

1.1.1 Procedure Governed

The provisions set forth in this Paragraph 1.0 (“Rules of Procedure”) shall apply to and govern practice and procedure before Southwest Power Pool in hearings in the United States conducted into (i) whether Registered Entities within Southwest Power Pool’s area of responsibility have violated Reliability Standards, and (ii) if so, to determine the appropriate mitigation plans as well as any remedial actions, penalties or sanctions in accordance with applicable penalty guidelines approved by FERC pursuant to 18 C.F.R. Section 39.7(g)(2).

1.1.2 Deviation

To the extent permitted by law, any provision in these Rules of Procedure may be waived, suspended or modified by the Hearing Officer, as defined in Paragraph 1.1.5, or the SPP Trustees, as defined in Paragraph 1.1.5, for good cause shown, either upon the Hearing Officer’s or the SPP Trustees’ own motion or upon the motion of any Party.

1.1.3 Standards for Discretion

Southwest Power Pool’s discretion under these Rules of Procedure shall be exercised to accomplish the following goals:

- a) Integrity of the Fact-Finding Process - The principal goal of the hearing process is to assemble a complete factual record to serve as a basis for a correct and legally sustainable ruling, decision or order.
- b) Fairness - Persons appearing in Southwest Power Pool proceedings should be treated fairly. To this end, Parties should be given fair notice and opportunity to present explanations, factual information, documentation and legal argument. Action shall be taken as necessary to eliminate any disadvantage or prejudice to a Party that would otherwise result from another Party’s failure to act diligently and in good faith.
- c) Independence - The hearing process should be tailored to protect against undue influence from any Person, Party or interest group.
- d) Balanced Decision-Making - Decisions should be based solely on the facts and arguments of record in a proceeding and by individuals who satisfy the Southwest Power Pool’s conflict of interest policy.
- e) Impartiality - Persons appearing before the SPP Trustees should not be subject to discriminatory or preferential treatment. Registered Entities should be treated consistently unless a reasonable basis is shown in any particular proceeding to depart from prior rulings, decisions or orders.

- f) Expedition - Proceedings shall be brought to a conclusion as swiftly as is possible in keeping with the other goals of the hearing process.

1.1.4 Interpretation

- a) These Rules of Procedure shall be interpreted in such a manner as will aid in effectuating the Standards for Discretion set forth in Paragraph 1.1.3, and so as to require that all practices in connection with the hearings shall be just and reasonable.
- b) Unless the context otherwise requires, the singular of a term used herein shall include the plural and the plural of a term shall include the singular.
- c) To the extent that the text of a rule is inconsistent with its caption, the text of the rule shall control.

1.1.5 Definitions

Unless otherwise defined, the following terms shall have the following meanings:

“Bulk-Power System,” for the purposes of these procedures, has the identical meaning as the definition of “Bulk Electric System” under the NERC Glossary.

“SPP Trustees” The three Trustees elected by the SPP membership. Each Trustee is elected for a 3-year term with one Trustee elected each year.

“Clerk,” as designated by the Southwest Power Pool.

“Critical Energy Infrastructure Information” means information about proposed or existing critical infrastructure that: (i) relates to the production, generation, transportation, transmission, or distribution of energy; (ii) could be useful to a person in planning an attack on critical infrastructure; and (iii) does not simply give the location of the critical infrastructure.

“Critical infrastructure” means existing and proposed systems and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters.

“Cybersecurity Incident” means a malicious act or suspicious event that disrupts, or was an attempt to disrupt, the operation of those programmable electronic devices and communications networks including hardware, software and data that are essential to the Reliable Operation of the Bulk-Power System.

“Director of Compliance” means the Executive Director of Compliance of Southwest Power Pool, who is responsible for the management and supervision of Compliance Staff.

“ERO” means the Electric Reliability Organization, currently the North American Electric Reliability Corporation, or any successor organization, certified by FERC pursuant to 18 C.F.R. Section 39.3, the purpose of which is to establish and enforce Reliability Standards for the Bulk-Power System subject to FERC review.

“FERC” means the Federal Energy Regulatory Commission.

“Hearing Officer” means an individual employed or contracted by Southwest Power Pool and designated by Southwest Power Pool to preside over hearings conducted pursuant to these Rules of Procedure.

“Party” means any Person who is allowed or required to participate in a proceeding conducted pursuant to these Rules of Procedures. The term “Party” as used herein shall include the members of Compliance Staff that participate in a proceeding.

“Penalty” as used herein includes all penalties and sanctions, including but not limited to a monetary or non-monetary penalty; a limitation on an activity, function, operation or other appropriate sanction; or the addition of the Registered Entity to a reliability watch list composed of major violators. Penalties must be within the range set forth in the *Sanction Guidelines of the North American Electric Reliability Council* approved by FERC pursuant to 18 C.F.R. Section 39.7(g)(2), and shall bear a reasonable relation to the seriousness of a Registered Entity’s violation and take into consideration any timely efforts made by the Registered Entity to remedy the violation.

“Person” means any individual, partnership, corporation, governmental body, association, joint stock company, public trust, organized group of persons, whether incorporated or not, or any other legal entity.

“Mitigation Plan” means a plan to eliminate the violation of a Reliability Standard and its underlying causes.

“North American Electric Reliability Council” or “NERC” means North American Electric Reliability Corporation.

“Registered Entity” means each user, owner and operator of the Bulk-Power System within the United States that is required to register with Southwest Power Pool pursuant to 18 C.F.R. Section 39.2.

“Southwest Power Pool” means Southwest Power Pool Corporation.

“Southwest Power Pool’s area of responsibility” means Southwest Power Pool’s corporate region or footprint.

“Reliable Operation” has the meaning set forth in the Federal Power Act, as it may be amended from time to time.

“Reliability Standards” means standards approved by FERC pursuant to 18 C.F.R. Section 39.5, as such standards are authorized and in effect from time to time.

“Remedial Action Directive” means an action (other than a penalty or sanction) required that (1) is to bring a Registered Entity into compliance with a Reliability Standard or to avoid a Reliability Standard violation, and (2) is immediately necessary to protect the reliability of the bulk power system from an imminent threat.

“Respondent” means the Registered Entity who is a Party to a proceeding and the subject of the Notice of Alleged Violation or contested Mitigation Plan that is the basis for the proceeding, whichever is applicable.

“Rules of Procedure” means the rules of Southwest Power Pool as set forth in this Paragraph 1.

“Staff” or “Compliance Staff” means individuals employed or contracted by Southwest Power Pool Regional Entity who have the authority to make initial determinations of compliance or violation with Reliability Standards by Registered Entities and associated Penalties and Mitigation Plans. Staff members may participate and be represented by counsel in Southwest Power Pool proceedings, and shall have the rights and duties of any Party. Staff members must satisfy Southwest Power Pool’s conflict of interest policy.

“Technical Advisor” means any Staff member, third-party contractor, or industry stakeholder who satisfies Southwest Power Pool’s conflict of interest policy and is selected to assist in a proceeding by providing technical advice to the Hearing Officer and/or the SPP Trustees.

1.2 General Provisions including Filing, Service, Transcription and Participation

1.2.1 Contents of Filings

All filings made with Southwest Power Pool must contain:

- a) A caption that sets forth the title of the proceeding and the designated docket number or, if the filing initiates a proceeding, a space for the docket number;
- b) A heading that describes the filing and the Party on whose behalf the filing is made;
- c) The full name, address, telephone number and email address of the Party or the representative of the Party making the filing;
- d) A plain and concise statement of any facts upon which the filing is based, which facts shall be supported by citations to the record if available; and
- e) The specific relief sought, which may be in the alternative, and the authority that provides for or otherwise allows the relief sought.

1.2.2 Form of Filings

- a) All filings shall be typewritten, printed, reproduced or prepared using a computer or other word or data processing equipment on white paper 8½ inches by 11 inches with inside text margins of not less than one inch. Page numbers shall be centered and have a bottom margin of not less than ½ inch. Line numbers, if any, shall have a left-hand margin of not less than ½ inch. The impression shall be on one side of the paper only and shall be double spaced; footnotes may be single spaced and quotations may be single spaced and indented.

- b) All pleadings shall be composed in either Arial or Times New Roman font, black type on white background. The text of pleadings or documents shall be at least 12-point. Footnotes shall be at least 10-point. Other material not in the body of the text, such as schedules, attachments and exhibits, shall be at least 8-point.
- c) Reproductions may be by any process provided that all copies are clear and permanently legible.
- d) Testimony prepared for the purpose of being entered into evidence shall include line numbers on the left-hand side of each page of text. Line numbers shall be continuous.
- e) Filings may include schedules, attachments or exhibits of a numerical or documentary nature which shall, whenever practical, conform to these requirements; however, any log, graph, map, drawing, chart or other such document will be accepted on paper larger than prescribed in subparagraph (a) if it cannot be provided legibly on letter size paper.

1.2.3 Submission of Documents

a) Where to File

Filings shall be made with the Clerk of the Southwest Power Pool located at the principal office of Southwest Power Pool: The office will be open from Southwest Power Pool business hours] local time each day except Saturday, Sunday, legal holidays and any other day declared by the Southwest Power Pool.

b) When to File

Filings shall be made within the time limits set forth in these Rules of Procedure or as otherwise directed by the Hearing Officer or the SPP Trustees. Filings will be considered made when they are date stamped received by the Clerk. To be timely, filings must be received no later than 5pm Central time zone time on the date specified.

c) How to File

Filings may be made by personal delivery, mailing documents that are properly addressed with first class postage prepaid, or depositing properly addressed documents with a private express courier service with charges prepaid or payment arrangements made.

d) Number of Copies to File

One original and five exact copies of any document shall be filed. The Clerk will provide each member of the SPP Trustees with a copy of each filing.

e) Signature

The original of every filing shall be signed by the Party on whose behalf the filing is made, either by an attorney of the Party or, by the individual if the Party is an individual, by an Officer of the Party if the Party is not an individual, or if the Party is Staff, by a designee authorized to act on behalf of Staff. The signature on a filing constitutes a certificate that the signer has read the

filing and knows its contents, and that the contents are true to the best of the signer's knowledge and belief.

f) Verification

The facts alleged in a filing need not be verified unless required by these Rules of Procedure, the Hearing Officer or the SPP Trustees. If verification is required, it must be under oath by a person having knowledge of the matters set forth in the filing. If any verification is made by an individual other than the signer, a statement must be attached to the verification explaining why a person other than the signer is providing verification.

g) Certificate of Service

Filings shall be accompanied by a certificate of service stating the name of the individuals served, the Parties whose interests the served individuals represent, the date on which service is made, the method of service and the addresses to which service is made. The certificate shall be executed by the individual who made the service.

1.2.4 Service

a) Service List

For each proceeding, the Clerk shall prepare and maintain a list showing the name, address, telephone number, and facsimile number and email address, if available, of each individual designated for service. The Hearing Officer, Director of Compliance and the Registered Entity's designated agent for service shall automatically be included on the service list. Parties shall identify all other individuals whom they would like to designated for service in a particular proceeding in their Appearances. Parties may change the individuals designated for service in any proceeding by filing a notice of change in service list in the proceeding. Parties are required to update their service lists to ensure accurate service throughout the course of the proceeding. Copies of the service list may be obtained from the Clerk.

b) By Parties

Any Party filing a document in a proceeding must serve a copy of the document on each individual whose name is on the service list for the proceeding. Unless otherwise provided, service may be made by personal delivery, email, deposit in the United States mail properly addressed with first class postage prepaid, registered mail properly addressed with postage prepaid or deposit with a private express courier service properly addressed with charges prepaid or payment arrangements made.

c) By the Clerk

The Clerk shall serve all issuances of the Hearing Officer and SPP Trustees upon the members of the SPP Trustees and each individual whose name is on the service list for the proceeding. Service may be made by personal delivery, email, deposit in the United States mail properly addressed with first class postage prepaid, registered mail properly addressed with postage prepaid or deposit with a private express courier service properly addressed with charges prepaid or payment arrangements made. The Clerk shall transmit a copy of the record of a proceeding to

the ERO at the time it serves the ERO with either (1) a Notice of Penalty, or (2) a SPP Trustees Final Order that includes a Notice of Penalty.

d) **Effective Date of Service**

Service by personal delivery or email is effective immediately. Service by mail or registered mail is effective upon mailing; service by a private express courier service is effective upon delivery to the private express courier service. Unless otherwise provided, whenever a Party has the right or is required to do some act within a prescribed period after the service of a document upon the Party, four (4) days shall be added to the prescribed period when the document is served upon the Party by mail or registered mail.

1.2.5 Computation of Time

The time in which any action is required to be done shall be computed by excluding the day of the act or event from which the time period begins to run, and by including the last day of the time period, unless the last day is a Saturday, Sunday, legal holiday or any other day upon which the Office of Southwest Power Pool is closed, in which event it also shall be excluded and the date upon which the action is required shall be the first succeeding day that is not a Saturday, Sunday, legal holiday, or day upon which the Office of Southwest Power Pool is closed. The time in which any action is required to be done shall be computed by excluding intermediate Saturdays, Sundays, and legal holidays, or days upon which the Office of Southwest Power Pool is closed when the period is less than fifteen (15) days.

1.2.6 Extensions of Time

Except as otherwise provided by law, the time by which a Party is required or allowed to act may be extended by the Hearing Officer or SPP Trustees for good cause upon a motion made before the expiration of the period prescribed. If any motion for extension of time is made after the expiration of the period prescribed, the Hearing Officer or SPP Trustees may permit performance of the act if the movant shows circumstances sufficient to justify the failure to act in a timely manner.

1.2.7 Amendments

Amendments to any documents filed in a proceeding may be allowed by the Hearing Officer or the SPP Trustees upon motion made at any time on such terms and conditions as are deemed to be just and reasonable.

1.2.8 Transcripts

A full and complete record of all hearings, including any oral argument shall be transcribed verbatim by a certified court reporter, except that the Hearing Officer may allow off-the-record discussion of any matter provided the Hearing Officer states the ruling on any such matter, and the Parties state their positions or agreement in relation thereto, on the record. Unless otherwise prescribed by the Hearing Officer, a Party may file and serve suggested corrections to any portion of the transcript within thirty-five (35) days from the date on which the relevant portion of the transcript was taken, and any responses shall be filed within ten (10) days after service of the suggested corrections. The Hearing Officer shall determine what changes, if any, shall be

made, and shall only allow changes that conform the transcript to the truth and ensure the accuracy of the record.

Southwest Power Pool will pay for transcription services, for a copy of the transcript for the record and for a copy of the transcript for Staff. Any other Party shall pay for its own copy of the transcript if it chooses to obtain one and, should any Party seek to obtain a copy of the transcript on an expedited basis, it shall pay for the expedited transcription services.

1.2.9 Rulings, Notices, Orders and Other Issuances

Any action taken by the Hearing Officer or the SPP Trustees shall be recorded in a Ruling, Notice, Order or other applicable issuance, such as a transcript, and is effective upon the date of issuance. All notices of hearings shall set forth the date, time and place of hearing.

1.2.10 Location of Hearings and Conferences

All hearings oral arguments shall be held at the principal office of Southwest Power Pool unless the Hearing Officer or SPP Trustees elects a different location.

1.2.11 Party Participation

Parties may appear at any hearing via teleconference subject to the approval of the Hearing Officer and, in the event of oral argument, the SPP Trustees, except that witnesses shall personally appear at the evidentiary hearing if required by Paragraph 1.6.6.

1.2.12 Interventions Are Not Permitted

The Respondent and Staff shall be Parties to the proceeding. Unless otherwise authorized by FERC, a Person that is not a Party to a docketed proceeding is not permitted to intervene or otherwise become a Party to that proceeding.

1.2.13 Proceedings Closed to the Public

No hearing, oral argument or meeting of the SPP Trustees shall be open to the public, and no notice, ruling, order or any other issuance of the Hearing Officer or SPP Trustees made in any proceeding shall be publicly released unless the ERO or FERC determine that public release is appropriate. Only the members of the SPP Trustees, the Parties, the Hearing Officer and the Technical Advisors, if any, shall be allowed to participate in or obtain information relating to a proceeding.

1.2.14 Docketing System

The Clerk shall maintain a system for docketing proceedings. A docketed proceeding shall be created upon the issuance of a Notice of Alleged Violation. Unless NERC provides a different docketing system that will be used uniformly by the Regional Entities, docket numbers shall be assigned sequentially beginning with a two digit number that relates to the last two digits of the year in which the docket is initiated, followed by a dash (“-”), followed by the letters “[RE]”, followed by a dash (“-”), followed by a four digit number that will be “0001” on January 1 of each calendar year and ascend sequentially until December 31 of the same calendar year.

