



**SOUTHWEST POWER POOL
FINANCE COMMITTEE MEETING**

January 19, 2023
Skirvin Hilton – Oklahoma City, OK

MINUTES

ADMINISTRATIVE ITEMS

SPP Chair Ben Trowbridge called the meeting to order at 1:00 p.m. The following members were in attendance:

Ben Trowbridge, Chair	SPP Director
Susan Certoma	SPP Director
Ray Hepper	SPP Director
Al Tamimi	Sunflower Electric Power Group
Sandra Bennett	AEP
Brad Cochran	OG&E
Mike Wise	Golden Spread Electric Coop
Matt Pawlowski	NextEra
Emily Koenig (web-ex)	Lincoln Electric System
Dianne Branch, Staff Secretary	SPP

Others attending the meeting:

Lanny Nickell	SPP
Sheri Dunn	SPP
Scott Smith	SPP
Patrick Woods	ITC Great Plains
Laura Kaputska	NPPD
Meghan Matteson	NPPD

Others in attendance: See attached roster

A quorum was present. Minutes from the October 13, 2022 meeting were reviewed. Ray Hepper made a motion to accept the minutes. The motion was seconded by Susan Certoma and approved by unanimous voice vote.

REVIEW OF COMMITTEE CHARTER

Ben Trowbridge presented the SPP Finance Committee Organizational Group Scope Statement document and provided an overview of the purpose of the committee and scope of activities and responsibilities. Ben opened the floor for any recommended changes to the document. In addition to grammatical corrections, Dianne Branch noted that with the new Schedule 1A rate schedules, the wording as to the committee's responsibilities over rates to be charged under Schedule 1-A, as outlined in the Recommendation to the Board of Directors section, may need to be removed. After further dialogue, Mike Wise recommended a discussion at a later date before proposing changes to the document. Staff created an action item for future discussion.

ACTUARY ASSUMPTIONS

Dianne Branch discussed staff's recommendations for the four primary assumptions required for pension accounting and valuation: i) discount rate – staff recommended a discount rate of 5.25% in accordance with SPP's process for determining the discount rate assumption (increased from 4% in 2022, ii) investment rate of return – staff recommends remaining at 7.00% long-term rate of return, iii) rate of compensation change – staff recommends remaining at 4.00%, and iv) staff recommended utilizing the Pri-2012 mortality table based on actuary recommendation, which is a change from the previous IRS-2022 mortality table utilized in 2022.

The committee did not take action on the recommendation. The committee requested a meeting with SPP's actuary to further understand the basis for the change to the discount rate assumption and its financial impacts in addition to gaining a better understanding of the new recommended mortality table. That meeting is scheduled for 1PM CST on Friday, January 27, 2023 via web-ex.

CORPORATE INSURANCE REVIEW

Scott Smith, SPP's director of treasury and risk management, presented the annual stewardship report developed by SPP's corporate insurance brokers, Stephens Insurance. This report and presentation focuses on recent and forecasted market trends in the insurance industry and describes SPP's specific insurance program. This program includes coverage for the following risks: property & casualty, professional liability, cyber, and director and officer liability. The report highlights that insurance underwriters are continuing to seek premium increases to cover significant claims experience due to catastrophic weather events, significant increases in ransomware claims (both occurrences and amounts) and, more specifically, claims made against neighboring reliability and market operators. Renewal terms for SPP's programs will likely see further expansion of premiums despite efforts to market the programs beyond incumbent insurers.

Ben Trowbridge questioned whether the coverage limits pertained to either individual and/or aggregated claims. Susan Certoma requested staff to take an action item to distribute the D&O policy to the committee for informational review.

REVIEW OF STAKEHOLDER EFFECTIVENESS SURVEY

Dianne Branch presented results of the 2022 finance committee effectiveness survey. She noted the impressive overall response rate of 90% and commended the committee on their participation. She indicated most rankings were either consistent or above prior year results.

The committee discussed the recommendations for improvements and were in agreement with most suggestions including improvements to onboarding of new committee members and increased collaboration with the HR committee on staffing components of the budget.

Matt Pawlowski raised the question as to how many of the incremental positions from the 2023 budget have already been filled. Staff took an action item to confirm that number and report back to the committee.

FUTURE MEETINGS

Subsequent to the meeting with the actuary on January 27th, the next meeting of the Finance Committee will be a virtual meeting on April 13, 2023 when the committee will review the 2022 financial audit results and approve the annual benefit plan funding.

Below is the remaining meeting schedule.

<u>Meeting Date</u>	<u>Location</u>	<u>Agenda</u>
April 13, 2023	Virtual	2022 Financial Audit, Benefit Plan Funding
July 13, 2023	Omaha, NE	Mid-year Review, 2024 Operating Plan
September 28, 2023	NextEra (Juno Beach, FL)	Preliminary review of 2024 budget
October 19, 2023	Virtual	2024 Operating and Capital Budgets

ACTION ITEMS

1) Distribute the D&O policy to the committee for informational review.
2) Identify how many of the 2023 incremental budgeted positions have been filled to date.
3) Revisit language in committee scope document regarding recommendation for rates to be charged under Schedule 1A



The meeting was adjourned at 3:30 p.m.

Respectfully Submitted,

Dianne Branch

Secretary

ATTENDANCE ROSTER

First Name	Last Name	Company
Don	Frerking	SPP
Meghan	Server	SPP
William	Vestal	SPP
Zeynep	Vural	SPP
Heather	Starnes	Healey Law Offices
Jason	Chaplin	Oklahoma Corporation Commission
Scott	Deboer	Arvest Bank
Tom	Hestermann	Sunflower Electric Power Corp.



**SOUTHWEST POWER POOL, INC.
FINANCE COMMITTEE MEETING**

**January 19, 2023
(1:00PM-5:00PM CST)
Skirvin Hotel, Oklahoma City, OK**

AGENDA

1:00 p.m. – 5:00 p.m.

1. Administrative Items (10 minutes) Ben Trowbridge
 - o Roll call
 - o Minutes (****ACTION****)
2. Review of Committee Charter (30 minutes) Ben Trowbridge
3. Actuary Assumptions (****ACTION****) (30 minutes) Dianne Branch
4. Corporate Insurance Review (60 minutes) Scott Smith
5. Review of Stakeholder Effectiveness Survey (30 minutes) Dianne Branch
6. Written Reports.....
 - o 2022 Financial Results Overview
 - o 2022 Out of Budget Purchases
7. Future Meetings (10 minutes) Dianne Branch

Antitrust: SPP strictly prohibits use of participation in SPP activities as a forum for engaging in practices or communications that violate the antitrust laws. Please avoid discussion of topics or behavior that would result in anti-competitive behavior, including but not limited to, agreements between or among competitors regarding prices, bid and offer practices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that might unreasonably restrain competition.



**SOUTHWEST POWER POOL
FINANCE COMMITTEE MEETING**

October 13, 2022
Videoconference

MINUTES

ADMINISTRATIVE ITEMS

SPP Chair Susan Certoma called the meeting to order at 9:20 a.m. The following members were in attendance:

Susan Certoma	SPP Director
Larry Altenbaumer	SPP Director
Ben Trowbridge	SPP Director
Sandra Bennett	AEP
Brad Cochran	OG&E
Mike Wise	Golden Spread Electric Coop
Matt Pawlowski	NextEra
Emily Koenig	Lincoln Electric System
Dianne Branch	SPP

Others attending the meeting:

Tom Dunn	SPP
Zeynep Vural	SPP
Sheri Dunn	SPP
John Cupparo	SPP Director
Tom Hestermann	Sunflower Electric

Others in attendance: See attached roster

A quorum was present. Tom Hestermann was in attendance as proxy for Al Tamimi.

Minutes from the September 26, 2022 meeting were reviewed. Matt Pawlowski made a motion to accept the minutes. The motion was seconded by Mike Wise and approved by unanimous voice vote.

Susan recognized that this would be Tom Dunn's last meeting with the Finance Committee. She thanked him for his many years of service and the valuable support he has provided during her

tenure as committee chair. Susan also recognized Ben Trowbridge as a new member to the Finance Committee and thanked John Cupparo for his service since joining the committee earlier this year.

FORVIS PRE-AUDIT DISCUSSION

Chad Moore of FORVIS, LLP presented the 2022 financial audit plan. Consistent with previous years, areas of focus would be accounts receivable, long term debt and related compliance, and revenue recognition. Committee members were advised to share any areas they wanted the auditor to focus on with the Committee chair. Chad indicated that it would be his last year as engagement partner due the 5 year rotation requirement. Chris Lindner will be serving as the engagement partner starting with the 2023 audit.

2023 OPERATING AND CAPITAL BUDGET

SPP staff presented highlights from the 2023 budget presentation made during the September 26th meeting. The budget calls for an approximate \$18.1 million increase in the adjusted run rate NRR over the 2022 forecast. The vast majority of the increase is associated with labor costs where significant growth in workload and inflationary pressures are the driving forces. The budget includes \$4.7 million to fund staff additions and another \$4.8 million to fund compensation changes for existing staff. The \$2.1 million increase in maintenance expense is primarily related to new architecture and cybersecurity related initiatives and annual increases on existing contracts. Net incremental activities across several areas drive the \$1.6 million increase in outside services, while inflationary assumptions impact the increase in travel costs (\$0.8 million). A capital allocation of \$16.0 million was included in the recommendation to cover both capital foundation work and enterprise projects in 2023.