1.2.15 Hold Harmless

A condition of participating in a hearing is that the Party agrees Southwest Power Pool, including without limitation its members, Board, compliance committee, any other committees or subcommittees, Staff, contracted employees, Hearing Officers and Technical Advisors, shall not be liable, and shall be held harmless against the consequences of, or any action or inaction arising out of, the hearing process, or of any agreement reached in resolution of a dispute or any failure to reach agreement as a result of a proceeding. This “hold harmless” clause does not extend to matters constituting gross negligence or intentional misconduct.

1.3 Initiation of the Hearing Process

1.3.1 Registered Entity’s Option to Request a Hearing

Except when contesting a Remedial Action Directive pursuant to section 1.8 of these procedures, a Registered Entity may file a statement with the Southwest Power Pool requesting a hearing if either:

- a) The Registered Entity files a Response to a Notice of Alleged Violation that contests either the alleged violation, the proposed Penalty, or both; or
- b) The Compliance Staff submits to the Registered Entity a statement identifying a disagreement with a Registered Entity’s proposed Mitigation Plan.

A Registered Entity must file its hearing request within forty (40) days after (i) the Registered Entity files its Response to the Notice of Alleged Violation; or (ii) the Compliance Staff submits to the Registered Entity its statement identifying a disagreement with the Registered Entity’s proposed Mitigation Plan, whichever is applicable. If the Registered Entity does not file a hearing request within the time period set forth in this Paragraph, then the Registered Entity will be deemed to have agreed and waived any objection to the proposed Penalty, the alleged violation or the Compliance Staff’s stated position on the Mitigation Plan, whichever is applicable.

Either a Notice of Alleged Violation issued to a Registered Entity or a Staff statement setting forth its disagreement with a Registered Entity’s proposed Mitigation Plan shall clearly state that the Registered Entity has the option to contest the alleged violation, proposed Penalty, or both, or the Compliance Staff’s position on the proposed Mitigation Plan, under either the shortened hearing procedure pursuant to Paragraph 1.3.2 or the full hearing procedure described in Sections 1.4 to 1.7. If the Registered Entity files a hearing request within the requisite time period, it shall state within its hearing request whether it requests the shortened hearing procedure pursuant to Paragraph 1.3.2 or the full hearing procedure described in section Sections 1.4 to 1.7. If the Registered Entity requests the full hearing procedure, the full hearing procedure shall apply. If the Registered Entity requests the shortened hearing procedure, Compliance Staff shall submit a filing within five (5) days of the Registered Entity’s hearing request that states whether Staff agrees to use the shortened hearing procedure. If Staff either fails to file or files but does not agree to use the shortened hearing procedure, then the full hearing procedure shall apply. Once either the full or shortened hearing procedure has been selected, the Parties shall not be allowed to revert to the non-selected hearing procedure unless the Parties mutually agree.

A Registered Entity shall attach to a request for hearing whichever of the following are applicable:

- a) The Registered Entity's self-report of a violation;
- b) The Notice of Alleged Violation and the Registered Entity's Response thereto; and/or
- c) The Registered Entity's proposed Mitigation Plan and the Compliance Staff's statement identifying its disagreement with the proposed Mitigation Plan.

1.3.2 Shortened Hearing Procedure

The shortened hearing procedure shall be as set forth in this Paragraph. The rules applicable to the full hearing procedure shall apply to the shortened hearing procedure unless a rule's context is inconsistent with the procedure set forth in this Paragraph or otherwise renders it inapplicable to the shortened hearing procedure.

The SPP Trustees may utilize a Hearing Officer to preside over the shortened hearing process in accordance with Paragraph 1.4.2. But, no evidentiary hearing will be held in the shortened hearing procedure and the Parties will not present witness testimony or file briefs, except briefs on exceptions may be allowed pursuant to Subparagraph (g). Instead, the following events shall take place within the following periods:

- a) The Pre-hearing Conference shall be held within seven (7) days after the date on which the Notice of Hearing is issued. In addition to any other matters set forth in Paragraph 1.5.2 that may apply, the Pre-hearing Conference will be used to develop a schedule for the preparation and submission of comments in accordance with Subparagraphs (c) through (e).
- b) Within seven (7) days after the date on which the Notice of Hearing is issued, Staff shall make documents available to the Registered Entity for inspection and copying pursuant to Paragraph 1.5.7.
- c) Within twenty-one (21) days of the Pre-hearing Conference, the Staff shall file:
 - 1) initial comments stating Staff's position on all issues and the rationale in support of its position, including all factual and legal argument;
 - 2) all documents that Staff seeks to introduce in support of its position that are not already in the record; and
 - 3) a verification attesting to the truthfulness of the facts alleged in the filing.
- d) Within fourteen (14) days of Staff's initial comment filing pursuant to Subparagraph (c), the Registered Entity shall file:

- 1) responsive comments stating the Registered Entity’s position on all issues and the rationale in support of its position, including all factual and legal argument, which comment also may respond to Staff’s initial comments;
 - 2) all documents that the Registered Entity seeks to introduce in support of its position that are not already in the record; and
 - 3) a verification attesting to the truthfulness of the facts alleged in the filing.
- e) Within seven (7) after the Registered Entity’s responsive comment filing pursuant to Subparagraph (d), Staff shall file reply comments that shall be limited in scope to responding to the Registered Entity’s responsive comments and be supported by a verification attesting to the truthfulness of the facts alleged in the filing. Staff shall not submit any additional documents in support of its position as part of this filing except upon motion and good cause shown. If Staff is allowed to file additional documents in support of its position based upon such a motion, the Registered Entity shall have the right to file additional documents in support of its position that are responsive to the additional documents that Staff is allowed to file provided that any additional Registered Entity filing also shall be verified.
- f) The Hearing Officer shall issue an initial opinion within twenty-one (21) days of the Staff’s reply comments filing pursuant to Subparagraph (e).
- g) If either Party requests, the Hearing Officer shall allow each Party to file, within seven (7) days of the Hearing Officer’s initial opinion, exceptions to the Hearing Officer’s initial opinion in a brief designated “Brief on Exceptions” in accordance with Paragraph 1.7.4. No replies to Briefs on Exceptions shall be allowed.
- h) The SPP Trustees shall strive, but is not required, to issue a Final Order within ninety (90) days of the Notice of Hearing.

The Hearing Officer or SPP Trustees may modify any time period set forth within this Paragraph as warranted by the circumstances but it will be the objective of the SPP Trustees to issue the Final Order within ninety (90) days of the Notice of Hearing.

1.4 General Hearing Procedure

1.4.1 Notice of Hearing

Within seven (7) days of a Registered Entity requesting a hearing pursuant to Paragraph 1.3, the Clerk shall issue a Notice of Hearing in the docket. The Notice of Hearing shall identify the Hearing Officer, if designated at that time, and the date, time, and place for the pre-hearing conference, which should occur no later than fourteen (14) days after the Notice of Hearing.

1.4.2 Hearing Officer

Southwest Power Pool may utilize a Hearing Officer to preside over each hearing conducted pursuant to these Rules of Procedure, provided that the Hearing Officer’s actions shall be subject

to the authority of the SPP Trustees as set forth in Paragraph 1.4.3. The SPP Trustees reserves its right to attend any aspect of the hearing as a body or by individual members.

The SPP Trustees may delegate to the Hearing Officer authority over the conduct of the hearing, including administering the hearing from the pre-hearing conference through the issuance of the initial opinion and any administrative hearing functions thereafter, and the responsibility for submission of the matter to the SPP Trustees for final decision through the presentation to the SPP Trustees of an initial opinion. The Hearing Officer shall have those duties and powers necessary to those ends, consistent with and as further enumerated in these Rules of Procedure, including the following:

- 1) To administer oaths and affirmations;
- 2) To schedule and otherwise regulate the course of the hearing, including the ability to call to recess, reconvene, postpone or adjourn a hearing;
- 3) To separate any issue or group of issues from other issues in a proceeding and treat such issue(s) as a separate phase of the proceeding;
- 4) To modify any time period, if such modification is in the interest of justice and will result in no undue prejudice to any other Party;
- 5) To supervise discovery;
- 6) To conduct pre-hearing conferences, status hearings and evidentiary hearings;
- 7) To rule upon all objections, motions and other requests that do not result in the final determination of the proceeding;
- 8) To rule on and receive evidence;
- 9) To call upon a Party to produce further evidence that is material and relevant to any issue;
- 10) To issue initial opinions; and
- 11) To ensure that hearings are conducted in a full, fair and impartial manner, that order is maintained and that unnecessary delay is avoided in the disposition of the proceedings.

If the SPP Trustees uses a Hearing Officer to preside over a hearing, the SPP Trustees shall disclose the identity and professional affiliations of the Hearing Officer within two (2) days of the Hearing Officer's assignment to the proceeding, and Parties to the hearing may raise objections to the Hearing Officer's participation in accordance with Paragraph 1.4.5.

1.4.3 SPP Trustees

The SPP Trustees is vested with the authority to issue an order resolving the issue(s) in all cases. To that end:

- 1) The SPP Trustees shall be entitled to receive all filings in a hearing, including but not limited to all issuances of the Hearing Officer, all motions and responses thereto, and all written testimony and evidence.
- 2) The SPP Trustees or any individual member thereof shall be entitled, but not required, to attend any pre-hearing conference, status hearing or evidentiary hearing, and/or to submit questions to the Hearing Officer to submit to a Party or any witness at any such hearing.
- 3) The SPP Trustees shall have the same authority as the Hearing Officer, as set forth in these Rules of Procedure, to require the Parties or any individual Party to: (i) address a specific issue in testimony, evidence or briefs; (ii) present oral argument on an issue; (iii) file pre-evidentiary hearing memorandums; or (iv) produce further evidence that is material and relevant to any issue. To this end, the SPP Trustees shall be entitled to issue questions or requests for information to any Party or any witness at any time until the issuance of a Final Order.
- 4) The SPP Trustees or any individual member thereof shall be entitled to offer information or documents, including books, papers, logs, graphs, maps, drawings, charts or any other written material, for submission into the evidentiary record at any time until the issuance of a Final Order; provided that the Parties shall be provided an opportunity to object to the introduction of such information or documents into the evidentiary record, and to present testimony and other evidence in relation to such information or documents. The SPP Trustees and individual members thereof shall strive to submit any such information or documents in a timely manner to avoid any undue delay in the hearing process.
- 5) To the extent that the SPP Trustees disagrees with any issuance or ruling of the Hearing Officer, it shall be entitled, on its own motion or upon petition for interlocutory review, to reverse or modify the issuance or ruling in whole or in part, or to take any other action as may be appropriate.
- 6) The SPP Trustees shall resolve the issue(s) in every hearing through the issuance of a Final Order. In issuing a Final Order, the SPP Trustees shall consider the Hearing Officer's initial opinion but shall have the authority to reject, modify or approve the initial opinion in whole or in part.

1.4.4 Interlocutory Review

A Party shall be allowed to seek interlocutory review of any Hearing Officer ruling with the SPP Trustees provided that failure to seek such review shall not operate as a waiver of any objection to such ruling. Unless good cause is shown or unless otherwise ordered by the Hearing Officer or the SPP Trustees, the Party seeking review shall file a petition for interlocutory review within fourteen (14) days after the date of the action that is the subject of the petition. The petition shall be filed with any offer of proof and supported by affidavit if based on facts that do not appear of record. Responses to petitions for interlocutory review shall be filed within seven (7) days after service of the petition. No replies to responses are allowed. The Hearing Officer shall file a report to the SPP Trustees within fourteen (14) days from the filing of the petition.

On review of a Hearing Officer's ruling, the SPP Trustees may affirm or reverse the ruling in whole or in part, and may take any other just and reasonable action with respect to the ruling, such as declining to act on an interlocutory basis. Petitions to rehear or reconsider the RE Trustees action taken on interlocutory review shall not be allowed. Only in exceptional circumstances shall an interlocutory review of a ruling of the Hearing Officer suspend a hearing.

1.4.5 Disqualification

A Hearing Officer, Technical Advisor or member of the SPP Trustees shall recuse himself or herself from a proceeding if participation would violate Southwest Power Pool's applicable conflict of interest policy.

Any Party may file a motion to disqualify or for recusal of a Hearing Officer, Technical Advisor or member of the SPP Trustees from a proceeding on grounds of a conflict of interest, an ex parte communication prohibited by section 1.4.7, or the existence of other circumstances that could interfere with the impartial performance of his or her duties. The Party shall set forth and support its alleged grounds for disqualification by affidavit. A motion for disqualification shall be filed within fifteen (15) days after the later of: (1) the time when the Party learns of the facts believed to constitute the basis for disqualification; or (2) the time when the Party is notified of the assignment of the Hearing Officer or Technical Advisor.

The Hearing Officer shall issue a proposed ruling for the SPP Trustees' consideration upon the filing of a motion for disqualification unless the Hearing Officer is the subject of the motion. The SPP Trustees, without the participation of any member who is the subject of the motion, shall issue the final ruling. If the Hearing Officer is recused or disqualified, the SPP Trustees will appoint a replacement Hearing Officer. To ensure fairness to the parties and expedite completion of the proceeding when a replacement Hearing Officer is appointed after a hearing has commenced, the replacement Hearing Officer may recall any witness or may certify familiarity with any part or all of the record.

If a quorum of the SPP Trustees does not remain after any recusals and rulings on motions for disqualification, then the Southwest Power Pool shall appoint a new member(s) to the SPP Trustees to create a quorum, which new member(s) shall serve on the SPP Trustees through the conclusion of the proceeding but not thereafter. The Southwest Power Pool shall only appoint the number of new members as are necessary to create a quorum. Any new member of the SPP Trustees shall be subject to the provisions applicable herein to all SPP Trustees members.

1.4.6 Technical Advisor

The Hearing Officer and/or the SPP Trustees may elect to use one or more Technical Advisors to assist in any proceeding. Such an election may be made at any time during the course of a proceeding. Any Staff member who serves as a Technical Advisor shall not have been involved in or consulted at any time in regard to in any Compliance Staff investigation, initial determination of violation or Penalty, or assessment of a Registered Entity's proposed Mitigation Plan that resulted in the proceeding in which technical advice would be rendered and shall not be a member of Staff participating in the proceeding on which such technical advice would be rendered.

If the Hearing Officer or SPP Trustees uses a Technical Advisor to assist in any hearing, the Hearing Officer or SPP Trustees shall disclose the identity and professional affiliations of the Technical Advisor within two (2) days of the Technical Advisor's assignment to the proceeding, and Parties to the hearing may raise objections to the Technical Advisor's participation in accordance with Paragraph 1.4.5.

1.4.7 No Ex Parte Communications

- a) Once a Registered Entity requests a hearing pursuant to Paragraph 1.3:
 - 1) neither the SPP Trustees, the Hearing Officer, nor the Technical Advisor(s), if any, may communicate either directly or indirectly with any Person concerning any issue in the proceeding outside of the hearing process; but
 - 2) the SPP Trustees, the Hearing Officer, and the Technical Advisor(s), if any, may communicate outside of the hearing process either directly or indirectly with a Party or a Party's representative:
 - A) in writing if the writing is simultaneously provided to all Parties; or
 - B) orally if a representative for every Party is present in person or by telephone;
 - C) subject to the requirement that the substance of ruling on such issue be memorialized on the record or by the issuance of a notice or ruling, and that any Party objecting to the ruling have the opportunity to state its objection on the record.
- b) This proscription does not prohibit members of the Compliance Staff from communicating with the Registered Entity, and representatives, agents or employees thereof, provided that any member of the Compliance Staff involved in such communication may not be and may not subsequently serve as a Technical Advisor.
- c) This proscription also does not prohibit communications between members of the SPP Trustees, the Hearing Officer and any Technical Advisor.
- d) Any member of the SPP Trustees, the Hearing Officer or any Technical Advisor who receives or who makes or knowingly causes to be made a communication prohibited by this Paragraph shall, within seven (7) days of the communication, file and serve on the Parties in the proceeding a Notice of Ex Parte Communication setting forth the date, time and place of communication, and a summary of the substance and nature of the communication and all responses thereto, and, if the communication or any response thereto was in writing, a copy of the written communication shall be attached.

1.4.8 Appearances

Parties shall file written appearances within seven (7) days of the Notice of Hearing. A Party's written appearance shall identify the name(s) of each individual authorized to represent the Party in the proceeding exclusive of witnesses. An individual may appear on his or her own behalf. A

corporation, association, partnership or governmental body may appear by any bona fide officer or designee who has the authority to act on behalf of the Party. A Party also may appear by an attorney.

A Party's written appearance shall state, with respect to each individual that the Party identifies for service, the individual's name, address, telephone number, and facsimile number and email address, if available, where service shall be made.

A Party may withdraw any individual from the Party's representation or otherwise change the identity of individuals authorized to represent the Party in a proceeding by filing a notice of a change in service list.

Any attorney appearing on behalf of a Party shall be licensed to practice and in good standing before the Supreme Court of the United States or the highest court of any State, territory of the United States or the District of Columbia.

Individuals representing Parties in any hearing also shall enter their appearances at the beginning of the hearing by stating their names, addresses, telephone numbers and email addresses orally on the record.

1.4.9 Failure to Appear or Exercise Diligence

The failure of any Party to appear during any hearing without good cause and without notification may be grounds for dismissal or deciding against the interests of such defaulting Party. Any hearing costs incurred as a failure to appear may be assessed against such Party.

1.5 Pre-hearing Procedure

1.5.1 Waiver of Time Limits

A Registered Entity that elects the full hearing procedure as set forth in Sections 1.4 to 1.7 shall be deemed to have waived the time limit requirements, if any, in the NERC Rules of Procedure.

1.5.2 Pre-hearing Conference

The purpose of the pre-hearing conference shall be to:

- 1) Preliminarily identify the issues;
- 2) Address any discovery issues;
- 3) Explore the possibility of obtaining admissions of fact and of the genuineness of documents that would avoid unnecessary proof;
- 4) Develop a schedule for the preparation and submission of evidence and witness testimony in advance of the evidentiary hearing;
- 5) Schedule a date(s) for the evidentiary hearing; and

- 6) Address such other matters as may aid in the simplification of the evidence and disposition of the proceeding.

1.5.3 Summary Disposition

A Hearing Officer, on the Hearing Officer's own motion or on the motion of a Party, may grant, in whole or in part, a motion for summary disposition if it appears that there are no issues of material fact. If the Hearing Officer is considering summary disposition in the absence of a Party motion, the Hearing Officer shall request the Parties to identify in writing any issues of material fact and to comment on the proposed disposition. Factual information in the Parties' comments shall be supported by affidavit. Following review of the Parties' comments, if it still appears to the Hearing Officer that there are no genuine issues of material fact, the Hearing Officer may proceed without an evidentiary hearing. The Hearing Officer shall, however, allow the Parties the opportunity to file briefs. When the Hearing Officer grants a motion for summary disposition in whole or in part, the ruling shall set forth the rationale for the grant and shall be considered an initial opinion.

1.5.4 Status Hearings

Any Party may request, and the Hearing Officer may call, a status hearing at any time subsequent to the Pre-hearing Conference to address issues that have arisen between the Parties. Such issues may include, but are not limited to, discovery disputes and scheduling matters. The Hearing Officer shall direct the Clerk to issue a notice of status hearing that sets forth the date, time and place for the hearing, and identifies the matters to be addressed at the hearing.

1.5.5 Motions

Unless otherwise provided, a Party may file a motion at any time requesting any relief as may be appropriate. Unless a Hearing Officer allows a motion to be made orally on the record, motions shall be filed in writing. Motions based on facts that do not appear of record shall be supported by affidavit. Unless otherwise specified by the Hearing Officer, responses to motions shall be filed within fourteen (14) days after service of the motion, and replies to responses shall be filed within seven (7) days after service of the responses; however, a Hearing Officer may deny dilatory, repetitive, or frivolous motions without awaiting a response. Unless otherwise ordered by a Hearing Officer, the filing of a motion does not stay a hearing proceeding. When the Hearing Officer grants a motion to dismiss a proceeding in whole or in part, the ruling shall set forth the rationale for the grant and shall be considered an initial opinion.

1.5.6 Experts

A Party may employ an expert to testify or consult in a proceeding. Any expert utilized in either capacity shall sign a confidentiality agreement appropriate to the level of involvement in the proceeding. The Party employing the expert shall propose the confidentiality agreement for approval via a motion, and its approval shall be subject, in addition to consideration of any objection, to ensuring that appropriate safeguards are maintained to protect the confidentiality of the proceeding and the information disclosed therein.

1.5.7 Inspection and Copying of Documents in Possession of Staff

(a) Documents to be Available for Inspection and Copying

(1) Unless otherwise provided by this Rule, or by order of the Hearing Officer or SPP Trustees, within five (5) days of the notice of hearing, Staff shall make available for inspection and copying by the Respondent, documents prepared or obtained by Staff in connection with the investigation that led to the institution of proceedings. Such documents include but are not limited to:

(A) requests for information;

(B) every written request, including e-mail, directed to persons not employed by the Southwest Power Pool to provide documents or to be interviewed;

(C) the documents provided in response to any such requests described in (A) and (B) above;

(D) all transcripts and transcript exhibits; and

(E) all other documents obtained from persons not employed by the Southwest Power Pool.

(2) Staff shall promptly inform the Hearing Officer and each other Respondent if, after the issuance of a Notice of Hearing, requests for information are issued related to the same investigation leading to the institution of the proceeding. If Staff receives documents pursuant to a request for information after documents have been made available to a Respondent for inspection and copying as set forth in paragraph (a), and if such documents are material and relevant to the proceeding, the additional documents shall be made available to the Respondent not later than fourteen (14) days after Staff receives such documents. If the hearing is scheduled to begin, Staff shall make the additional documents available to the Respondent not less than ten (10) days before the hearing. If Staff receives such documents ten or fewer days before the hearing is scheduled to begin or after such hearing begins, Staff shall make the additional documents available immediately to the Respondent.

(3) Nothing in subparagraph (a)(1) shall limit the discretion of the Southwest Power Pool to make available any other document or the authority of the Hearing Officer to order the production of any other document.

(b) Documents That May Be Withheld

(1) Staff may withhold a document if:

(A) the document is privileged or constitutes attorney work product;

(B) the document is an examination or inspection report, an internal memorandum, or other note or writing prepared by a Staff member that shall not be offered in evidence;

(C) the document would disclose (i) an examination, investigatory or enforcement technique or guideline of the Southwest Power Pool, a federal, state, or foreign regulatory

authority, or a self-regulatory organization; (ii) the identity of a source, including a federal, state, or foreign regulatory authority or a self-regulatory organization that furnished information or was furnished information on a confidential basis regarding an investigation, an examination, an enforcement proceeding, or any other type of civil or criminal enforcement action; or (iii) an examination, an investigation, an enforcement proceeding, or any other type of civil or criminal enforcement action under consideration by, or initiated by, the Southwest Power Pool, a federal, state, or foreign regulatory authority, or a self-regulatory organization; or

(D) the Hearing Officer grants leave to withhold a document or category of documents as not relevant to the subject matter of the proceeding, or for other good cause shown.

(2) Nothing in subparagraph (b)(1) authorizes Staff to withhold a document, or a part thereof, that contains material exculpatory evidence.

(c) Withheld Document List

The Hearing Officer may require Staff to submit to the Hearing Officer a list of documents withheld pursuant to subparagraphs (b)(1)(A) through (D) or to submit to the Hearing Officer any document withheld. Upon review, the Hearing Officer may order Staff to make the list or any document withheld available to the other Respondents for inspection and copying. A motion to require Staff to produce a list of documents withheld pursuant to paragraph (b) shall be based upon some reason to believe that a document is being withheld in violation of the rules set forth herein.

(d) Timing of Inspection and Copying

Except as set forth in this Paragraph, the Hearing Officer shall determine the schedule of production of documents pursuant to this Rule provided that the Hearing Officer may modify any time period for production set forth in this Paragraph as warranted by the circumstances.

(e) Place and Time of Inspection and Copying

Documents subject to inspection and copying pursuant to this Paragraph shall be made available to the Respondent for inspection and copying at the Southwest Power Pool office where the documents are ordinarily maintained, or at such other office as the Hearing Officer, in his or her discretion, shall designate, or as the Parties otherwise agree. A Respondent shall be given access to the documents at the Southwest Power Pool's offices during normal business hours. A Respondent shall not be given custody of the documents or be permitted to remove the documents from the Southwest Power Pool's offices.

(f) Copying Costs

A Respondent may obtain a photocopy of all documents made available for inspection. A Respondent shall be responsible for the cost of photocopying. Unless otherwise ordered, charges for copies made at the request of a Respondent shall be at a rate to be established by the Southwest Power Pool.

(g) Failure to Make Documents Available — Harmless Error

In the event that a document required to be made available to a Respondent pursuant to this Paragraph is not made available by Staff], no rehearing or amended decision of a proceeding already heard or decided shall be required unless Respondent establishes that the failure to make the document available was not harmless error. The Hearing Officer, or, upon review, the SPP Trustees shall determine whether the failure to make the document available was not harmless error.

1.5.8 Pre-Evidentiary Hearing Submission of Testimony and Evidence

Unless the Hearing Officer orders otherwise and with the exception of any adverse Party examination pursuant to Paragraph 1.6.16, all witness testimony in a hearing must be prepared in written form, may have exhibits, schedules and attachments thereto, and will be filed in advance of the evidentiary hearing pursuant to a schedule determined by the Hearing Officer, as it may be amended. This requirement does not preclude a Party from using a document or other demonstrative evidence if grounds exist for such use in the conduct of proper cross-examination even if the Party did not file the document in advance of the evidentiary hearing.

Compliance Staff shall file the documents it intends to offer into evidence as its direct case, including the written testimony of its witnesses along with exhibits, schedules and attachments thereto, first. The Registered Entity shall file the documents it intends to offer into evidence as its direct case, which also may be responsive to Staff's direct case, including the written testimony of its witnesses along with exhibits, schedules and attachments thereto, second. Staff shall file as its rebuttal case the documents it intends to offer into evidence in response to the Registered Entity's direct case, including the written testimony of its witnesses along with exhibits, schedules and attachments thereto, third.

If appropriate due to the number and/or complexity of the issues, the Hearing Officer may allow for the Registered Entity to submit a rebuttal case that responds to Staff's rebuttal case, in which event the Hearing Officer shall also allow Staff to submit a surrebuttal case that responds to the Registered Entity's rebuttal case.

Each round of evidence shall be limited in scope to the preceding round of evidence to which it is responsive, except that the Registered Entity's direct case may exceed the scope of Staff's direct case if necessary for the Registered Entity to set forth its direct case fully.

The Parties shall file the documents they intend to offer into evidence in accordance with the Hearing Officer's schedule, as it may be amended. Such filings of testimony and other evidence in advance of the evidentiary hearing shall not entitle the documents for admission into the evidentiary record. The Parties must offer their witnesses' testimony and other proposed evidence for admission into the evidentiary record during the evidentiary hearing.

Any Party who fails, without good cause shown, to comply with the Hearing Officer's schedule for the filing of written testimony and other evidence in advance of the evidentiary hearing may be limited in the presentation of its evidence during the evidentiary hearing or have its participation in the evidentiary hearing otherwise restricted to avoid undue prejudice and delay.

1.5.9 Protective Orders

- a) At any time during a proceeding, on the Hearing Officer's own motion or on the motion of any Party, an order may be entered to designate as proprietary and protect the confidential, proprietary or trade secret nature of any data, information or studies, or any other information the public release of which may cause a security risk or harm to a Party.
- b) The following types of information will be considered entitled to protection: (i) confidential business and market information, including information that is proprietary, commercially valuable, or competitively sensitive; (ii) critical energy infrastructure information, for which *NERC Security Guidelines for the Electricity Sector - Protecting Potentially Sensitive Information* may be used as a guide; (iii) information related to a Cybersecurity Incident; (iv) personnel information that identifies or could be used to identify a specific individual, or that reveals personnel, financial, medical or other personal information; (v) audit work papers; or (vi) investigative files.
- c) A Party submitting a motion for a protective order shall specify the proposed expiration date for the proprietary status of the data, information or studies, if any, and shall propose requirements or safeguards to be met for individuals participating in the proceeding to review the protected information.
- d) A document submitted and marked as proprietary, or a statement made at a hearing and identified as proprietary, shall be afforded proprietary treatment pending the timely submission of a motion to protect the confidential, proprietary or trade secret nature of that document or statement and a ruling on such a motion by the Hearing Officer.
- e) The protective order shall identify the data, information or studies that will be accorded proprietary treatment; the individuals participating in the proceeding, by category or otherwise, entitled to view the proprietary information; and the requirements, conditions or safeguards that must be met before an individual may view the information.
- f) A public redacted version of each document and transcript that contains information that is protected pursuant to this Paragraph must be filed with the proprietary version and must be served on each Party for distribution to those individuals participating in the proceeding who are not entitled to view the proprietary information.
- g) Should it be necessary to address proprietary information during a hearing, the Hearing Officer shall close the hearing while the information is addressed to all individuals other than those entitled to view the proprietary information in accordance with the protective order.

1.5.10 Pre-Evidentiary Hearing Memorandum

The Hearing Officer or the SPP Trustees may request, as needed on a case by case basis due to the number or complexity of the issue(s), the submission of memorandums prior to the evidentiary hearing that outline each Party's position on the issue(s) in dispute, the key facts and arguments, and the applicable Reliability Standard, rules, orders or other authority. The purpose of such memorandums will be to aid the Hearing Officer and SPP Trustees in preparation for the evidentiary hearing. A Party will not be deemed to have waived any issue, fact or argument that

is not set forth in a pre-evidentiary hearing memorandum. The Hearing Officer may establish page limitations on such submissions.

1.6 Evidentiary Hearing Procedure

1.6.1 Evidentiary Hearings

The purpose of the evidentiary hearing shall be to admit the Parties' evidence into the record, and for each Party to have the opportunity to cross-examine the other Party's witnesses. A schedule for briefs, unless waived by the Parties, shall be set at the conclusion of the evidentiary hearing. The evidentiary hearing also may be used to address any other issue pending between the Parties.

1.6.2 Burden of Proof and Order of Receiving Evidence

The standard of proof in the hearing shall be by a preponderance of the evidence. The burden of persuasion on the merits of the hearing shall rest upon Compliance Staff alleging noncompliance with a Reliability Standard, proposing a Penalty or opposing a Registered Entity's Mitigation Plan. As such, in all proceedings, Compliance Staff shall open and close.

1.6.3 Opening and Closing Statements

Opening and closing statements will not be made during the evidentiary hearing as a matter of course except that such statements may be allowed when requested by a Party, and shall be required when requested by the Hearing Officer or the SPP Trustees. Any Party's request for such statements, or Hearing Officer or SPP Trustees notice requiring such statements, shall be made at least ten (10) days in advance of the evidentiary hearing.

1.6.4 Right of Party to Present Evidence

A Party has the right to present such evidence, to make such objections and arguments, and to conduct such cross-examination as may be necessary to assure the true and full disclosure of the facts.

1.6.5 Exhibits

All material offered in evidence, unless the Hearing Officer allows oral testimony, shall be offered in the form of an exhibit. Each exhibit must be marked for identification. A Party must provide the court reporter with two (2) copies of every exhibit that the Party offers into evidence, and will provide copies of any exhibit not served in advance of the evidentiary hearing to the Parties and the Hearing Officer.

1.6.6 Witness Attendance at Evidentiary Hearing

Each witness shall attend the evidentiary hearing in person unless a Party has been informed in advance of the evidentiary hearing that all other Parties waive cross-examination of the witness and neither the Hearing Officer nor the members of the SPP Trustees have any questions for the witness, in which event the witness does need not be present at the evidentiary hearing. If a witness is not required to attend the evidentiary hearing, then the Party on whose behalf the

witness prepared testimony shall file an affidavit of the witness attesting to the veracity of the witness' testimony and the Party shall be allowed to introduce the witness' testimony, and the exhibits, schedules and attachments thereto, into the evidentiary record based on such affidavit.

1.6.7 Admission of Evidence

Compliance Staff shall offer its exhibits into evidence first and the Registered Entity second, unless the Parties agree otherwise. All testimony is to be under oath or affirmation.

Except for witnesses who are not required to attend the evidentiary hearing, the Parties shall call each witness in turn. Following the witness' swearing in, the witness shall attest to the veracity of his or her written testimony. The witness may identify any language and/or figures in his or her written testimony that the witness would like to change or correct. Subject to objection, such changes or corrections may be allowed at the Hearing Officer's discretion for the purpose of obtaining a full, accurate and complete record without imposing undue delay or prejudice on any Party.

Once a witness has attested to the veracity of his or her testimony, the Party on whose behalf the witness is testifying shall move for admission of the witness' testimony, including all exhibits, schedules and attachments thereto, into evidence. Other Parties may object to the introduction of the witness' testimony, or any part thereof, as set forth in Paragraph 1.6.11. Subject to the Hearing Officer's ruling on the objection, the witness' testimony shall be admitted into evidence. The witness shall then be turned over for cross-examination by other Parties, and for any questions by the Hearing Officer or any member of the SPP Trustees, in accordance with Paragraph 1.6.14, and then for redirect examination in accordance with Paragraph 1.6.15. Witnesses shall be cross-examined on all previously-served testimony (direct, rebuttal or surrebuttal) when they first take the witness stand.