After a brief discussion, Ben Trowbridge made a motion to accept the budget as submitted. The motion was seconded by Emily Koenig and approved by unanimous voice vote.

ORGANIZATION GROUP ASSESSMENT

The Committee discussed the accomplishments over the past 12 months and major pending initiatives currently before the group. Major initiatives addressed by the group included approval of surety bond recommendation from Credit Practices working group, approval of 2023 operating plan, and approval of the extension of the \$80 million funding facility for capital expenditures.

Larry Altenbaumer raised the topic of implementing proactive measures to ensure that future budgets do not exceed the tariff cap for the next four years (2024-2027). Mike Wise and Matt Pawlowski also voiced their support of formal measures that would serve to provide some assurance of stability in rates to our customers.



FUTURE MEETINGS

The next meeting of the Finance Committee will be on January 19th, 2023 in Oklahoma City when the committee will review liability insurance and the actuary assumptions for the 2023 retirement plan valuations.

The meeting was adjourned at 10:50am.

Respectfully Submitted,

Dianne Branch

Secretary

ATTENDANCE ROSTER

FirstName	LastName	Company
Steve	Sanders	WAPA-UGP
Don	Frerking	Southwest Power Pool
Robert	Pick	NPPD
Jason	Mazigian	Basin Electric
Nicole	Wagner	SPP
Cynthia	Burns	FORVIS, LLP
Denise	Buffington	Evergy Companies
Will	Vestal	SPP_MMU
Chad	Moore	FORVIS, LLP
Raymond	Hepper	SPP
Meghan	Matteson	Nebraska Public Power District

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

Purpose:

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

Scope of Activities:

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

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

Approve:

- Annually, significant financial and compliance policies which fall under the purview of the Committee
- Annually, the basic assumptions used by SPP's actuary to determine the financial status and funding requirements of SPP's pension and post-retirement healthcare plans. -These basic assumptions include, but are not limited to, discount rate, investment rate of return, rate of compensation change, and mortality tables utilized. -The Committee will report these assumptions to the SPP Board of Directors.

Review/Monitor:

- The methodology of cost recovery to ~~insure-ensure~~ continuing equity for Members
- Any legal matter that could have a significant impact on the corporation's financial statements
- The adequacy of internal financial controls and the resolution of any identified material weaknesses or reportable conditions. -Independent Board of Director members of the Finance Committee will be expected to attend meetings of the Oversight Committee when the Oversight Committee receives audit reports from the external controls auditor.
- The corporation's guidelines and policies with respect to risk assessment and risk management focusing on the corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures
- The structure of the Company's corporate liability insurance program, including review of retentions, insurance limits and exceptions, quality of underwriters, and activities of the broker(s) engaged to represent the Company to the insurance markets
- Annually, the investment performance of the pension and/or post-retirement healthcare plan assets and compliance with the approved Investment Policy Statements for the plans
- Policies for management of the company's capitalization, financing and long-term contracts

- At least annually, the performance of the Committee and its members, including reviewing the compliance of the Committee with this [CharterScope Statement](#)
- Changes to the Investment Policy Statements for the Company's retirement plan and post-retirement healthcare plan as approved by the SPP Administrative Committee

For clarification, the review of the investment performance and the investment policy statement for Company's retirement plan shall be for information purposes only, it being understood that all discretion with respect to SPP Retirement Plan investments shall reside with the SPP Administrative Committee.

Recommend to the Board of Directors:

- Annually, an operating budget, capital budget and each special budget for the upcoming fiscal year
- Annually, rates to be charged under Schedule 1A and for the assessment of members
- Annually, the corporation's audited financial statements as the corporate record of financial results for the prior fiscal year. The Committee shall review and discuss with management and the independent auditors, prior to public dissemination, the corporation's annual audited financial statements with primary focus on the quality and integrity of the statements
- Annually, the engagement of independent auditors to audit the corporation's annual financial statements, benefit plan financial statements, and controls environments.
- Annually, contributions to SPP's pension and post-retirement healthcare plans
- As needed, issuance of notes to fund capital expenditures, liquidity, and other general corporate purpose

Report to the Board of Directors:

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

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

Representation:

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

Duration:

The Finance Committee is a permanent committee. -The Committee shall meet a minimum of two times per fiscal year and at other times as called by the Chair. -A quorum will constitute at least half of the members of the Committee but no less than ~~three~~ five members. -Proxies are allowed if reported to the



| Chair prior to the meeting. —All meetings of the Finance Committee shall be open to all interested parties unless closed by the Chair of the Committee.

Reporting:

The Finance Committee reports directly to the Board of Directors.

Memorandum

To: SPP Finance Committee
From: Dianne Branch
CC:
Date: January 12, 2023
Re: Actuarial Assumptions for Pension Valuation

SPP staff has been providing to the Finance Committee an early look at assumptions utilized in valuation of SPP's pension plan and post-retirement healthcare plan. This memo provides that look at the four major assumptions: discount rate, long-term rate of return, compensation change rate, and mortality tables.

Discount Rate: The process that SPP staff has been utilizing for determining the discount rate used in valuing pension liabilities and funding targets is generally based on the framework described in the Pension Protection Act of 2006 that utilizes the yield curve of investment grade corporate bonds (the top three rating tranches) averaged over twenty four months. These rates are subject to additional criteria and constrained by applicable percentage limits based on the 25-year average yield curve rates. The American Rescue Plan Act (ARP) and the Infrastructure Investment and Jobs Act (IIJA), both passed in 2021, introduced changes to the methods of determining the required interest rates and generally increased the applicable rate limits.

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

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

In terms of evaluating the segment most appropriate for SPP's retirement plan, one of the most pertinent demographic points to consider is that the average age of the participants in the SPP plan is less than 45 years. This would indicate that major distributions from the plan should not begin occurring, on average, for another twenty years.

The Internal Revenue Service publishes periodic updates to segment rates throughout the year. The most recent update published December 2022 indicated post-ARP/IIJA adjusted average segment rates of 4.75%/5.00%/5.74%. SPP's actuary and independent auditor also provided feedback on the discount rates currently utilized by plans similar to SPP's and indices that measure rates used by a wider range of plans (Mercer Index Rates and FTSE Pension Liability Index) which point to a rate of 5%-5.25% that would be appropriate for SPP.

SPP used a discount rate of 4.00% in 2022 as well as in previous years. Based on most recent data on discount rates as explained above and the expectation that the current high-interest rate environment will continue into 2023, **SPP staff recommends using a discount rate of 5.25%.**

Long-term Rate of Return: The method used by SPP to assign the long-term rate of return is based upon an analysis of the long-term returns of widely recognized benchmark investments similar in asset allocation to the investments held in the pension plan trust. The benchmark returns are weighted based on SPP's desired asset allocation described in the Investment Policy Statement.

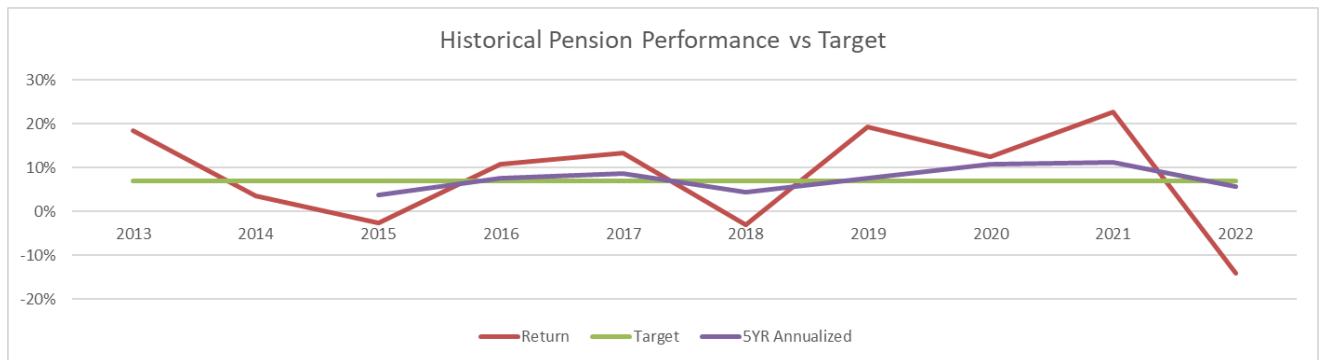
The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected. The



ICE BofAML Corporate 5-10 Year Index tracks the performance of U.S. dollar denominated investment grade rated corporate debt publicly issued in the U.S. domestic market. This subset includes all securities with a remaining term to maturity of 5 to 10 years.

	<u>Russell 3000</u>	<u>ICE BofAML Corp 5-10 Year Index</u>
10 Year Return (1/1/2013 – 12/31/2022)	12.13%	2.25%
Target Allocation	70%	30%
Weighted Avg. Return	8.49%	0.68%
Historical Expected Portfolio Return	9.17%	

SPP used a long-term rate of return assumption of 7.00% in 2022. **SPP staff recommends retaining the long-term rate of return at 7.00%.** The weighted average return on the benchmarks well exceeds SPP’s recommended rate of return for analysis purposes. Absent the large drop in equities in 2022, SPP believes the equity returns in the tail end of the 10 year review period have been abnormally high. Similarly, falling interest rates during most of the 10 year review period have served to drive up fixed income index returns abnormally. Maintaining the 7% long-term rate remains conservative even in light of the large negative returns experienced in 2022 and is also supported by the actuary. The chart below illustrates the plan’s actual annual returns versus the 7% target for the past 10 years.



Compensation Change Rate: SPP’s year over year growth rate in 2022 for compensation has exceeded the long-term growth rate of 4% SPP has used in its pension valuation however SPP expects compensation growth rate to slow. A 4% long-term growth rate is consistent with that used by many of SPP’s members in their pension plan evaluations. The compensation increase approved by SPP’s Human Resources Committee for 2023 is 4.25% in response to the high inflation environment and tight labor markets. **SPP staff believes retaining the 4.00% compensation rate change for the upcoming valuation continues to be appropriate from a long term perspective** as inflation and labor market pressures are expected to return to normal historical averages over the long term.

Pension Mortality Table: SPP has been using the IRS mortality tables for valuation of its retirement plan. The IRS updates its mortality tables annually to reflect improvements in life expectancy that year therefore SPP has been changing the mortality table used in the valuation every year. SPP’s actuary has proposed switching to a table which assumes life expectancy continues to improve each year in the future therefore doesn’t require annual updating, in particular the most recent Pri-2012 table. **SPP staff recommends using this table for the upcoming valuation.**



SOUTHWEST POWER POOL
2022 STEWARDSHIP & RENEWAL PLANNING

November 30, 2022

Our Process

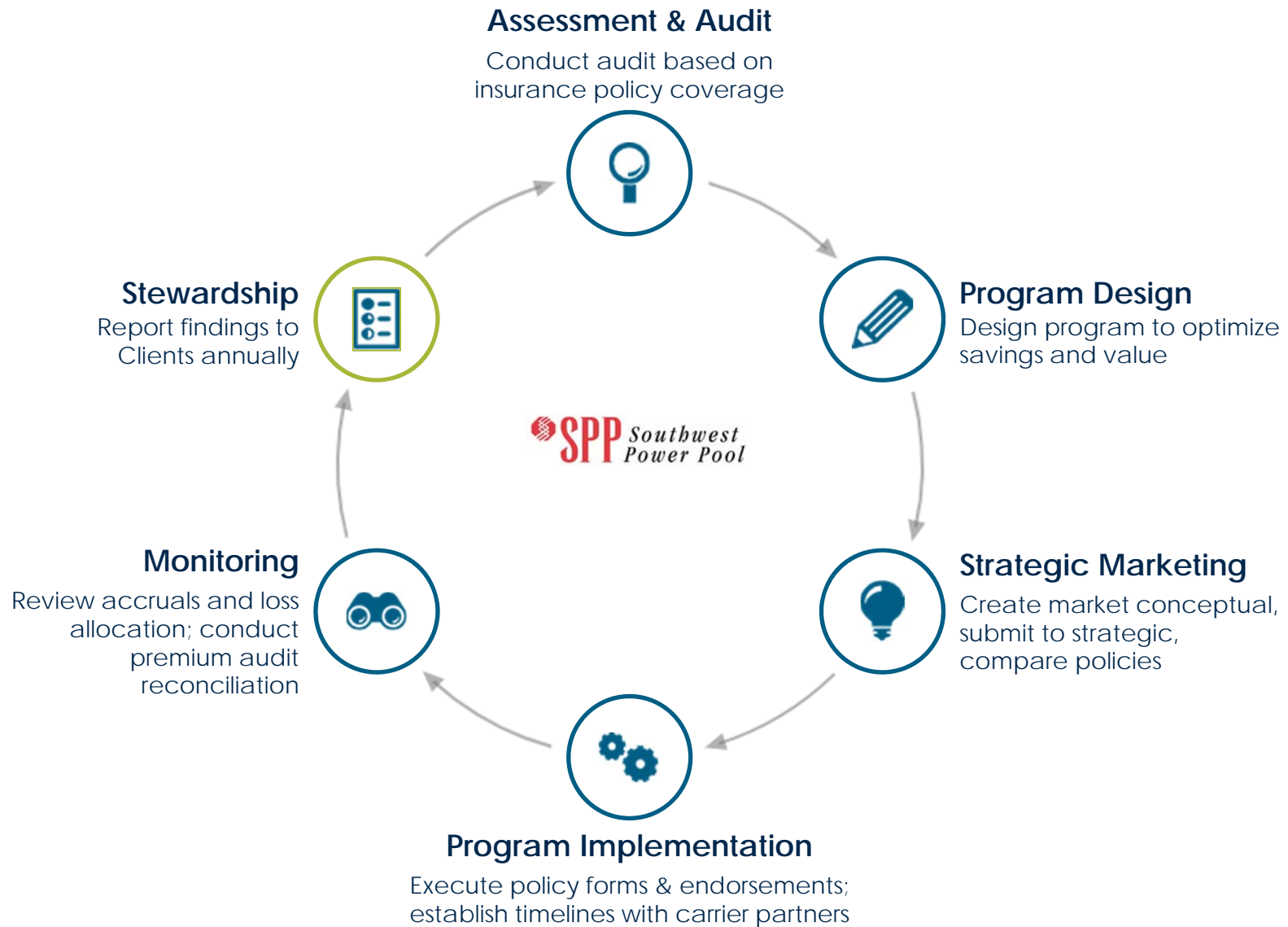


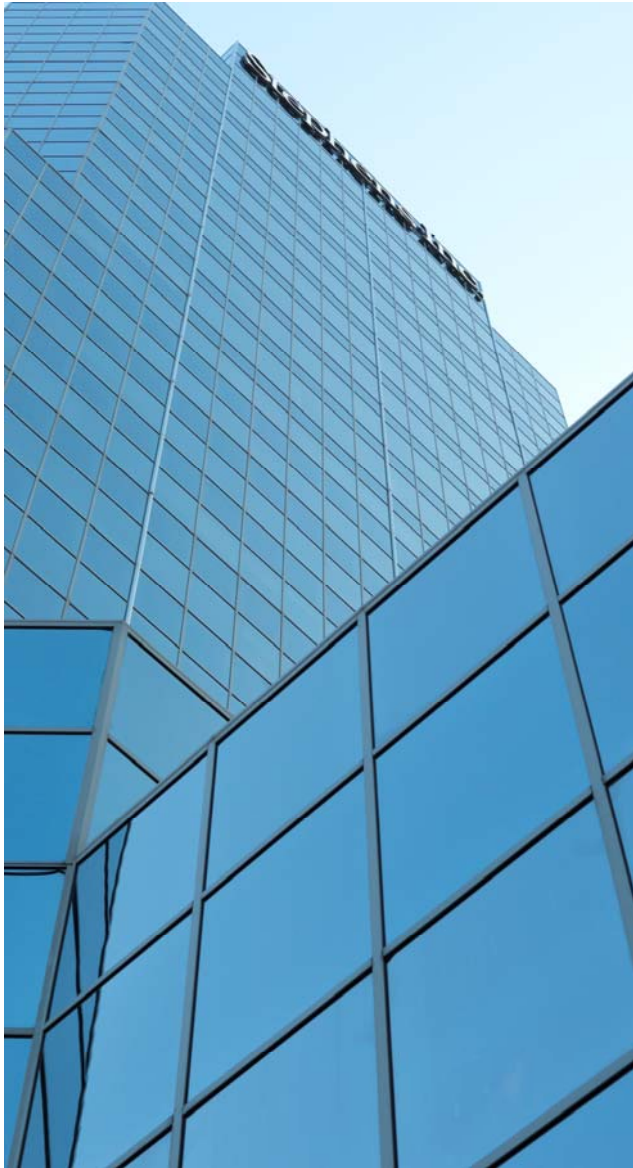
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1. EXECUTIVE SUMMARY

Executive Summary



Stephens Insurance would like to thank Southwest Power Pool for the opportunity to be your Property & Casualty Insurance and Risk Management partner.