Except in exceptional cases and upon a showing of good cause, no witness shall be allowed to testify during the evidentiary hearing unless a Party has served the witness' written testimony in advance of the evidentiary hearing. Due to the undue prejudice such surprise witness testimony would impose on other Parties, it is Southwest Power Pool's policy to discourage witness testimony at an evidentiary hearing when a Party has not served the witness' written testimony in advance of the evidentiary hearing. If such testimony is allowed, sufficient procedural steps shall be taken to provide the other Parties with a fair opportunity for response and cross-examination.

1.6.8 Evidence that is Part of a Book, Paper or Document

When relevant and material matter offered in evidence is embraced in a book, paper or document containing other matter not material or relevant, the Party offering the same must plainly designate the matter offered as evidence, and segregate and exclude the material not offered to the extent practicable. If the material not offered is in such volume as would unnecessarily encumber the record, such book, papers or document will not be received in evidence but may be marked for identification and, if properly authenticated, the relevant or material matter may be read into the record, or, if the Hearing Officer so directs, a copy of such matter in proper form shall be offered as an Exhibit. All other Parties shall be afforded an opportunity to examine the

book, paper or document and to offer in evidence in like manner other portions thereof if found to be material and relevant.

1.6.9 Stipulation

The Parties may stipulate to any relevant fact or the authenticity of any relevant document. Stipulations may be made in writing or entered orally in the record. Notwithstanding stipulation, the Hearing Officer may require evidence of the facts stipulated when the public interest requires.

1.6.10 Official Notice

The Hearing Officer may take official notice of any of the following:

- 1) Rules, regulations, administrative rulings and orders, written policies of governmental bodies, and rulings and orders of regional reliability entities other than Southwest Power Pool.
- 2) The orders, transcripts, exhibits, pleadings or any other matter contained in the record of other docketed Southwest Power Pool proceedings.
- 3) State and Federal statutes and municipal and local ordinances.
- 4) The decisions of State and Federal courts.
- 5) Generally recognized scientific or technical facts within the specialized knowledge of the Southwest Power Pool.
- 6) All other matters of which the courts of the United States may take judicial notice.

An accurate copy of any item officially noticed shall be introduced into the record in the form of an exhibit unless waived by the Parties and approved by the Hearing Officer. Any scientific or technical fact, or other information not in document form, of which notice is taken shall be set forth in a statement on the record. The Hearing Officer will afford any Party making a timely request an opportunity to show the contrary to the matter officially noticed.

1.6.11 Admissibility of Evidence

Any evidence offered, including that included in a book, paper or document pursuant to Paragraph 1.6.8, shall be subject to appropriate and timely objections. Any Party objecting to the admission or exclusion of evidence must state the grounds for objection.

Generally recognized rules of evidence shall not apply. Rather, the Hearing Officer will exercise discretion in the admission of evidence based upon arguments advanced by the Parties, and evidence is admissible if it is of a type commonly relied upon by reasonably prudent persons in the conduct of their affairs. However, the Hearing Officer may only exclude material from the record in response to a motion or objection by a party.

Formal exception to a ruling on admissibility of evidence need not be taken to be preserved.

1.6.12 Offer of Proof

Any Party who has had evidence excluded may make an offer of proof on the record. The offer of proof may consist of a statement made on the record of the substance of the evidence that the Party claims would have been adduced, or any written or documentary exhibit that the Party sought to introduce. Any such exhibit shall be retained as part of the record.

1.6.13 Reservation of Evidentiary Ruling

The Hearing Officer shall rule upon any objection to the admissibility of evidence at the time the objection is made; provided that the Hearing Officer has discretion to reserve such a ruling or to require the Parties to file written arguments in relation thereto. If the Hearing Officer reserves the ruling, appropriate steps shall be taken during the evidentiary hearing to ensure a full, complete and accurate record in relation to the objected to evidence in the event the objection to the evidence's admissibility is overruled.

1.6.14 Cross-Examination

Each witness shall be tendered for cross-examination subsequent to the admission of the witness' testimony into the evidentiary record. A Party may waive cross-examination of any witness. The Hearing Officer and any member of the SPP Trustees shall be entitled to ask the witness questions following the conclusion of the witness' cross-examination, and prior to the witness' redirect examination pursuant to Paragraph 1.6.15. If a member of the SPP Trustees seeks to ask a witness questions, the member shall do so by submitting the question in written form to the Hearing Officer, and the Hearing Officer shall ask the question of the witness.

1.6.15 Redirect Examination

A Party shall be entitled to conduct redirect examination of each of the Party's witnesses who are subject to cross-examination or questions of the Hearing Officer or a member of the SPP Trustees. Any redirect examination shall be limited in scope to the witness' cross-examination and questions of the Hearing Officer and members of the SPP Trustees.

1.6.16 Examination of Adverse Party

Any Party may call any adverse Party, or any employee or agent thereof, during the evidentiary hearing to provide oral testimony on the Party's behalf, and may conduct such oral examination as though the witness were under cross-examination. If a Party intends to do so, it shall give notice to the Hearing Officer and all other Parties setting forth the grounds for such examination at least fourteen (14) days in advance of the evidentiary hearing, and the Party who, or whose employee or agent, is sought to be called shall file any objection at least seven (7) days in advance of the evidentiary hearing.

1.6.17 Close of the Evidentiary Record

The Hearing Officer shall designate the time at which the evidentiary record will be closed, which will typically be at the conclusion of the evidentiary hearing. Evidence may not be added to the evidentiary record after it is closed, provided that the Hearing Officer may reopen the evidentiary record for good cause shown by any Party.

1.7 Post- Evidentiary Hearing Procedure

1.7.1 Briefs

- a) At the close of the evidentiary hearing, Parties may file initial and reply briefs.
- b) Briefs shall be concise, and, if in excess of twenty (20) pages, excluding appendices, shall contain a table of contents. Statements of fact should be supported by record citations.
- c) The Hearing Officer will prescribe the time for filing briefs, giving due regard to the nature of the proceeding, the extent of the record, and the number and complexity of the issues.
- d) Unless the Hearing Officer prescribes otherwise, all parties shall file initial and reply briefs simultaneously.
- e) Parties' reply briefs shall be limited in scope to responding to arguments and issues raised in other Parties' initial briefs.
- f) The Hearing Officer may, with the agreement of the Parties, allow oral closing statements to be made on the record in lieu of briefs.
- g) The Hearing Officer may establish reasonable page limitations applicable to briefs.

1.7.2 Other Pleadings

Post-hearing pleadings other than briefs are permitted, but, absent good cause shown, such pleadings may not seek to introduce additional evidence into the record.

1.7.3 Draft Opinions

The Hearing Officer may permit or require Parties to file draft opinions that set forth the Parties' proposed findings of fact and conclusions of law.

1.7.4 Hearing Officer's Initial Opinion

Except as otherwise ordered by the SPP Trustees, at the conclusion of the evidentiary hearing, and following the submission of initial and reply briefs and draft orders, if any, the Hearing Officer shall prepare an initial opinion for the SPP Trustees' review and consideration. The initial opinion shall include a statement of each finding and conclusion, and the reasons or basis therefore, for all material issues of fact, law or discretion presented on the record. The initial opinion also shall contain the appropriate orders to dispose of the proceeding, including any Penalty or Mitigation Plan that the Hearing Officer proposes the SPP Trustees require. If the initial opinion proposes a Penalty, the initial opinion shall include a proposed Notice of Penalty. The initial opinion shall note if the subject of the proceeding has been deemed to involve a Cybersecurity Incident or if any information in the proceeding was deemed to be Critical Energy Infrastructure Information protected pursuant to Paragraph 1.5.9.

1.7.5 Exceptions

- a) Within twenty-one (21) days after service of the initial opinion, or such other time as is fixed by the Hearing Officer, any Party may file exceptions to the initial opinion in a brief designated "Brief on Exceptions" and, within fourteen (14) days after the time for filing "Briefs on Exceptions" or such other time as is set by the Hearing Officer, any Party may file as a reply, "Brief in Reply to Exceptions."
- b) Exceptions and replies thereto with respect to statements, findings of fact or rulings of law must be specific and must be stated and numbered separately in the brief. With regard to each, the Party must specify each error of fact or law asserted, and include a concise discussion of any policy considerations applicable and any other arguments in support of the Party's position. Suggested replacement language for all statements to which exception is taken must be provided. Exceptions and arguments may be filed:
 - 1) together in one brief; or
 - 2) in two separate documents, one designated as the brief containing arguments, and the other designed "Exceptions," containing the suggested replacement language.
- c) Arguments in briefs on exceptions and replies thereto shall be concise and, if in excess of 30 pages, shall contain a table of contents.
- d) Parties shall not raise arguments in their briefs in reply to exceptions that are not responsive to any argument raised in any other Party's brief on exceptions.
- e) Statements of fact should be supported by citation to the record.
- f) The Hearing Officer may establish reasonable page limitations applicable to arguments included in briefs on exception and briefs in reply to exceptions.
- g) Unless good cause is shown, if a Party does not file a brief on exceptions, or if a Party filed a brief on exceptions that does not object to a part of the initial opinion, the Party shall be deemed to have waived any objection to the initial opinion in its entirety, or to the part of the initial opinion to which the Party did not object, whichever applies.

1.7.6 Oral Argument

The SPP Trustees may elect to hear oral argument. If oral argument is held without initial briefs, Parties will be given the opportunity to present argument on all issues. If oral argument is held in addition to initial briefs, argument may be limited to issues identified by the SPP Trustees. The SPP Trustees will direct the Clerk to issue a notice of oral argument that identifies the date, time, place and issues for the argument.

The presentation of written materials or visual aids is permitted at oral argument. To the extent such materials or aids contain factual information, they shall be supported by the record, and shall contain accurate record citations. Such materials or aids may not contain new calculations or quantitative analyses not presented in the record, unless they are based on underlying data contained in the record. Copies of all written materials or visual aids to be presented at oral argument shall be served on all Parties not less than 48 hours prior to the time and date of oral argument.

1.7.7 Additional Hearings

After the evidentiary record has been closed but before issuance of an initial opinion, the Hearing Officer may reopen the evidentiary record and hold additional hearings. Such action may be taken on the Hearing Officer's or the SPP Trustees' own motion if there is reason to believe that reopening is warranted by any changes in conditions of fact or law, or by the public interest. Any Party may file a motion to reopen the record, which shall contain the reasons for reopening, including material changes of fact or of law, and a brief statement of proposed additional evidence and an explanation why such evidence was not previously adduced.

1.7.8 SPP Trustees Final Order

Following the receipt of the initial opinion, any exceptions and replies thereto, and oral argument, if any, the SPP Trustees shall issue its Final Order. The SPP Trustees shall strive, but shall not be required, to issue its Final Order within thirty (30) days following the last to occur of the initial opinion, exceptions or replies thereto, or oral argument. The Final Order may adopt, modify, amend or reject the initial opinion in its entirety or in part. The Final Order shall include a statement of each finding and conclusion, and the reasons or basis therefore, for all material issues of fact, law or discretion presented on the record. The Final Order also shall contain the appropriate orders to dispose of the proceeding, including any Penalty, sanction, remedial action or Mitigation Plan required. If the initial opinion imposes a Penalty, it shall be entitled Final Order and Notice of Penalty. The Final Order shall note if the subject of the proceeding has been deemed to involve a Cybersecurity Incident or if any information in the proceeding was deemed to be critical energy infrastructure information protected pursuant to Paragraph 1.5.9. When the SPP Trustees serves the Final Order, it will inform the Parties of their appeal rights.

1.7.9 The Record

The Clerk shall maintain the record for all dockets. The record shall include any of the following, including all attachments thereto and documents filed therewith, that exist in any docket:

- 1) Notice of Alleged Violation and Registered Entity's Response thereto;
- 2) Registered Entity's Proposed Mitigation Plan and Staff's statement identifying its disagreement(s) therewith;
- 3) Registered Entity's request for a hearing;
- 4) Party filings, motions, and responses;
- 5) Notices, rulings, orders and other issuances of the Hearing Officer and SPP Trustees;
- 6) Transcripts;
- 7) Evidence received;
- 8) Matters officially noticed;

- 9) Offers of proof, objections and rulings thereon, and any written or documentary evidence excluded from the evidentiary record;
- 10) Briefs, pre-evidentiary hearing memorandums, and draft opinions;
- 11) Post-hearing pleadings other than briefs;
- 12) The Hearing Officer's initial opinion;
- 13) Exceptions to the Hearing Officer's initial opinion, and any replies thereto;
- 14) The SPP Trustees' Final Order and any Notice of Penalty therewith;
- 15) All Notices of Ex Parte Communications; and
- 16) Any notifications of recusal and motions for disqualification of a member of the SPP Trustees or Hearing Officer of Technical Advisor and any responses or replies thereto.

1.7.10 Appeal

A Final Order of the SPP Trustees may be appealed to NERC in accordance with NERC's Rules of Procedure, Section 410. The Clerk shall transmit the record of any docket to NERC that is the subject of an appealed Final Order.

1.8 Settlement

Settlements may be entered into at any time pursuant to Southwest Power Pool's settlement procedures [See Appendix 3].

1.9 Remedial Action Directives

1.9.1 Initiation of Remedial Action Directive Hearing

Staff] may issue a Remedial Action Directive to a Registered Entity at any time, including during any proceeding related to an alleged violation of a Reliability Standard. Southwest Power Pool will notify NERC within two (2) days after its Staff issues a Remedial Action Directive.

The Registered Entity may contest the Remedial Action Directive by filing a written notice with the Clerk of the Southwest Power Pool that states that the Registered Entity contests the Remedial Action Directive and that the Registered Entity requests a Remedial Action Directive hearing. The Registered Entity shall attach a copy of the Remedial Action Directive to its written notice. The Registered Entity must provide such notice within two (2) days following issuance of the Remedial Action Directive. If the Registered Entity does not give written notice to Southwest Power Pool within the required time period, the Registered Entity shall be deemed to have waived its right to contest the Remedial Action Directive.

The Clerk shall assign a docket number, and issue a Notice of Hearing that sets forth the date, time and place at which the hearing will convene pursuant to Paragraph 1.8.2(a).

1.9.2 Remedial Action Directive Hearing Procedure

Hearings to address Remedial Action Directives shall be conducted only under the expedited hearing process set forth in this Paragraph 1.9.2. The full hearing procedures described in Sections 1.4 to 1.7 are applicable to the Remedial Action Directive hearing unless a rule's context is inconsistent with or otherwise renders it inapplicable to the procedures set forth in this Paragraph.

The Remedial Action Directive hearing may be presided over by a Hearing Officer and will be conducted according to the following guidelines:

- a) The Hearing Officer or the SPP Trustees will hold a pre-hearing conference within two (2) days after receipt of the Registered Entity's request for a hearing.
- b) An evidentiary hearing will be conducted on the matter, in person or by teleconference, within seven (7) days after the pre-hearing conference.
- c) At the evidentiary hearing, Staff shall present oral witness testimony and evidence to show why the Remedial Action Directive should be complied with, and the Registered Entity shall present oral witness testimony and evidence to show why the Remedial Action Directive is not necessary or should be modified. All witness testimony shall be rendered under oath.
- d) At the evidentiary hearing, the Parties shall have the opportunity to make opening statements. In addition, the Parties shall have the opportunity to make closing arguments, and Staff shall have the opportunity to make a rebuttal to the Registered Entity's closing argument.
- e) The Parties shall not file any briefs or draft opinions, and oral argument shall not be held.
- f) The SPP Trustees shall issue a summary written decision within ten (10) days following the hearing, stating whether the Registered Entity shall or shall not be required to comply with the Remedial Action Directive and identifying any modifications to the Remedial Action Directive that it finds appropriate.
- g) Within thirty (30) days following issuance of its summary written decision, the SPP Trustees shall issue a full written decision. The written decision shall state the conclusions of the SPP Trustees with respect to the Remedial Action Directive, and shall explain the reasons for the SPP Trustees' conclusions.

Appendix 3 – Regional Settlement Procedures

NOTE: THIS SECTION IS STILL IN THE DRAFTING PHASE BUT STILL SHOULD BE USED AS A FRAMEWORK FOR SETTLEMENT DISCUSSIONS – JULY 17, 2007

2.0 Settlement Procedures

2.1 Procedure Governed

The provisions set forth in this Paragraph 2.0 shall apply to and govern a settlement between SPP Staff and a Respondent for an alleged violation of a Reliability Standard and any associated Penalty, Mitigation Plan and/or Remedial Action Directive, both prior and subsequent to any proceeding initiated pursuant to SPP 'S Hearing Procedures as set forth in Paragraph 1.0. If another Party has been allowed to intervene in a proceeding initiated pursuant to SPP's Hearing Procedures, then the provisions set forth in this Paragraph 2.0 also shall apply to and govern that Party in any such settlement.