Annual Stewardship Report

As part of our overall process we present our annual Stewardship Report which will cover in detail the following subjects:

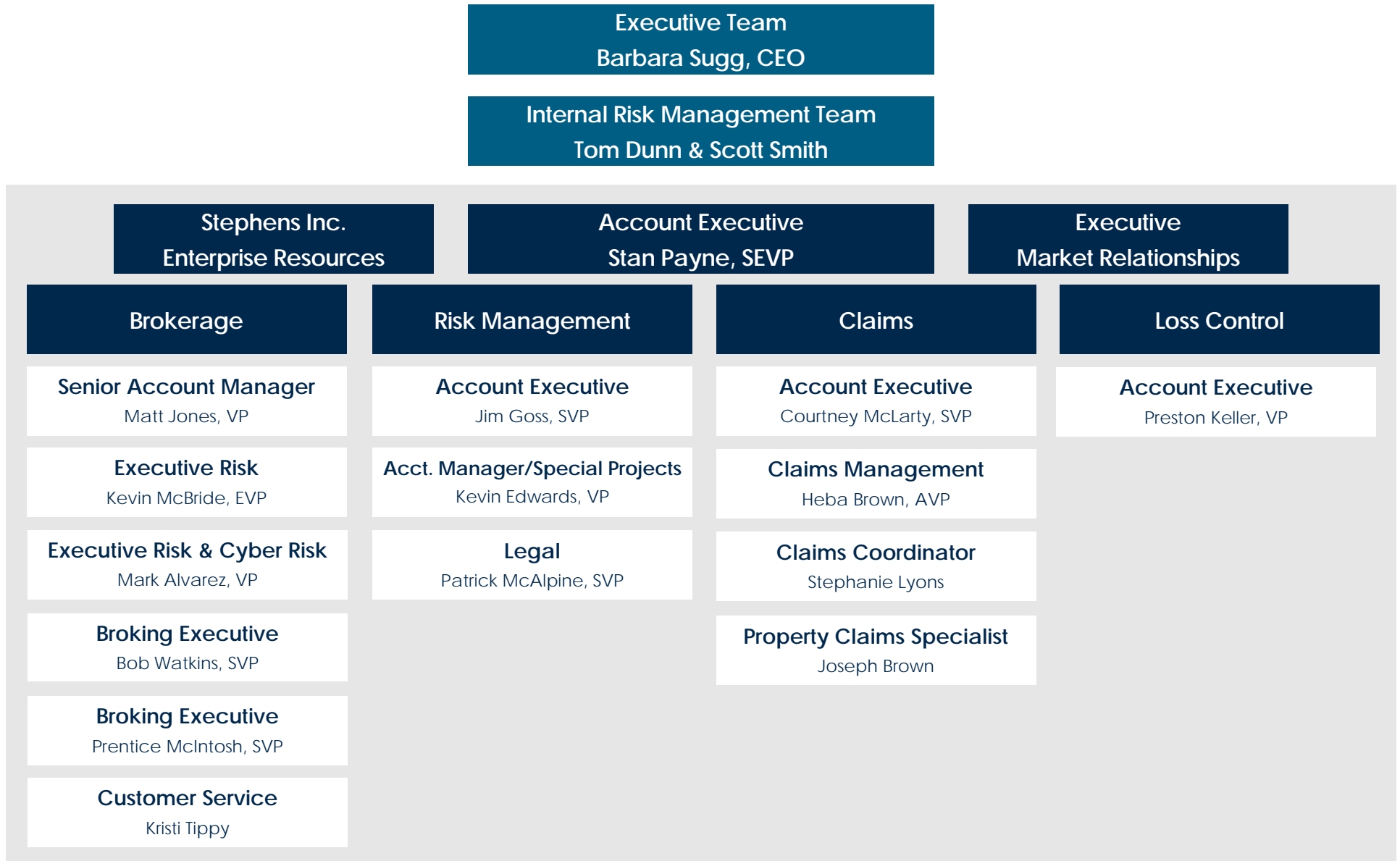
- Stephens Contacts
- Insurance Market Review
- Activities & Accomplishments
- Insurance Program Review
- Claim Summaries
- Benchmarks
- Discussion Items & Renewal Strategy
- Services Checklist

Wrap Up

We invite your questions and comments throughout this presentation and appreciate your feedback as to how we can potentially improve the services and resources shared with your company. Again thank you for your commitment to Stephens and our team.

2. TEAM CONTACTS

Southwest Power Pool Account Team



Account Team

Team Leader & Executive Contact / Risk Management



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3. INSURANCE MARKET REVIEW

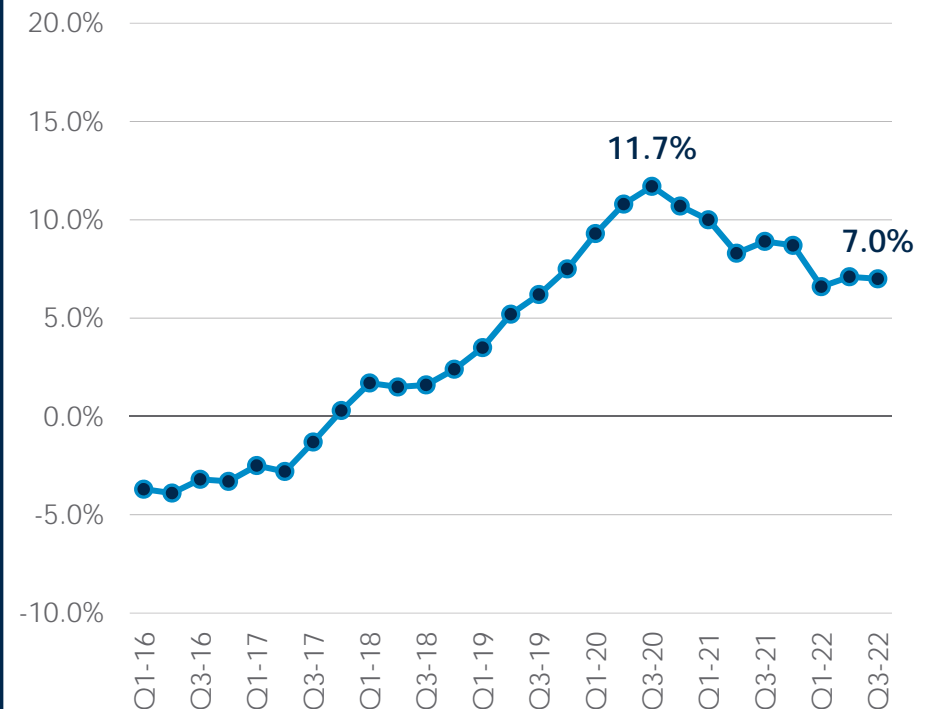
Executive Summary

High-Level Market Update

- Q3 2022 was the 20th consecutive quarter of increased premiums. Prices peaked in Q3 2020 at 11.7%. We are seeing a deceleration in rate increases, with the latest premium increase at 7% in Q3 2022, down from 7.7% in Q2 2022.
- Market conditions are steadying with the exception of property, excess and cyber. Insurers are looking to regain share of classes of business they deem profitable. A focus on growth is emerging.
- Insurers are relying more on underwriting profitability, placing greater pressure on pricing, capacity deployment, and attachment points.

Average Premium Changes

Commercial Property and Casualty Composite Rate



We encourage clients to start the renewal process early and explore different limit and retention strategies. Your Stephens Insurance team is here to guide you through the risk management process.

Source: MarketScout, Council of Insurance Agents & Brokers (CIAB) Commercial Property / Casualty Market Index

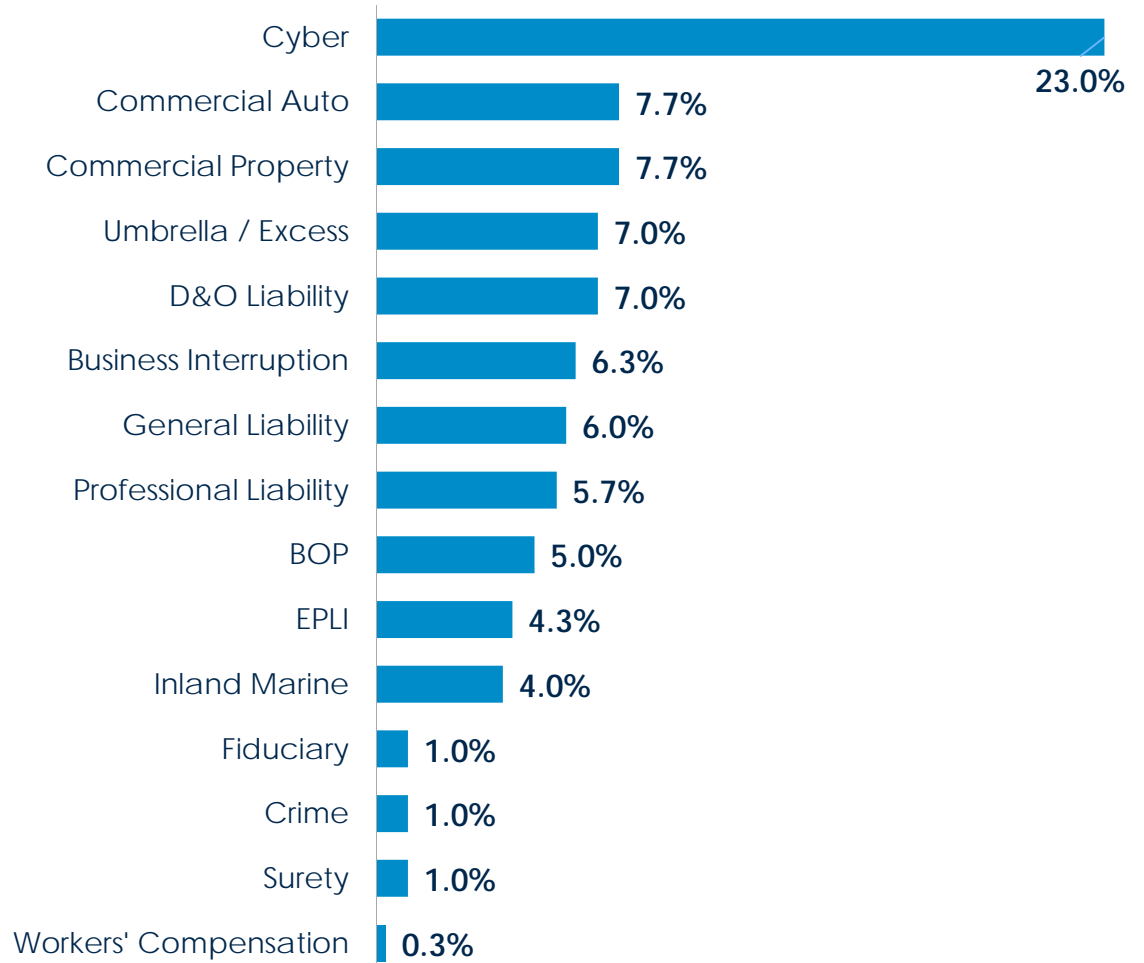
P&C Market Trends

Trends by Coverage Class

- Premiums increased across all coverage lines, according to a Q3 2022 survey by MarketScout.
- Cyber premiums continue to top the charts with double digit growth in premiums.
- Umbrella / Excess premiums fell to 7% in Q3 2022, down from a rate increase of 8.7% in Q2 2022.
- D&O Liability premiums fell to 7% in Q3 2022, down from a rate increase of 8.3% in Q2 2022.

Premium Changes by Line of Coverage

Percent Change from Prior Year



Source: Market Scout

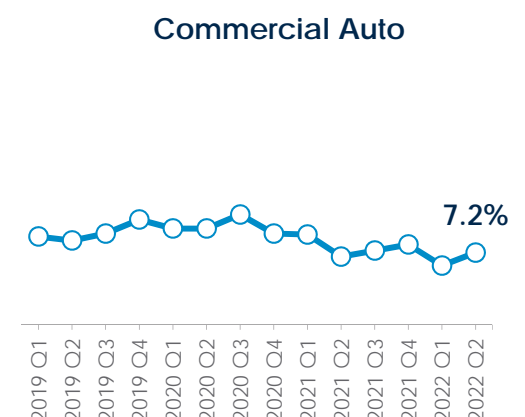
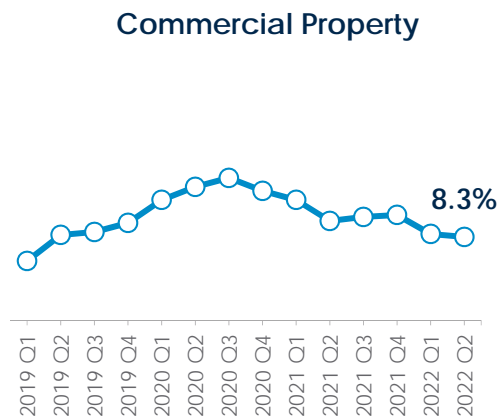
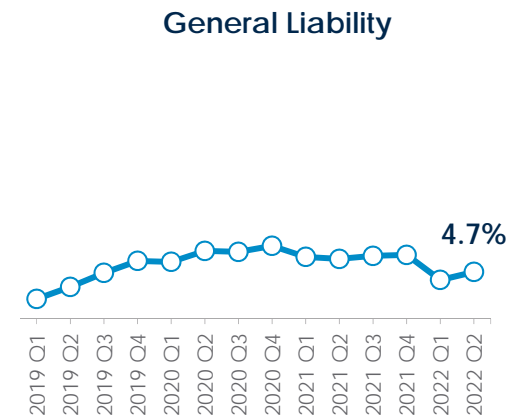
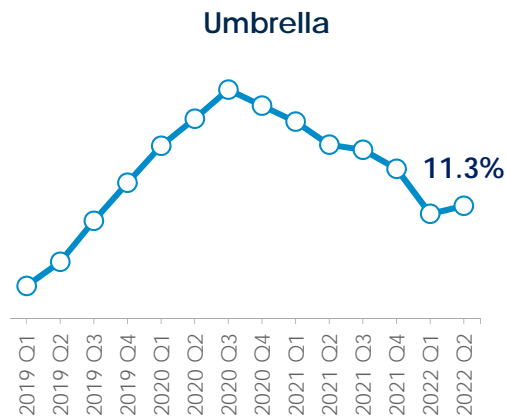
P&C Market Trends

Trends by Coverage Class

- According to the latest CIAB Property/Casualty Market Index, there are signs that price increases are starting to moderate, with decelerating increases across several lines of coverage.
- The rate of increase in Umbrella / Excess premiums, for example, declined from 22.9% in Q3 2020 to 11.3% in Q2 2022.
- Premium rate increases for Commercial Property, Commercial Auto, and General Liability in Q2 2022 are moving more in line with three-year average rates.

Premium Trends Over Time for Select Lines of Coverage

Percent Change from Prior Year



Source: Council of Insurance Agents & Brokers (CIAB)

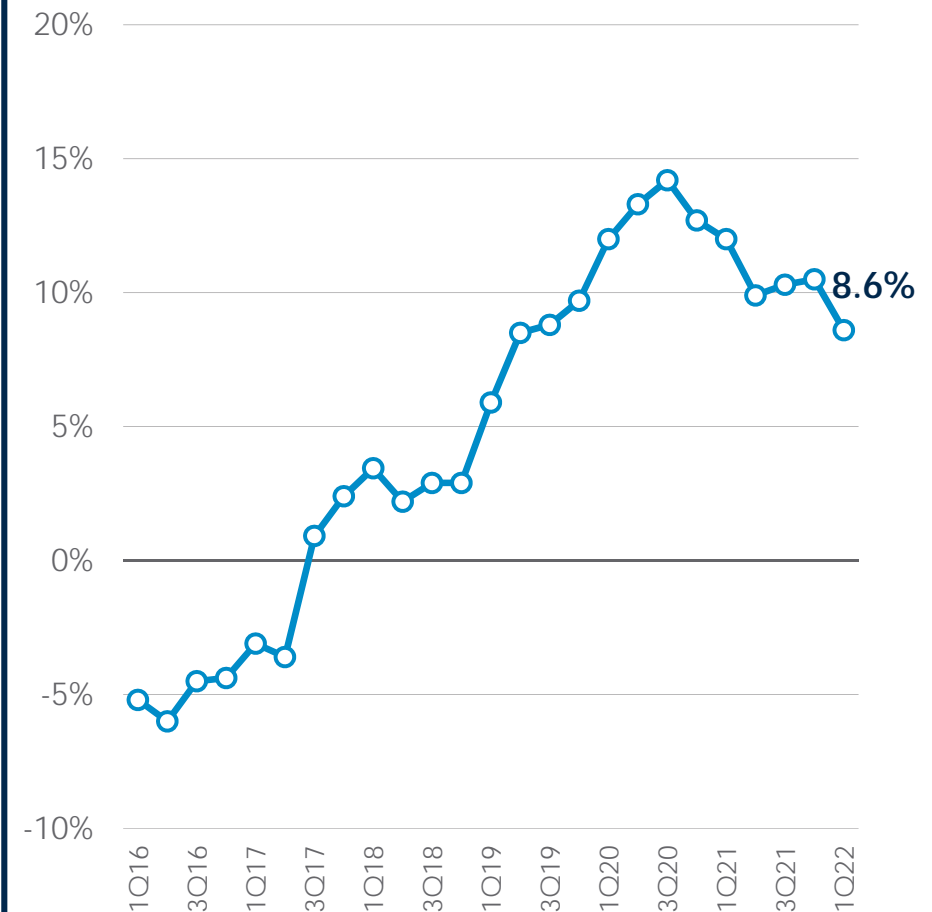
Perspectives on Commercial Property

U.S. Commercial Property Premium

- The market is providing a wide array of results depending on the class of business, loss history, CAT exposure, deductible amount, and position of capacity on the program.
- Updates to property valuations and inflation pressures continue to be top of mind in this market.
- In response to tough reinsurance renewals this year, many insurers are taking more of the risk "net". As a result, the rating for CAT exposures has increased dramatically while also cutting capacity. These costs are being passed on to the insured along with "replacement" of vacated limits.
- The key to leveraging these rate increases is competition. The insurers are getting binding orders with their rate increases in the marketplace, so without competition to put pressure on them due to the reality of being cut back or losing their desired capacity, the underwriters are unlikely to negotiate.
- Regardless of the line of coverage there is a push to tighten terms and conditions. Flexibility (or lack thereof) on policy wording may be an enduring consequence of the hard market.