2.2 Definitions and Interpretation

- a) “Applicable Governmental Authority” means a governmental body other than the U.S. Federal Energy Regulatory Commission (“FERC”) with authority to enforce Reliability Standards against a Registered Entity.
- b) “Settling Parties” shall mean those Parties that have executed a Settlement Agreement and shall, at a minimum, include Staff and the Respondent.
- c) Unless otherwise defined herein, the capitalized terms utilized herein shall have the meanings set forth in SPP's Hearing Procedures.
- d) Unless the context otherwise requires, the singular of a term used herein shall include the plural and the plural of a term shall include the singular.
- e) To the extent that the context of a rule is inconsistent with its caption, the text of the rule shall control.

2.3 Timing

Settlement discussions may take place at any time, including prior to the issuance of a Notice of Alleged Violation or during an appeal at the ERO, until a Notice of Confirmed Violation, Notice of Penalty, Notice of Mitigation Plan or Remedial Action Directive, whichever is applicable, is filed with FERC or other Applicable Governmental Authority.

2.4 Participation

- a) The ERO shall be given notice of and may participate in any settlement discussions.

- i) If Staff and the Respondent choose to engage in settlement discussions prior to the Respondent requesting a hearing pursuant to SPP's Hearing Procedures, SPP shall issue a Notice of Settlement Discussions to the ERO.
- ii) If Staff and the Respondent choose to engage in settlement discussions subsequent to the Respondent requesting a hearing pursuant to the SPP's Hearing Procedures, Staff and the Respondent shall inform the Hearing Officer or the Trustees, as applicable, which shall instruct the Clerk to issue the Notice of Settlement Discussions to the ERO unless SPP already issued the notice pursuant to Subparagraph (a)(i).
- b) Any other Party to a proceeding conducted pursuant to SPP's Hearing Procedures may, but is not required to, be included in settlement discussions between Staff and the Respondent.
- c) The members of the Trustees, the Hearing Officer or any Technical Advisor may not participate in the settlement discussions.
- d) Any Staff member who participates in the settlement discussions may not serve as a Technical Advisor in any proceeding conducted pursuant to SPP's Hearing Procedures to address the subject of the settlement discussions or any matter that is reasonably related thereto.

2.5 Authority to Negotiate Settlements

For all settlement negotiations, the Respondent and any other Party who participates in the settlement discussions must designate an individual(s) authorized to negotiate and enter into a Settlement Agreement on its behalf. SPP has designated [TO BE DETERMINED] to have the authority to negotiate and enter into a Settlement Agreement on behalf of Staff, subject to the approval conditions described in this Paragraph 2.0.

2.6 Motion to Suspend Procedural Schedule

If the Respondent has requested a hearing pursuant to SPP's Hearing Procedures, any Party engaging in settlement discussions may file a motion to suspend the procedural schedule established in the proceeding. The Hearing Officer or the Trustees, as applicable, may exercise discretion to grant such a motion if suspension of the procedural schedule may be beneficial to achieving a settlement. If such a motion is granted, then the Hearing Officer or the Trustees, as applicable, shall monitor the progress of the settlement discussions and shall resume the proceeding if, at any time, the Parties are no longer making progress toward settlement. In order to for the Hearing Officer or the Trustees to monitor the progress of the settlement discussions, the Parties engaged in the discussions shall report their progress to the Hearing Officer or the Trustees, as applicable, every thirty (30) days at a minimum.

Except for the procedural schedule in a proceeding instituted pursuant to SPP's Hearing Procedures, no otherwise applicable due date or schedule may be suspended by a motion made pursuant to this Paragraph.

2.7 Form of Settlement Agreement

Any Settlement Agreement shall be made in writing, shall set forth the settlement terms in their entirety and shall comply with all of the ERO's requirements for a Settlement Agreement.

2.8 Explanatory Statement

The Settling Parties shall support the Settlement Agreement with an Explanatory Statement. The Explanatory Statement shall set forth all of the facts that support the terms of the Settlement Agreement. In addition, the Explanatory Statement shall include an explanation for how the settlement ensures that the reliability of the bulk power system will not be compromised and that a violation of Reliability Standards will not occur as a result of the settlement. The Explanatory Statement either shall include citations to the record, if a proceeding has been initiated pursuant to SPP's Hearing Procedures, or shall be supported by affidavit.

Along with the Explanatory Statement, the Settling Parties shall submit copies of any document or other material relevant to the Settlement Agreement unless the document or other material has been filed within the record of the proceeding, in which event a citation to the relevant document or other material shall be provided.

2.9 Submission of Settlement Agreement

The Settling Parties shall submit the Settlement Agreement for approval by SPP, and shall submit the Explanatory Statement along with, and in support of, the Settlement Agreement.

a) Prior to Respondent requesting a Hearing

If the Settling Parties execute the Settlement Agreement prior to the Respondent requesting a hearing pursuant to SPP's Hearing Procedures, then the SPP's authority to review and approve a Settlement Agreement is lies with the RE Trustees. The Settling Parties shall submit the Settlement Agreement to the RE Trustees for approval. The RE Trustees shall notify the Parties in writing of its decision on the Settlement Agreement.

b) Subsequent to Respondent requesting a Hearing

If the Settling Parties execute the Settlement Agreement subsequent to the Respondent requesting a hearing pursuant to SPP's Hearing Procedures, including subsequent to the Trustees issuance of a Final Order, then the Settling Parties shall file the Settlement Agreement in the proceeding and the Trustees shall ruled on the Settlement Agreement in accordance with SPP's Hearing Procedures.

- i)** Any Party who is not a Settling Party shall have the opportunity to submit a comment on the Settlement Agreement, which comment may contest or object to the Settlement Agreement in whole or in part, and the Settling Parties shall have the opportunity to respond to any such comments. Unless otherwise directed by the Hearing Officer or the Trustees, a Party who is not a Settling Party may file a comment on the Settlement Agreement no later than twenty (20) days after the Settling Parties file the Settlement Agreement and supporting Explanatory Statement, and the Settling Parties may file response(s) thereto no later than thirty (30) days after the Settling Parties file the Settlement Agreement and supporting Explanatory Statement.

- ii) Any failure of a Party who is not a Settling Party to file a comment on a Settlement Agreement constitutes a waiver by that Party of all objections to the Settlement Agreement.
- iii) Any comment that contests a Settlement Agreement by alleging a dispute as to a genuine issue of material fact must detail the alleged genuine issue of material fact and include citations to the record or, if based upon material not of record, shall be supported by affidavit and relevant documents shall be filed therewith. Reply comments may include responding affidavits and supporting documents.
- iv) The Hearing Officer, if applicable, shall issue an Initial Opinion on the Settlement Agreement; and, in accordance with SPP's Hearing Procedures, the Parties shall have an opportunity to file exceptions to the Initial Opinion on the Settlement Agreement and replies thereto. The Trustees shall issue a Final Order on the Settlement Agreement.

2.10 Approval of the Settlement Agreement

a) Uncontested Settlement

A Settlement Agreement attained between all of the Parties to a proceeding, or to which no Party objects, shall be approved if fair and reasonable, and in the public interest. To satisfy this standard, a Settlement Agreement must ensure that the reliability of the bulk power system will not be compromised by the settlement, and that a violation of Reliability Standards will not occur as a result of the settlement.

The Settlement Agreement may be approved, approved subject to condition, rejected in whole or in part, or modified as necessary to satisfy this standard for approval.

b) Contested Settlement

A Settlement Agreement to which a Party objects shall be approved as set forth in Subparagraph (a) except that it shall be subject to the resolution of all contested issues on the merits. If the evidentiary record contains substantial evidence upon which to base a reasoned decision of the contested issues or if there are no genuine issues of material fact, then the Hearing Officer, if applicable, may issue an Initial Opinion and the Trustees may issue a Final Order on the contested issues based on the existing evidentiary record. If not, the Hearing Officer or the Trustees, as applicable, will establish a procedural schedule for taking additional evidence and argument on the contested issues.

c) Partial Settlement

To the extent that a Settlement Agreement does not resolve all of the issues, the issues that remain in contention between the Parties shall be subject to resolution on the merits. If the Respondent has requested a hearing pursuant to SPP's Hearing Procedures, then the Hearing Officer, if applicable, or the Trustees may sever the proceeding between the issues resolved by the Settlement Agreement and the issues that remain in contention between the Parties, review the Settlement Agreement for approval in accordance with Subparagraph (a) and Paragraph 2.9,

and continue to address the issues remaining in contention in accordance with SPP's Hearing Procedures, Paragraph 1.0.

2.11 Preservation of Regional Entity Authority

The approval of a Settlement Agreement does not affect the SPP's authority to require that the Respondent undertake any additional measures not set forth in the Settlement Agreement to protect system reliability, or the SPP's authority to protect system reliability or to otherwise require compliance with Reliability Standards.

2.12 Review of Approved Settlement Agreement

In the event SPP approves a Settlement Agreement in whole or in part, then such approval shall be subject to review by the ERO and, if approved by the ERO, then either by FERC or another Applicable Governmental Authority.

To effectuate such a review:

- i) If the Respondent has not requested a hearing pursuant to SPP's Hearing Procedures, then the RE Trustees shall transfer to the ERO a copy of the Settlement Agreement, the Explanatory Statement and the RE Trustees written decision on the Settlement Agreement. In addition, the RE Trustees will issue a letter to the ERO that sets forth the final settlement terms, including all Penalties and Mitigation Plan requirements set forth in the Settlement Agreement.
- ii) If the Respondent has requested a hearing pursuant to SPP's Hearing Procedures, then the Clerk shall serve the ERO with a copy of the record of the proceeding in accordance with Paragraph 1.2.4(c) of SPP's Hearing Procedures. In addition, the Trustees will issue a letter to the ERO that sets forth the final settlement terms, including all Penalties and Mitigation Plan requirements set forth in the Settlement Agreement, which letter shall be included in the record and served by the Clerk on the ERO.

2.13 Reservation of Rights

If the RE Trustees, ERO, or FERC approves the Settlement Agreement with modification or subject to condition, each Settling Party shall have the right to reject the settlement within ten (10) business days of the issuance approving the Settlement Agreement with modification or subject to condition.

2.14 Rejected Settlement Agreement

In the event the RE Trustees, ERO, FERC or Applicable Governmental Authority rejects a Settlement Agreement in whole or a Settling Party rejects a modified or conditioned Settlement Agreement pursuant to Paragraph 2.13, the Parties' rights in the absence of the Settlement Agreement shall not be affected. The Settling Parties may attempt to negotiate a revised Settlement Agreement or, if NERC has rejected the Settlement Agreement, the Settling Parties shall attempt to negotiate a revised Settlement Agreement that includes any changes to the settlement specified by NERC. If a new settlement is reached, it shall be addressed in

accordance with these Settlement Procedures set forth in this Paragraph 2.0. If a new settlement is not reached and the Respondent has requested a hearing pursuant to SPP's Hearing Procedures, then the proceeding shall continue.

In either event, the Settling Parties shall not be prejudiced by having entered into the rejected Settlement Agreement. Steps to prevent any such prejudice shall be taken, including that the rejected Settlement Agreement may not be introduced into evidence, and neither the rejected Settlement Agreement nor the fact that the Settling Parties entered into the rejected Settlement Agreement may be relied upon in any proceeding being conducted pursuant to SPP's Hearing Procedures to address the issues that were the subject to the Settlement Agreement.

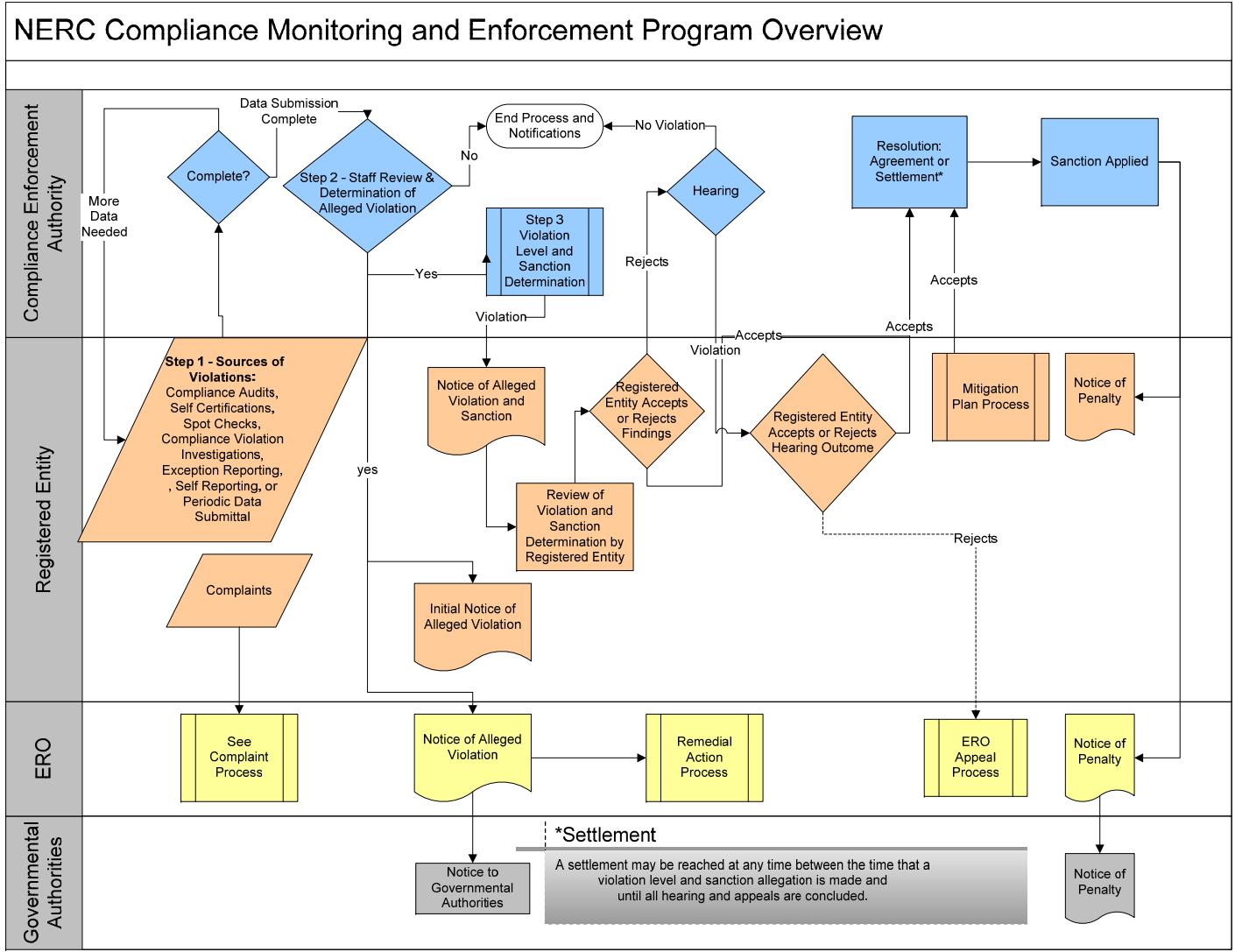
2.15 Confidentiality

- a) Settlement Discussions. All settlement discussions shall be confidential, and all statements made during the discussions shall be given confidential treatment and not released beyond the Parties participating in the settlement discussions. As such, statements made during settlement discussions shall not be subject to discovery or admissible in evidence in any adversarial proceeding; provided that, (i) any statement that constitutes an admission of a Party may be used in an adversarial proceeding against such Party, and (ii) a Party may not protect otherwise discoverable and admissible information from disclosure by revealing it during settlement negotiations, such that a statement of fact made during settlement discussions may be used in an adversarial proceeding if the statement is substantiated outside of the settlement process.
- b) Settlement Agreement and Explanatory Statement. No Settlement Agreement or Explanatory Statement shall be given confidential treatment unless entitled to confidential or proprietary treatment, in whole or in part, pursuant to Paragraph 1.5.9 of SPP's Hearing Procedures.

2.16 Public Release

In accordance with Paragraph 1.2.13 of SPP's Hearing Procedures, SPP will not release publicly any Settlement Agreement or supporting Explanatory Statement unless the ERO or FERC determines that public release is appropriate and directs SPP to make such release.