Premium Trends: Commercial Property

Percent Change from Prior Year

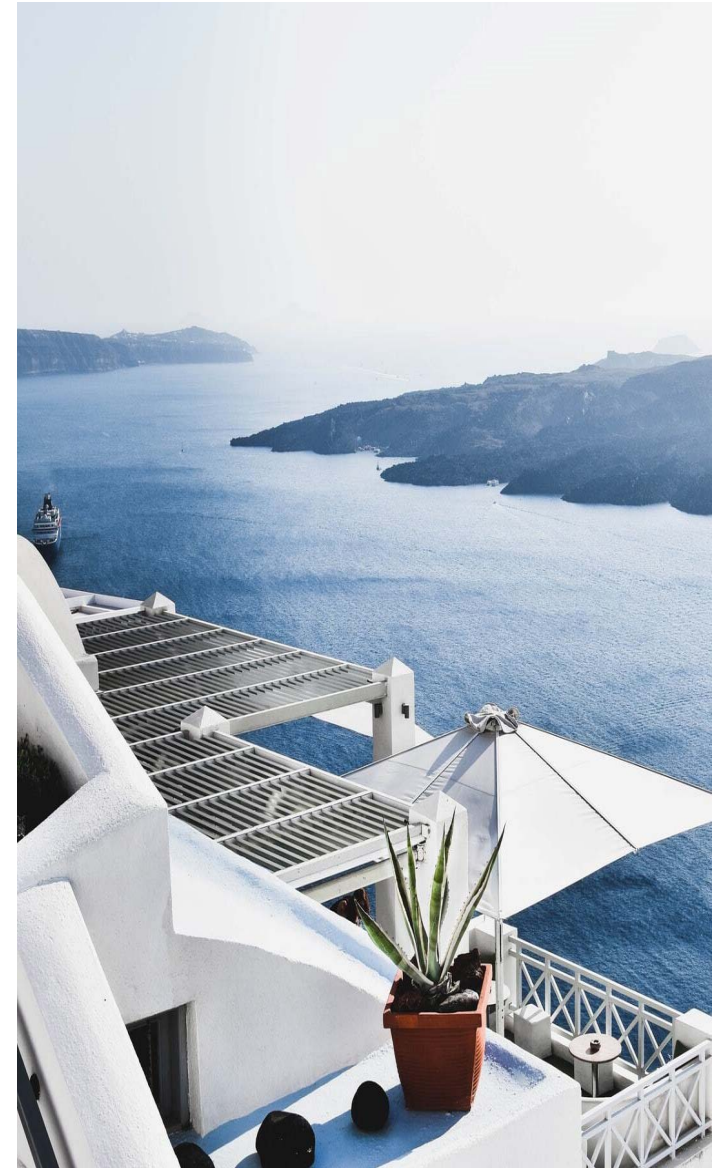


Source: Council of Insurance Agents & Brokers (CIAB) Commercial Property / Casualty Market Index

Perspectives on London & European Markets

London & European Markets

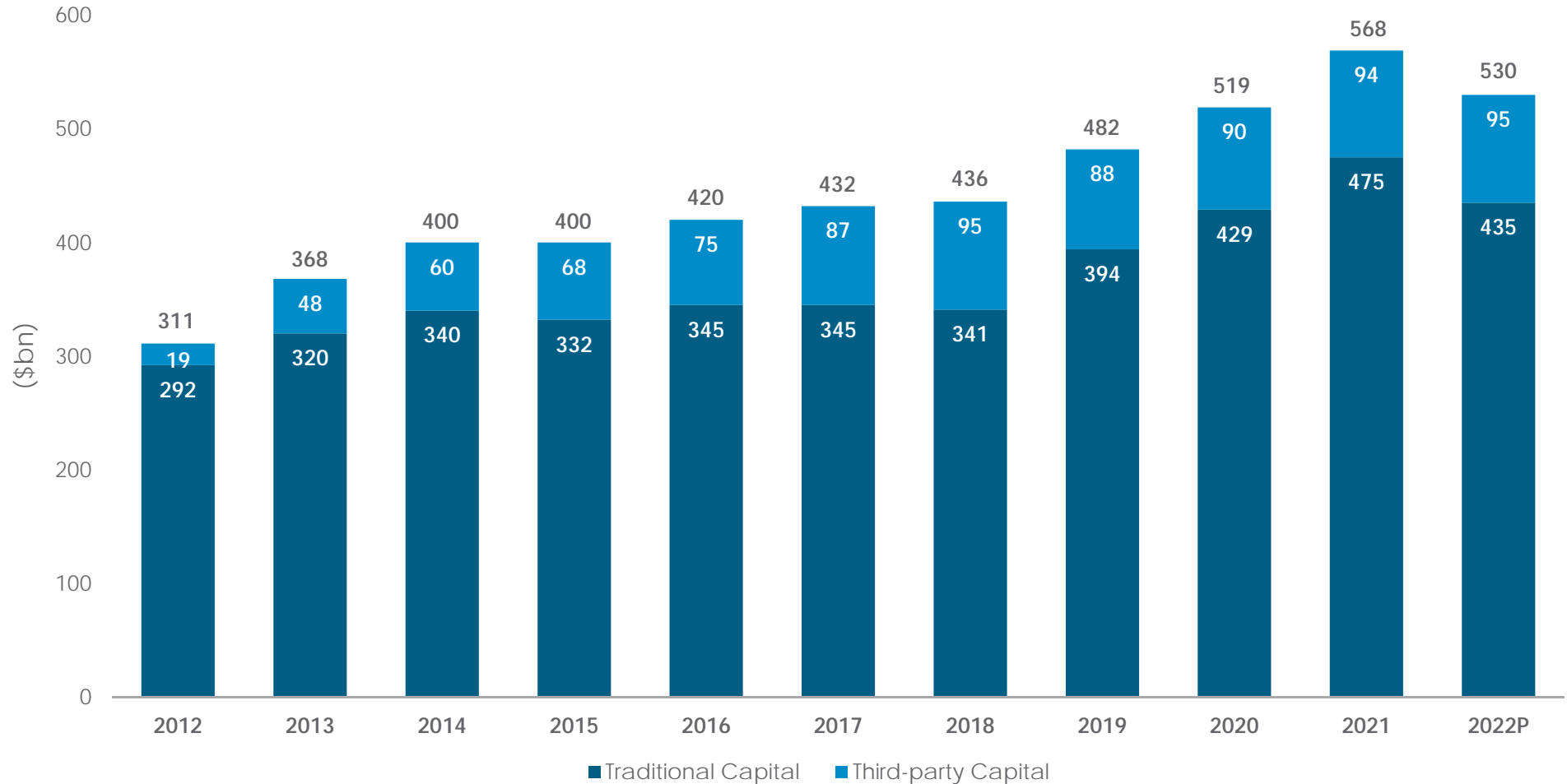
- After years of consecutive losses, driven by natural catastrophe claims and the coronavirus, Lloyds reported an overall profit in 2021 of £2.3 billion and a combined ratio of 93.5% -- the strongest performance in 6 years.
- Lloyds planned for 15% premium growth to \$43.7 billion in 2022, but are moderating this goal as a result of the rapid rise in inflation.
- Chief of markets at Lloyds, Patrick Tiernan, indicated that there would be "significant" focus on catastrophe and large loss picks in 2022 aiming to decrease volatility in underwriting results.
- Hurricane Ian expected to cost insurers \$50B - \$80B



Global Reinsurance

GLOBAL REINSURANCE

Estimated Total Dedicated Reinsurance Capital



P=Projected

Source: AM Best data and research; Guy Carpenter

Property Market Notes - Reinsurance

MONTE CARLO COMMENTARY

- 1. The Insurer:** “Spiraling inflation will mean most cedants will need to buy at least 10 percent more limit just to stand still.”
That means direct carriers will be purchasing ~\$20BN more Reinsurance coverage for US CAT property...ie: Reinsurance costs go up.
 - The dearth of capacity was most noticeable in lower layers of cat programs as reinsurers sought to move up the tower towards the tail risk and away from the frequency and attritional losses that have blighted underwriters for a number of years.
 - Capital markets volatility and higher interest rates have had the effect – at least in the short term – of reducing reinsurance industry capital
- 2. Aon’s Reinsurance Solutions:** CEO Andy Marcell sums it up as inflation, concerns over the impact of climate change on peak and secondary perils, a lack of confidence in models, stress on capital from investment volatility and the impact of the strong dollar.
 - “There’s uncertainty and when there’s uncertainty people want to charge more for that uncertainty,” he observes.
- 3. Guy Carpenter:** The firm highlighted [in pre Monte Carlo briefing] “clear capacity constraints” in property cat and retro across the global marketplace.
 - The emerging theme at the broader renewal was of reduced reinsurer appetite for cat risk, reflecting the impact of secondary perils and concerns over climate change.
- 4. Howden:** “Pressures are particularly accurate in the property-cat space, where reduced capital inflows and rising inflation, along with a succession of expensive ‘secondary’ peril losses (due in large part to climate change), have strengthened reinsurers’ resolve to demand higher returns...the property cat market is currently in the eye of a price, risk, and supply chain storm”

Sources: *The Insurer*, IBNR Weekly #36, 2022, *The Dowling Report*

Stephens Market Scorecard Fourth Quarter 2022

Management Liability

(D&O/ EPL/ Fiduciary)



- The commercial D&O market is finally starting to level off, but is still considered “firm”.
- Premium increases are still common, but the level of increase is much less than what we have seen over the past few years. Excess pricing has also calmed down after significant Rate on Line adjustments taken previously.
- Underwriters continue to look at pulling back on coverage grants added during the soft market.
- Employment practices (EPL) remains difficult as concerns around Covid issues linger.
- Excess fee litigation remains the top concern for Fiduciary Liability underwriters.
- Underwriters have heightened concerns surrounding bankruptcies and/or COVID-related impacts to insureds. Expect a more extensive underwriting & application process

Cyber



- Increasing claims (in both frequency and severity) – particularly with ransomware – continue to drive a hard market.
- The Solar Winds, Microsoft Exchange, CNA, JBS, Colonial Pipeline Co., Kaseya breaches sent a chill through the market, causing significant firming in premiums and heightened diligence in underwriting.
- Carriers are still pushing rate increases on all renewals and potential retention increases.
- Carriers are still restricting limits, with most only willing to offer \$5 million.
- Restricted capacity for ransomware coupled with co-insurance for ransomware claims is becoming common.

Perspectives on Casualty

Primary Casualty

Rate experience in the market is account specific based upon losses and exposures. 2022 is still seeing capacity constraints due to carriers wanting to limit their exposure on any single account.

General Liability: Primary GL remains flat for accounts with favorable loss histories.

Auto: Claim costs are primarily driven by distracted driving and a shortage of experienced commercial drivers.

Worker's Comp: This line of coverage remains very competitive, as a result of underwriting profitability and strong reserve adequacy. Rates, on average, are flat but individual rate experience is driven by claim activity.

Excess Casualty & Umbrella

The hard casualty market largely reflects dynamics in the excess liability space, where carriers continue to reduce limits, increase rates, and raise attachment points. After two years of significant rate increases and reductions in capacity, the market is starting to moderate.

2022 is still seeing capacity constraints in the excess market due to carriers wanting to limit their exposure on any one account.

2021 saw an uptick in capacity from new carriers and MGA/MGUs in the market. This trend will continue in 2022 at a slower pace compared to last year. However, increased capacity from these new entrants has not had a significant impact on rate.

Having competitive offers in each layer helps to keep rates competitive. We are seeing some relief in rates by partnering the lead umbrella with primary limits.

AEGIS Update

Aegis Performance in 2021. The global pandemic, the resulting volatility in the financial markets, and the disruption in the commercial insurance market created significant challenges for the Aegis members. Aegis responded with expanded limits, and supported its membership with added underwriting and loss control resources. Thanks to continued member support, Aegis gross premiums and policyholder surplus reached highest levels in the history of the company. Aegis also paid a record amount in claims. In addition, Aegis distributed \$63 million in premium credits in 2020. Strong financial performance continued in 2021. Policyholder surplus and gross premiums written reached new highs again this year, continuing a 5-year trend of 8.1% and 14.01% average annual increases, respectively. Top-line growth, underpinned by prudent underwriting and loss control, strategic capacity increases and responsible expense management, enabled us to expand amounts returned to members through premium credits while managing increased claim severity in certain areas. In addition, we built further on our strong balance sheet to be prepared to meet future member needs.

AEGIS – 2021 Annual Report

- \$2.4B Gross Written Premium (All lines) – 14% increase
- \$2.1B Policyholder Surplus – 11% increase
- \$77M Member Credits – 22% increase
- 91% Combined Ratio – increased from 89% in 2020
- 5% Mutual Expense Ratio
- \$20B Claims Paid to Policyholders since 1975
- “A” Stable – AM Best Rating
- Increased limits for Excess Liability, D&O, Property and Cyber



Source: 2021 Aegis Annual Report

EIM Update

Despite the challenges that EIM faced in 2020, the financial metrics were overall positive. EIM continued to be a stable source of capacity for its members, and in fact increased overall capacity in a market where excess insurers are pulling back.

EIM was fortunate to have established an updated three-year strategic plan, reviewed by the Insurance Advisory Committee and approved by the Board in late 2019, which runs from 2020 through 2022. The current strategic plan focuses on the Member Experience, highlighting four major objectives: Relationships, Protect the Core, Engage Progress, and Our People. While focused, in many instances, on pandemic-related priorities, EIM made progress in each of these areas during the past year.

EIM – 2021 Annual Report

- 100% renewal of existing policies (excluding M&A)
- \$1.489B Policyholder Surplus
- \$50M in Member Distributions
- 109% net loss ratio
 - *With a net expense ratio of 5%, EIM reported a 114% net combined ratio for the year, slightly above a budget of 100%*
 - *5 year average net combined ratio of 99%*
- “A” Stable – AM Best Rating



4. ACTIVITIES & ACCOMPLISHMENTS

Activities & Accomplishments

Stephens appreciates the opportunity to continue to serve Southwest Power Pool in the role of insurance and risk management advisor.

Key lines of insurance renewed with rates better than anticipated

- Aegis excess liability renewal rate at an overall rate reduction of -6% / +10% anticipated
- EIM excess liability renewal rate at a 4% rate increase / +30% anticipated. Driving factor in rate increase was Aegis' underlying reduction in annual aggregate from \$70M to \$35M
- Renewed Property Program with a +8% rate change, where +15% was anticipated and maintained a flat deductible, where most accounts are mandated a 3-5% wind deductible
- Renewed General Liability and Workers Compensation programs at a +4% rate increase where a 5-10% rate increase was anticipated

D&O Liability transition to Aegis / Extensive Marketing Efforts

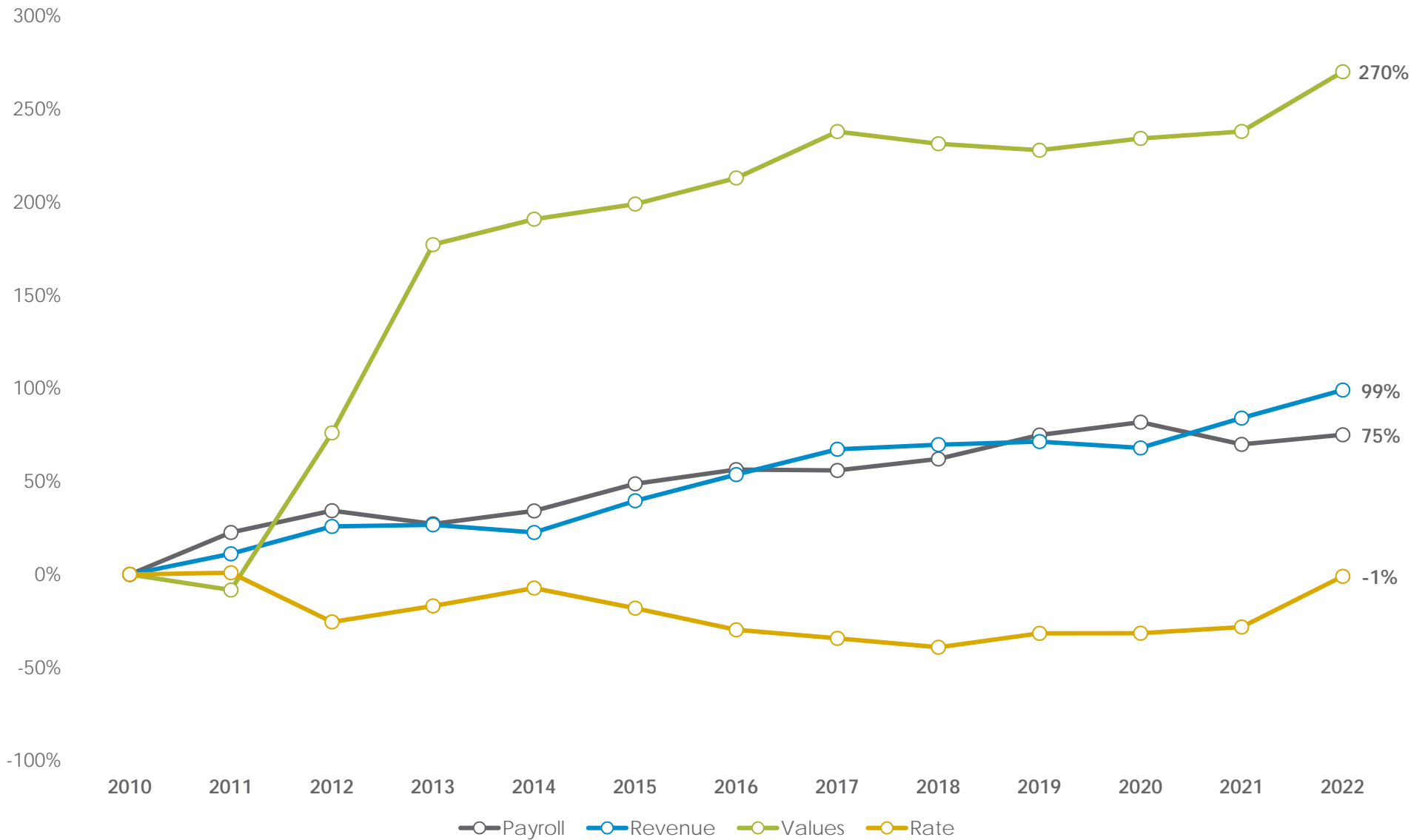
- Chubb (expiring lead D&O) and Travelers (2nd excess D&O) both non-renewed coverage
- All other incumbent D&O markets decline to provide primary limits or stacking of small limits is cost prohibitive
- Aegis offers \$30M in primary limits
- EIM offers \$30M in excess limits
- Utilizing incumbent excess markets allowed for a \$45K premium savings over EIM excess option

Aegis Conference (July 2022)

- Travel to Denver for Aegis annual policy holder conference
- Coordinated meetings with Aegis Excess underwriter, Cyber underwriter, and EIM excess underwriter