Appendix 4 – Flow Diagrams for Compliance Processes



Compliance Monitoring and Enforcement Program

Figure 3.1 – Compliance Audit Process

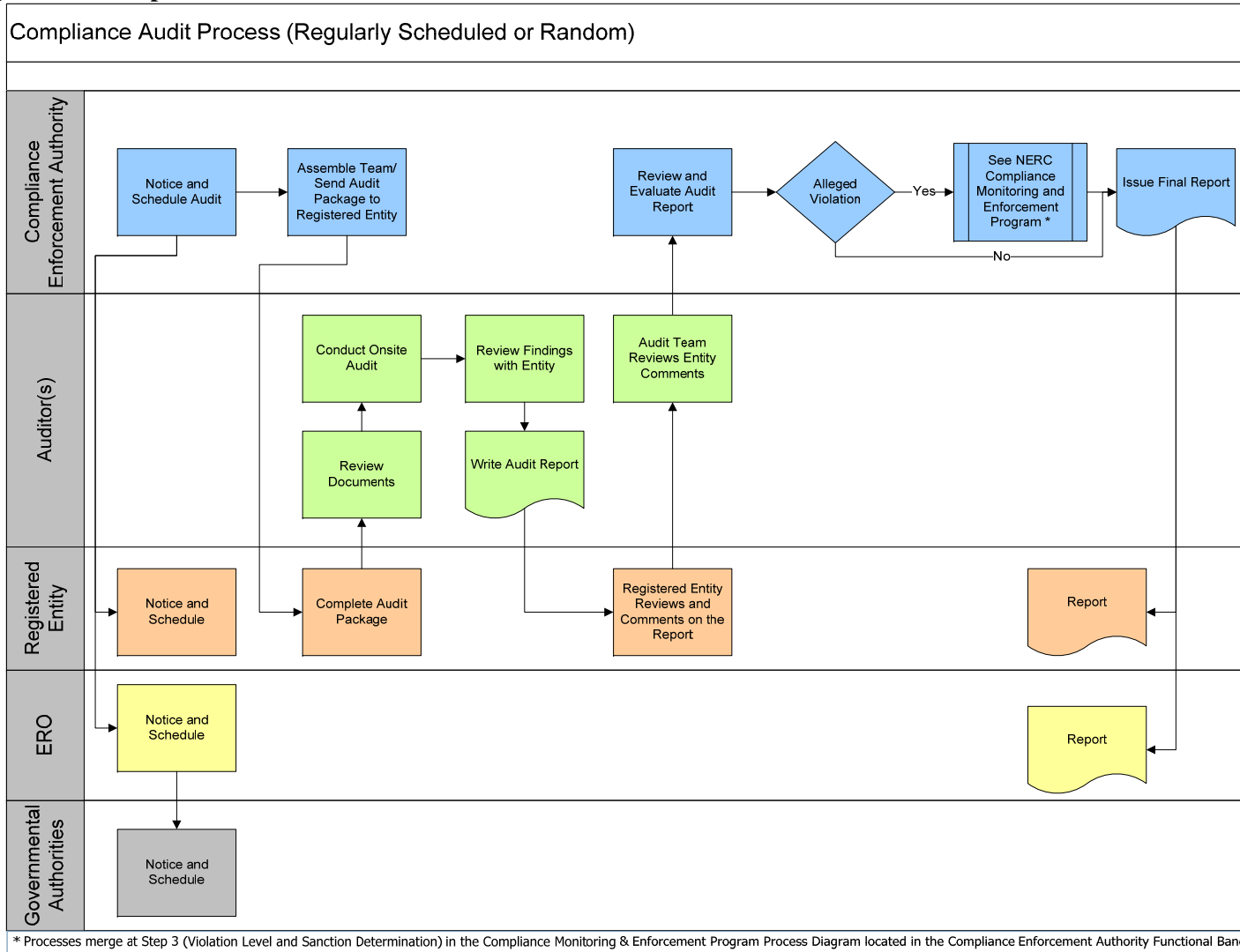
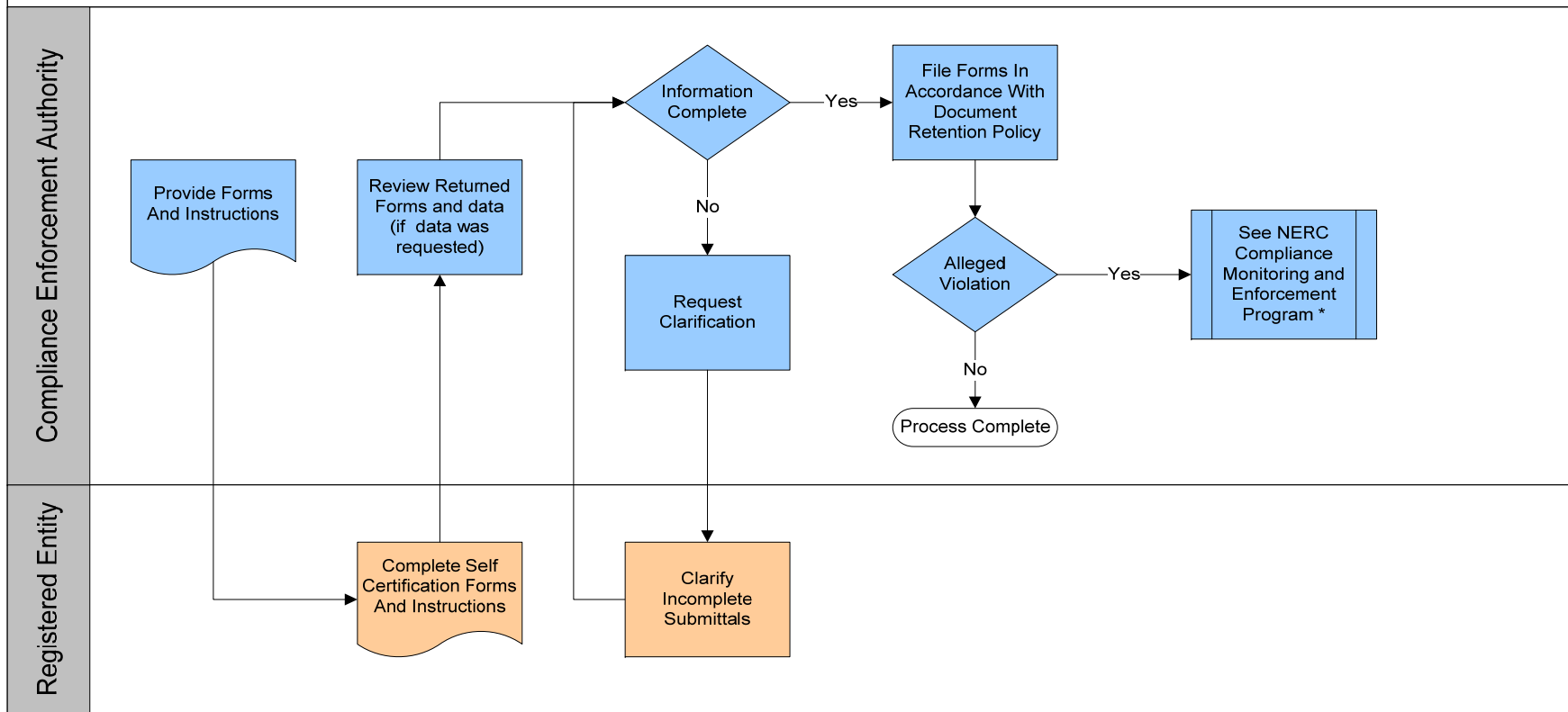


Figure 3.2.1 – Self Certification Process

Self Certification Process



* Processes merge at Step 3 (Violation Level and Sanction Determination) in the Compliance Monitoring & Enforcement Program Process Diagram located in the Compliance Enforcement Authority

Figure 3.3.1 Spot Checking Process

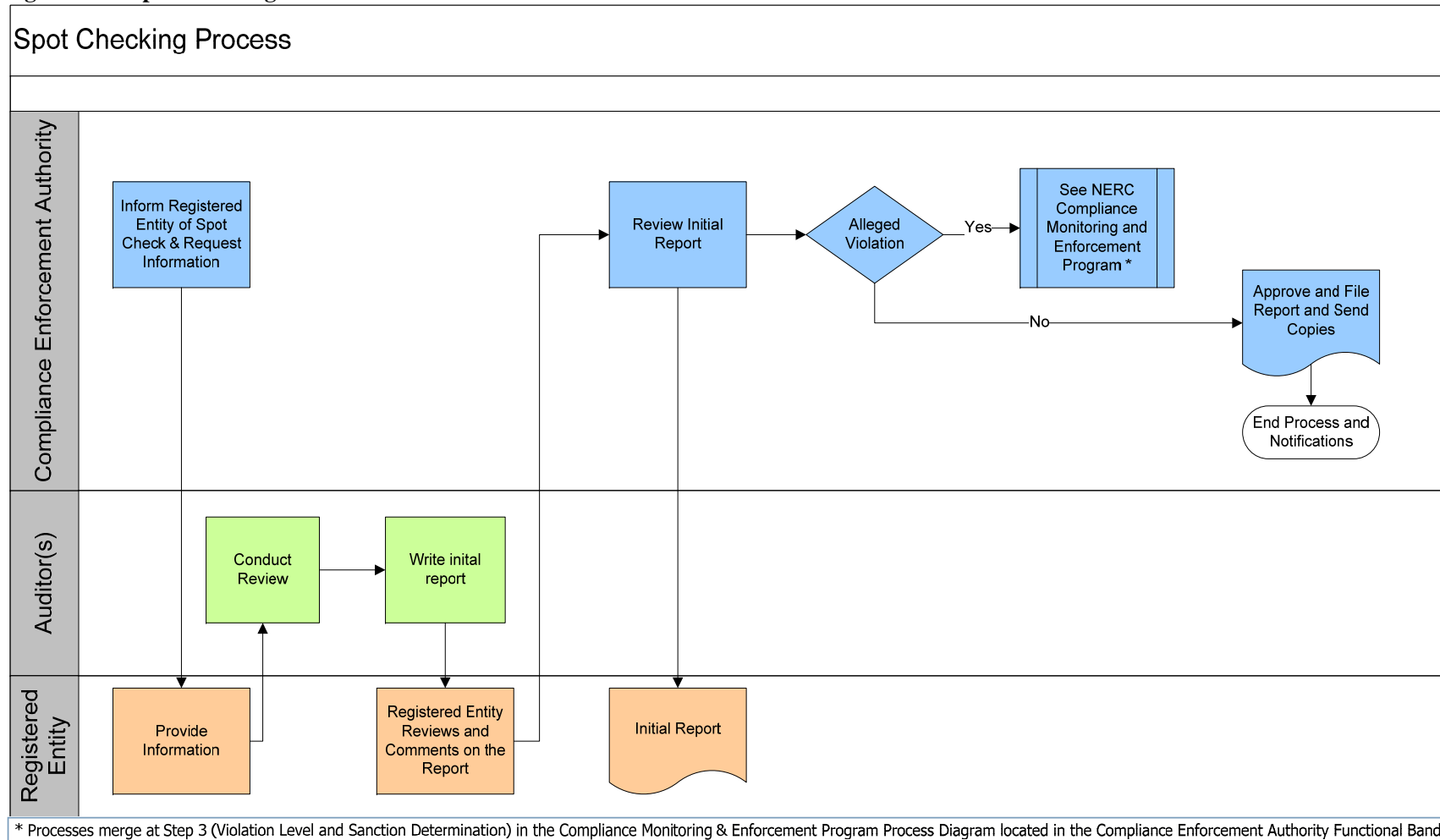
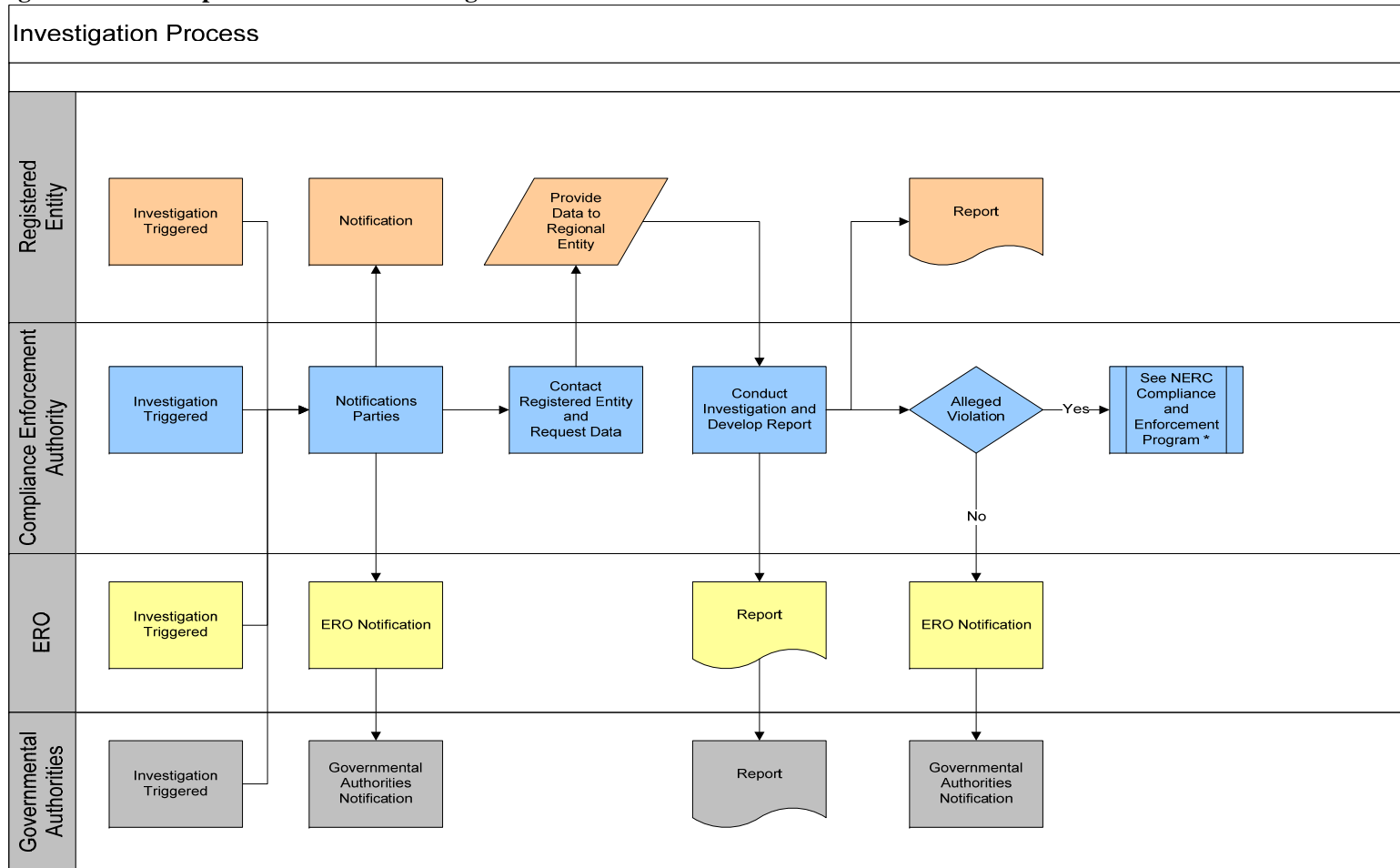


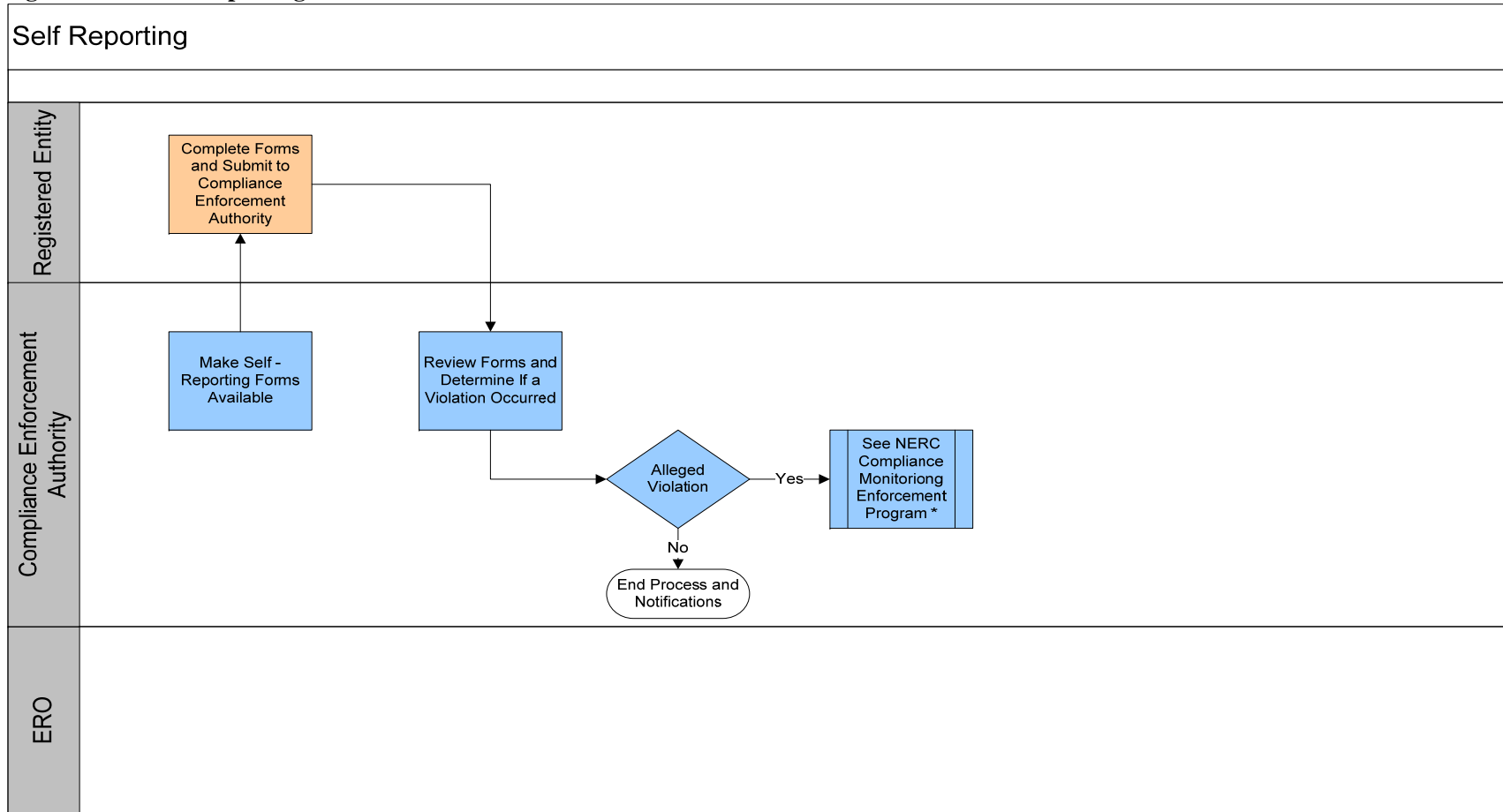
Figure 3.4.1 – Compliance Violation Investigation Process



* Processes merge at Step 3 (Violation Level & Sanction Determination) box in the Compliance Monitoring & Enforcement Program Process Diagram located in the Compliance Enforcement Authority Functional Band

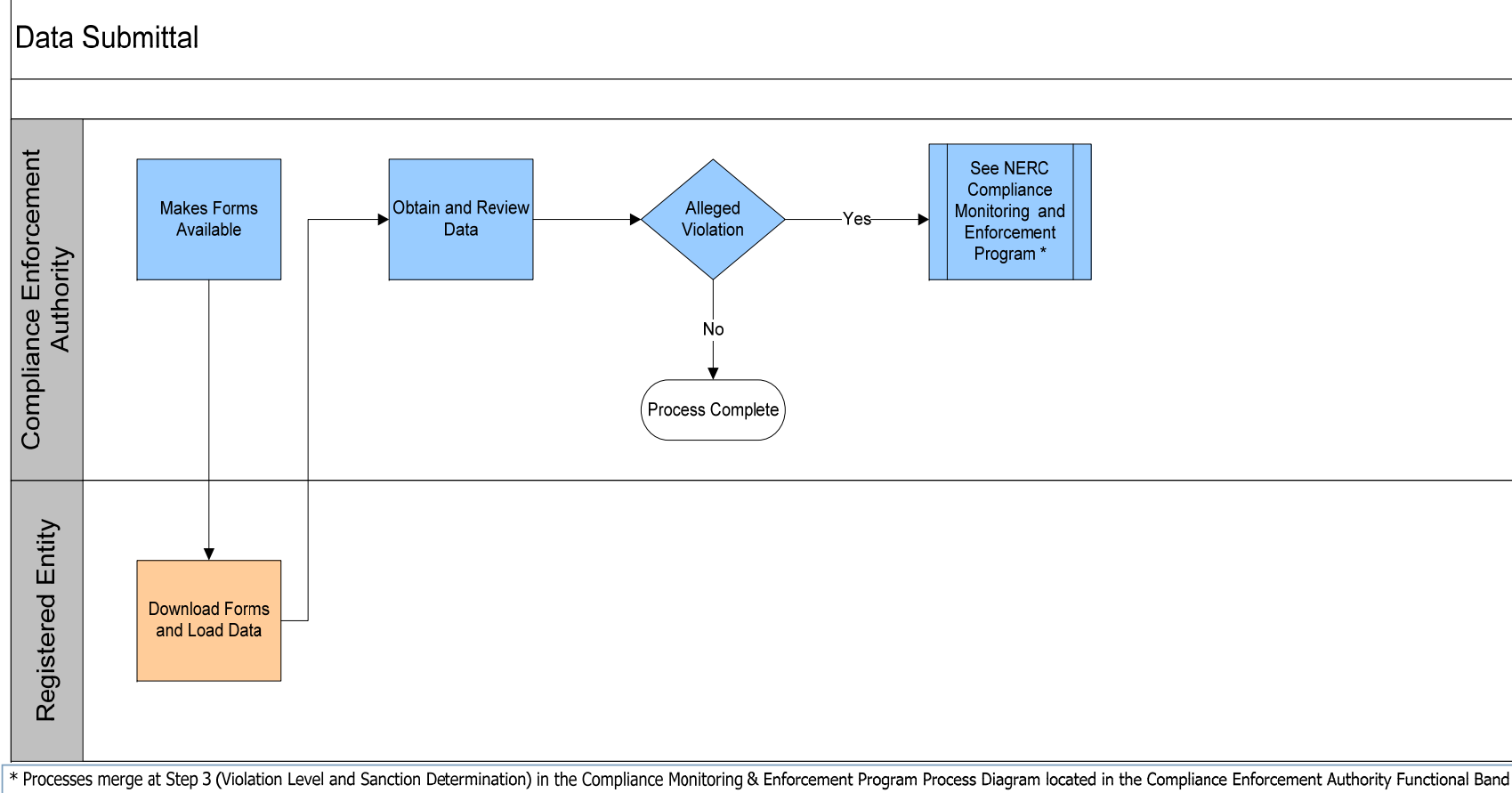
Compliance Monitoring and Enforcement Program

Figure 3.5.1 – Self Reporting Process



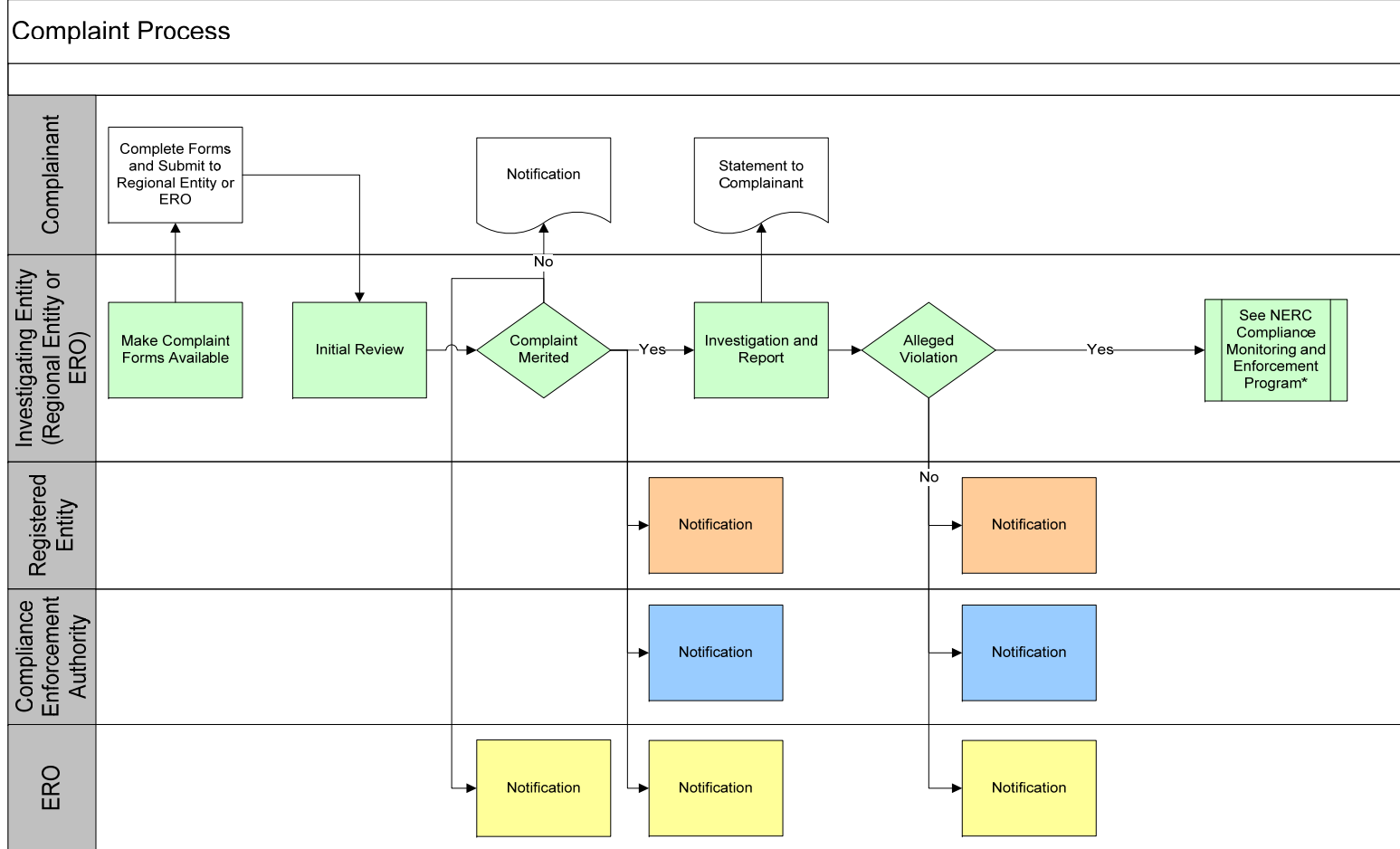
* Processes merge at Step 3 (Violation Level and Sanction Determination) in the Compliance Monitoring & Enforcement Program Process Diagram located in the Compliance Enforcement Authority Functional Band

Figure 3.6.1 – Data Submittal Process



Compliance Monitoring and Enforcement Program

Figure 3.8.1 – Complaint Process



+ Anonymous complainant identities will be withheld

* Processes merge at Step 3 (Violation Level and Sanction Determination) in the Compliance Monitoring & Enforcement Program Process Diagram located in the Compliance Enforcement Authority Functional Band

Figure 5.5 – NERC Appeal Process

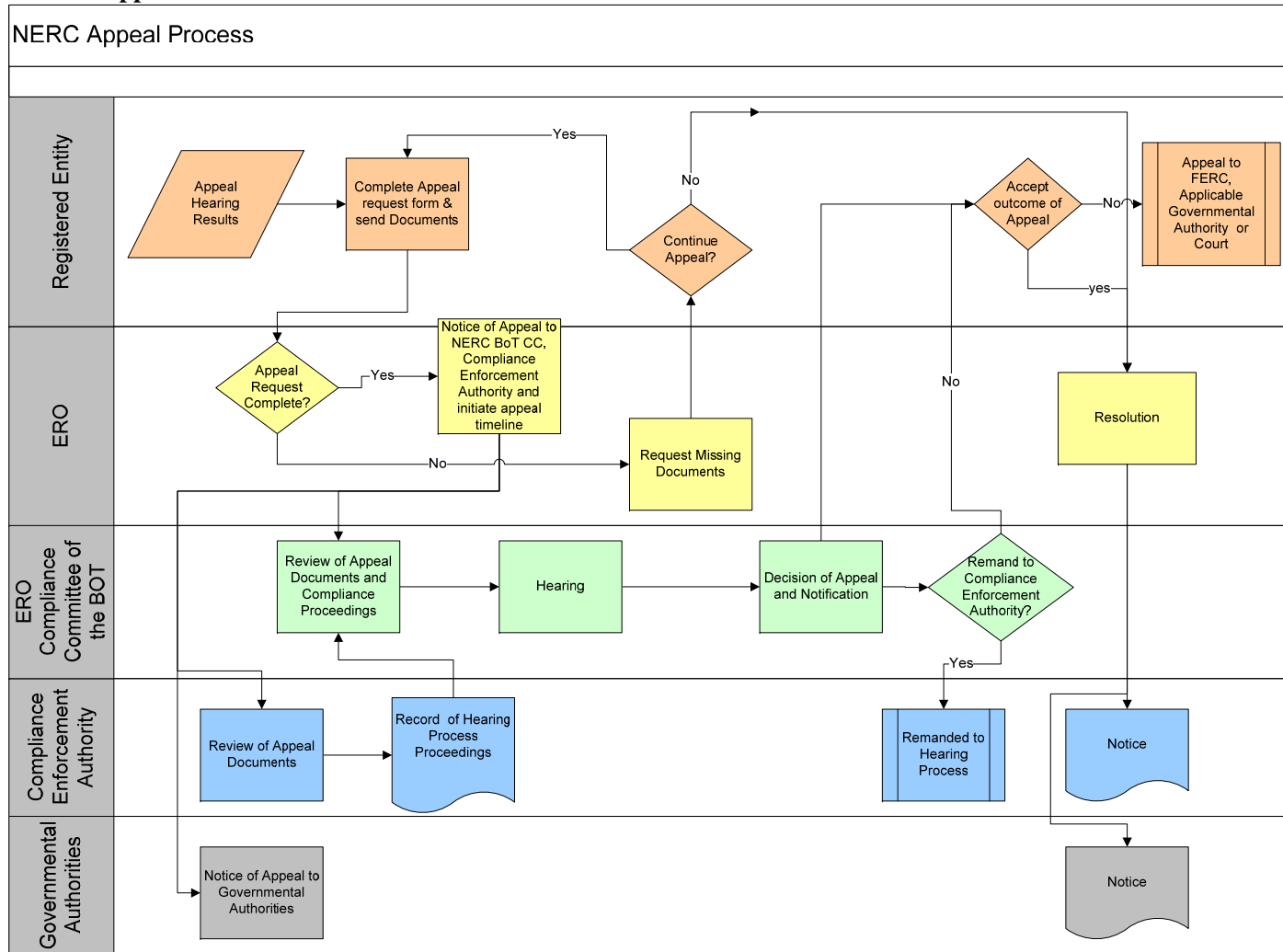


Figure 6.1 – Mitigation Plan Process

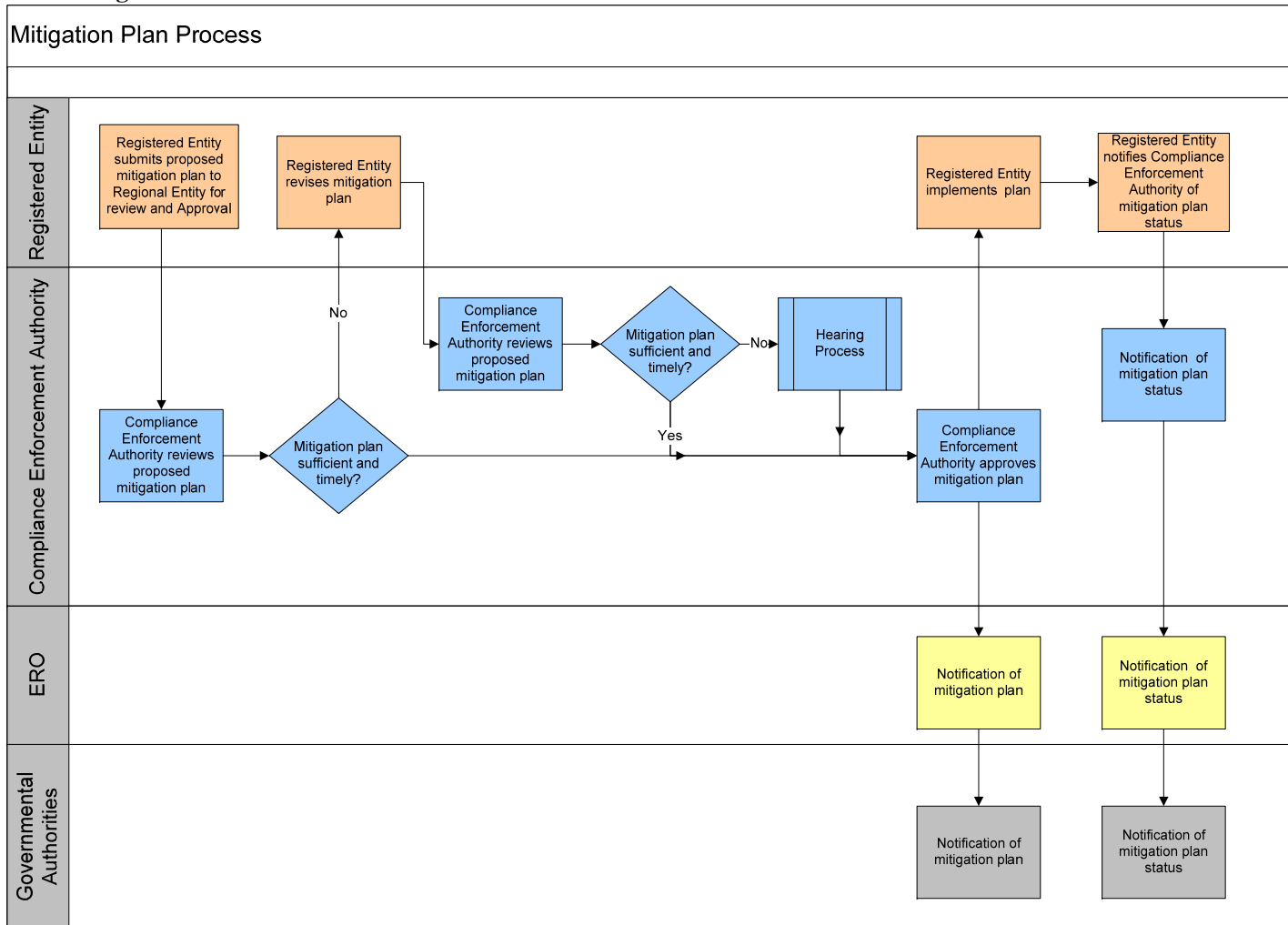


Figure 7.0 – Remedial Action Process

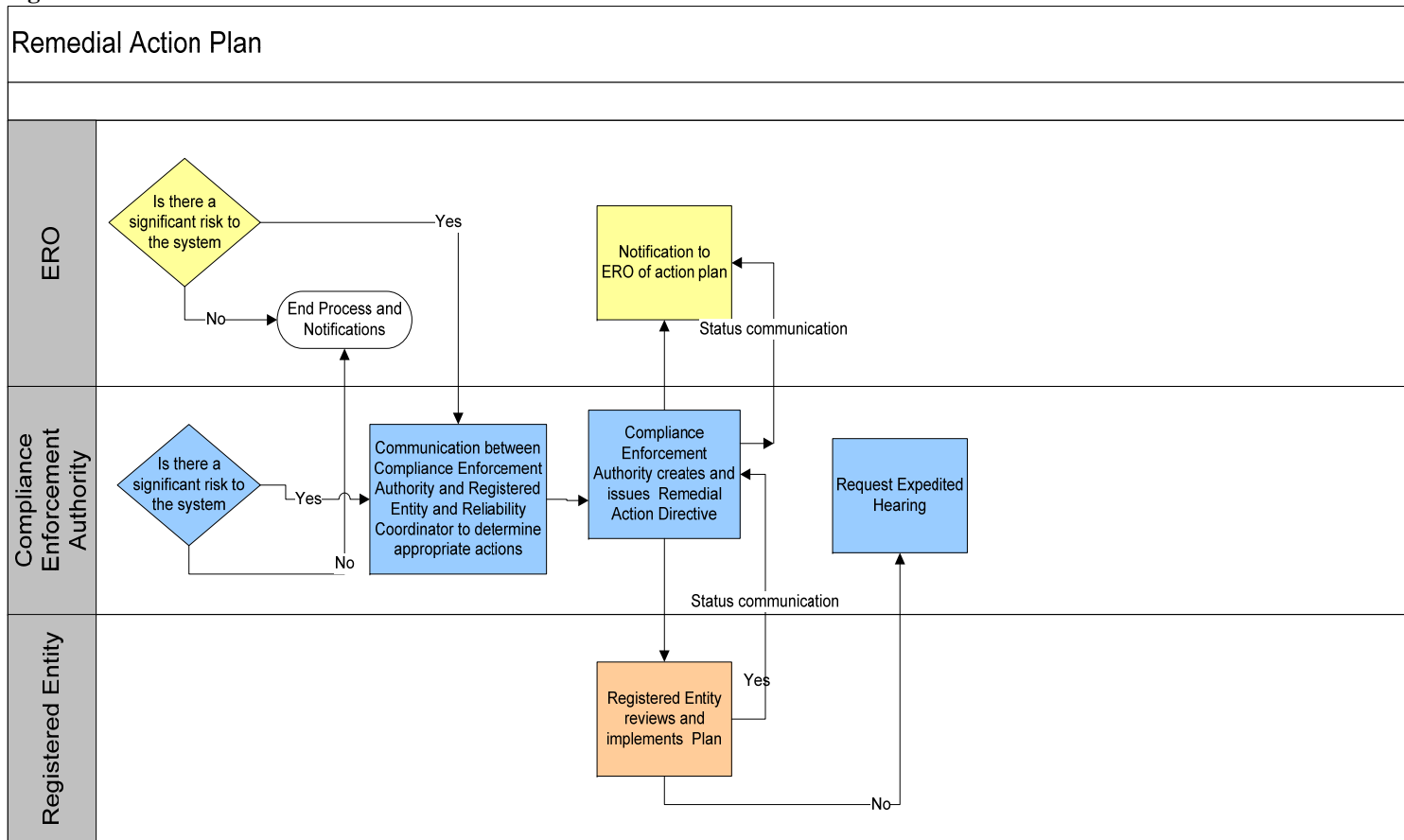
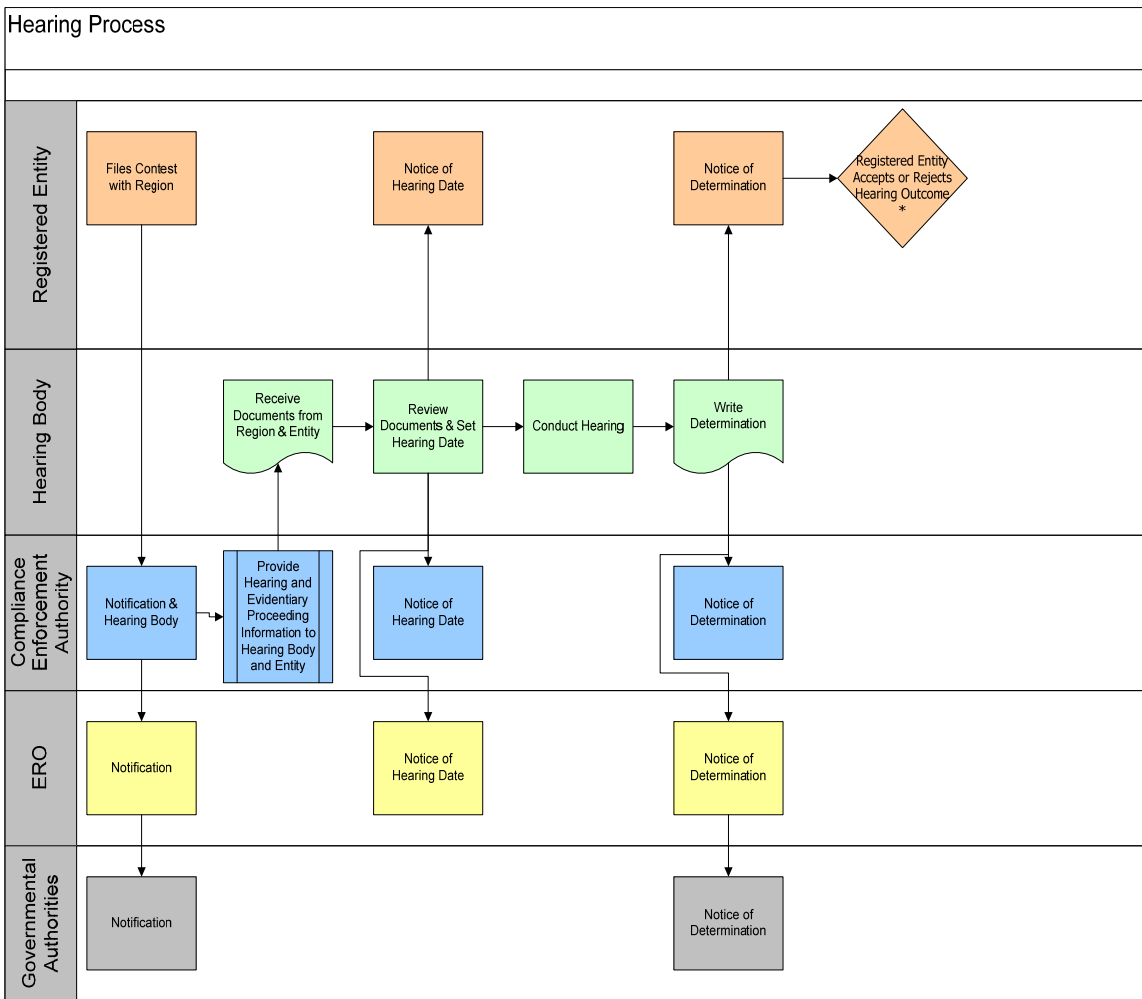


Figure Appendix -2 –Hearing Process



*This merges with the Compliance Monitoring & Enforcement Program flow diagram at the Registered Entity Accepts or Rejects Hearing Outcome decision box

**APPENDIX 5 – 2007 ACTIVELY MONITORED STANDARDS
[INDIVIDUAL STANDARD INFORMATION MAY
BE FOUND AT WWW.SPP.ORG]**

NERC and SPP Actively Monitored Standards for 2007

Listed below are the 47 NERC standards that are being monitored in the 2007 Compliance Program. The standards in red will be examined during SPP Field Reviews. The list of Field Review standards is also in the CDMS for those companies scheduled for a review this year (compliance/reliability review/worksheet).

NERC Actively Monitored Standards Beginning January 1, 2007

Standard Number	Title	Requirement(s)
Resource and Demand Balancing		
BAL-001-0	<u>Real Power Balancing Control Performance</u>	all
BAL-002-0	<u>Disturbance Control Performance</u>	all
BAL-003-0	<u>Frequency Response and Bias</u>	all
Critical Infrastructure Protection		
CIP-001-1	<u>Sabotage Reporting</u>	all
CIP-002-1	<u>Critical Cyber Asset Identification</u>	all
CIP-003-1	<u>Security Managements Controls</u>	all
CIP-004-1	<u>Personnel and Training</u>	all
CIP-005-1	<u>Electronic Security Perimeter (s)</u>	all
CIP-006-1	<u>Physical Security</u>	all
CIP-007-1	<u>Systems Security Management</u>	all
CIP-008-1	<u>Incident Reporting and Response Planning</u>	all
CIP-009-1	<u>Recovery Plans for Critical Cyber Assets</u>	all
Communications		
COM-001-1	<u>Telecommunications</u>	all
Emergency Preparedness and Operations		
EOP-001-0	<u>Emergency Operations Planning</u>	all
EOP-003-1	<u>Load Shedding Plans</u>	all
EOP-005-1	<u>System Restoration Plans</u>	all
EOP-006-1	<u>Reliability Coordination - System Restoration</u>	all
EOP-008-0	<u>Plans for Loss of Control Center Functionality</u>	all
EOP-009-0	<u>Documentation of Blackstart Generating Unit Test Results</u>	all

Facilities Design, Connections and Maintenance		
FAC-003-1	<u>Vegetation Management Program</u>	all
FAC-008-1	<u>Facility Ratings Methodology</u>	all
FAC-009-1	<u>Establish and Communicate Facility Ratings</u>	all
Interconnection Reliability Operations and Coordination		
IRO-001-1	<u>Reliability Coordination – Responsibilities and Authorities</u>	all members - R8
IRO-004-1	<u>Reliability Coordination – Operations Planning</u>	all members - R4, R7
IRO-014-1	<u>Procedures, Processes, or Plans to Support Coordination Between Reliability Coordinators</u>	all
IRO-015-1	<u>Notifications and Information Exchange Between Reliability Coordinators</u>	all
IRO-016-1	<u>Coordination of Real-Time Activities Between Reliability Coordinators</u>	all
Personnel Performance, Training, and Qualifications		
PER-002-0	<u>Operating Personnel Training</u>	all
PER-003-0	<u>Operating Personnel Credentials</u>	all
PER-004-1	<u>Reliability Coordination – Staffing</u>	all
Protection and Control		
PRC-004-1	<u>Analysis and Mitigation of Transmission and Generation Protection System Misoperations</u>	all
PRC-005-1	<u>Transmission and Generation Protection System Maintenance and Testing</u>	all
PRC-008-0	<u>Implementation and Documentation of Underfrequency Load Shedding Equipment Maintenance Program</u>	all
PRC-010-0	<u>Technical Assessment of the Design and Effectiveness of Undervoltage Load Shedding Program</u>	all
PRC-011-0	<u>UVLS System Maintenance and Testing</u>	all
PRC-016-0	<u>Special Protection System Misoperations</u>	all
PRC-017-0	<u>Special Protection System Maintenance and Testing</u>	all
PRC-021-1	<u>Under-Voltage Load Shedding Program Data</u>	all

Transmission Operations		
TOP-003-0	<u>Planned Outage Coordination</u>	all
TOP-004-1	<u>Transmission Operations</u>	R6
TOP-005-1	<u>Operational Reliability Information</u>	all
TOP-007-0	<u>Reporting System Operating Limit (SOL) and Interconnection Reliability</u>	all
Transmission Planning		
TPL-001-0	<u>System Performance Under Normal Conditions</u>	all
TPL-002-0	<u>System Performance Following Loss of a Single BES Element</u>	all
TPL-003-0	<u>System Performance Following Loss of Two or More BES Elements</u>	all
TPL-004-0	<u>System Performance Following Extreme BES Events</u>	all
Voltage and Reactive		
VAR-001-1	<u>Voltage and Reactive Control</u>	all

APPENDIX 6 – 2007-2009 COMPLIANCE AUDIT SCHEDULE

SCHEDULE FOR FUTURE SPP COMPLIANCE AUDITS AND NERC READINESS EVALUATIONS [2007 - 2009]

TIME PERIOD	SPP COMPLIANCE AUDIT	NERC READINESS EVALUATION
SPRING 2007	CLECO INDEPENDENCE BPU	AEP WEST OG&E KCPL
FALL 2007	SPS WESTAR SPP Reliability Coordinator	WESTERN FARMERS MIDW
SPRING 2008	SPA SPRINGFIELD GRDA EMPIRE DISTRICT	SPP Reliability Coordinator CLECO MISSOURI PUBLIC SERVICE SUNFLOWER
FALL 2008	LEPA LAFAYETTE OG&E SPP RELIABILITY COORDINATOR	BPU INDEPENDENCE WESTAR
SPRING 2009	MIDWEST ENERGY KCPL SUNFLOWER	SPRM SPS SPA EMPIRE DISTRICT
FALL 2009	WESTERN FARMERS MISSOURI PUBLIC SERVICE AEP WEST	GRDA LAFAYETTE LEPA



Southwest Power Pool

**Regional State Committee, Board of Directors/Members Committee &
Regional Entity Trustees
Future Meeting Dates & Locations**

2007

RET	August 20	Little Rock
RSC/BOD/RET (Annual Meeting of Members)	October 29-31	Tulsa
**BOD	December 11	Dallas

2008

RSC/BO/RET	January 28-30	Austin
RSC/BOD/RET	April 21-23	Oklahoma City
*BOD	June 9-10	Little Rock
RSC/BOD/RET	July 28-30	Kansas City
RSC/BOD/RET (Annual Meeting of Members)	October 27-29	Tulsa
**BOD	December 9	Dallas

2009

RSC/BOD/RET	January 26-28	TBD
RSC/BOD/RET	April 27-29	Oklahoma City
*BOD	June 8-9	Little Rock
RSC/BOD/RET	July 27-29	Kansas City
RSC/BOD/RET (Annual Meeting of Members)	October 26-28	Tulsa
**BOD	December 8	Dallas

The RSC/BOD meetings are Mon/Tues with the RSC held on Monday afternoon and the BOD/Members Committee meeting on Tuesday.

* The June BOD meetings are for educational purposes. There will be no RSC meeting in conjunction with these meetings.

** The December BOD meetings are intended to be one day in and out meetings for administrative purposes. There will be no RSC meeting in conjunction with these meetings.