5. INSURANCE PROGRAM REVIEW

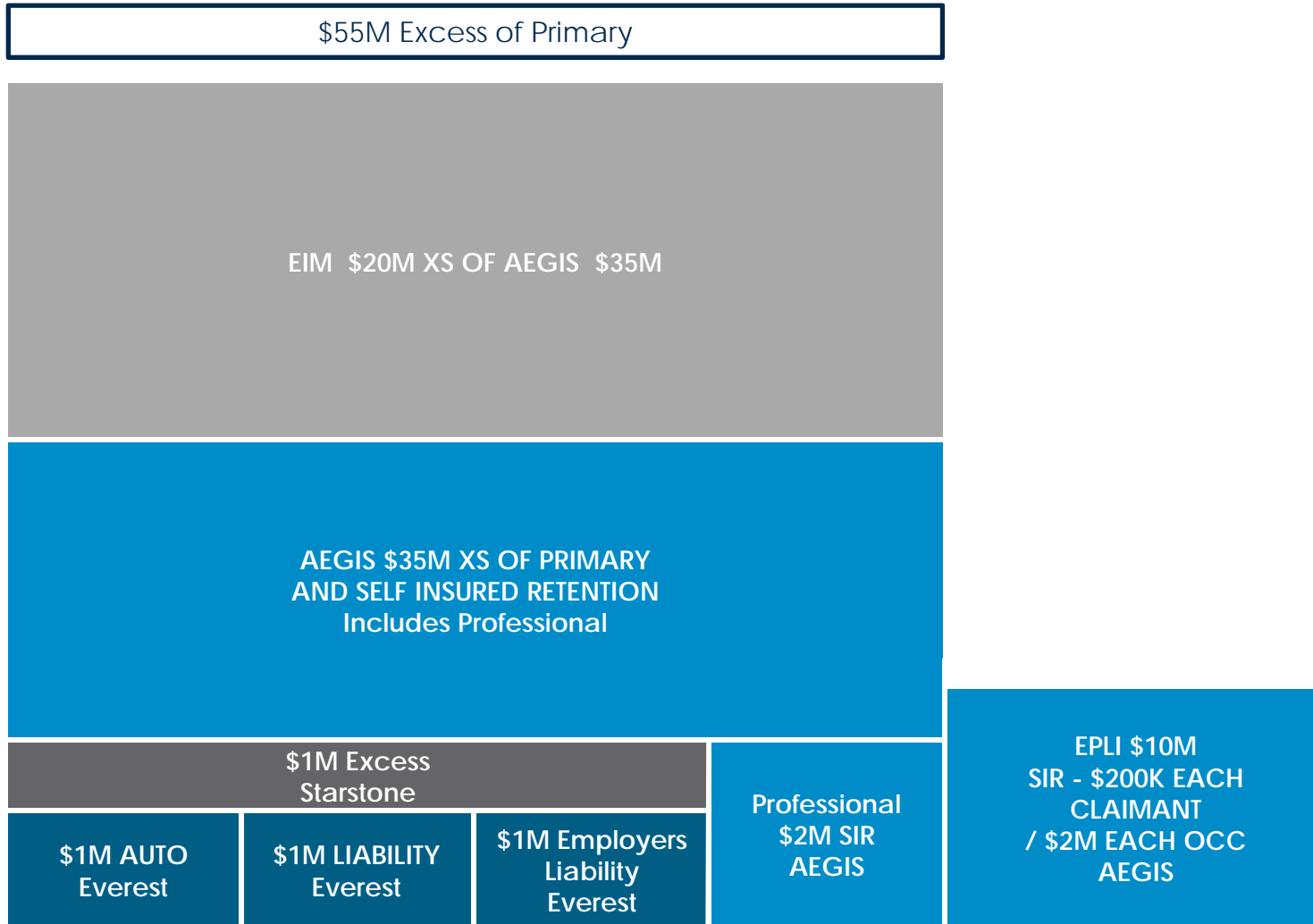
Premium Base Rate Versus Rate Change



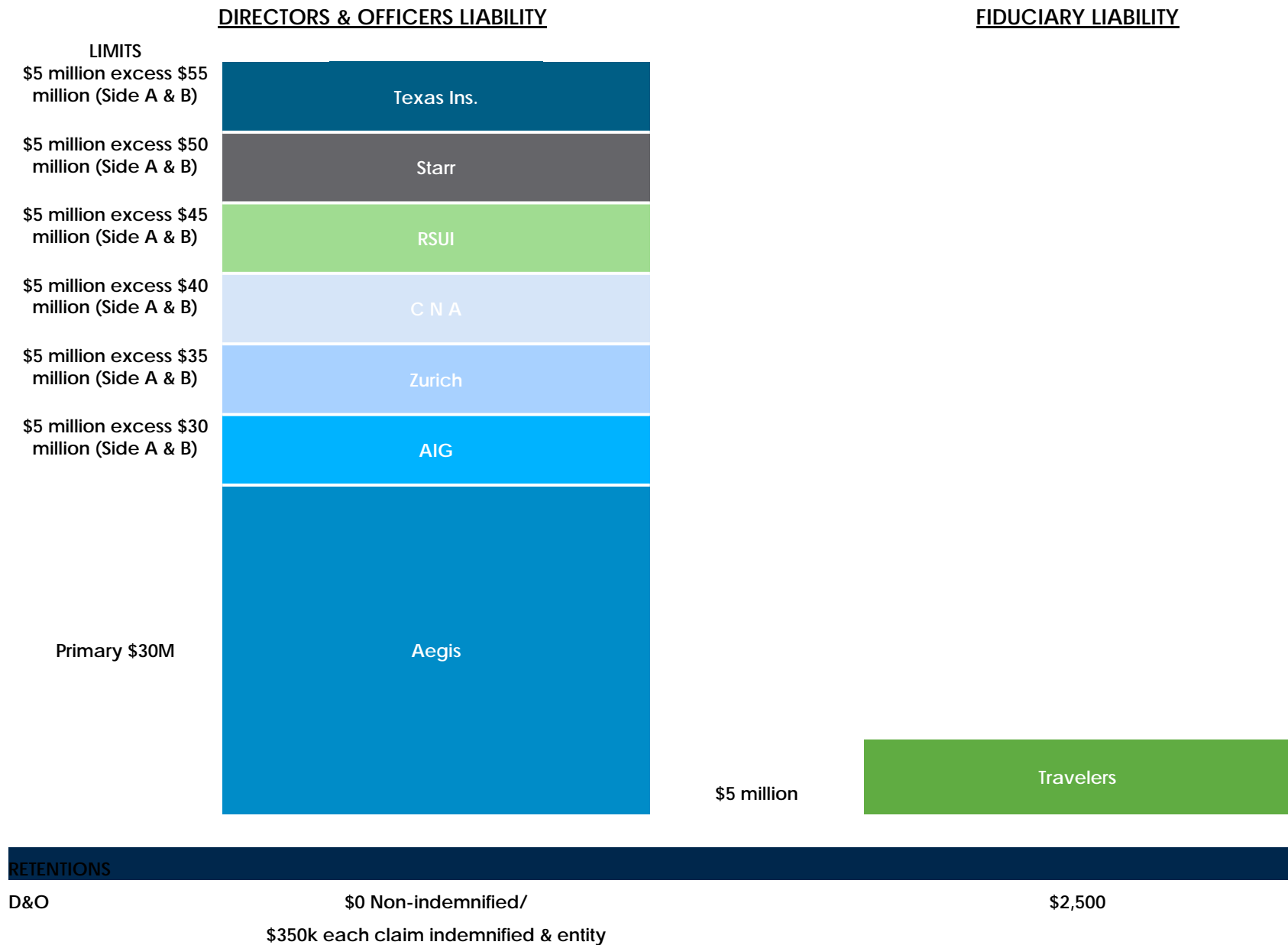
Property Limits



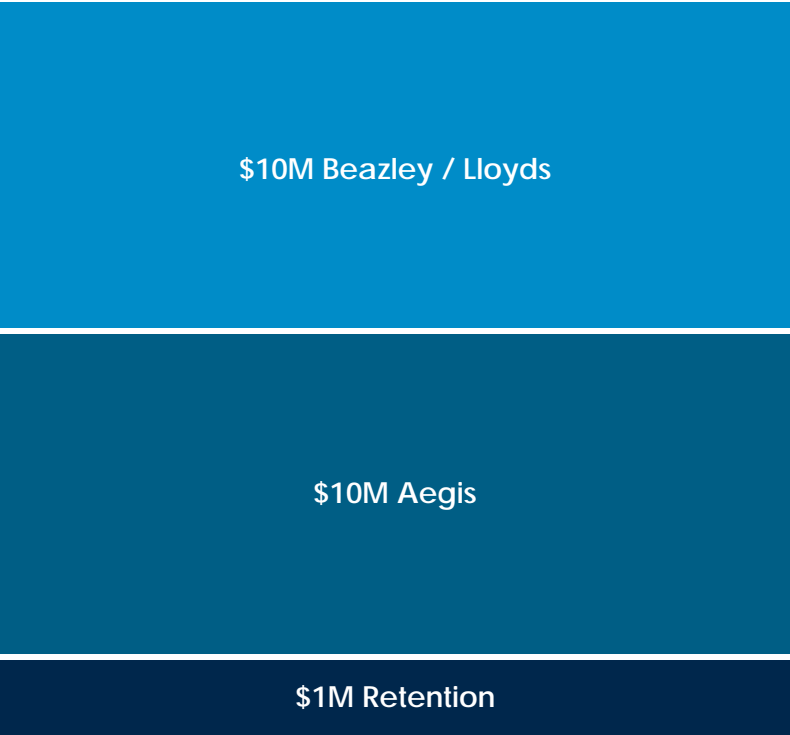
Liability Limits



D&O and Fiduciary Liability Limits

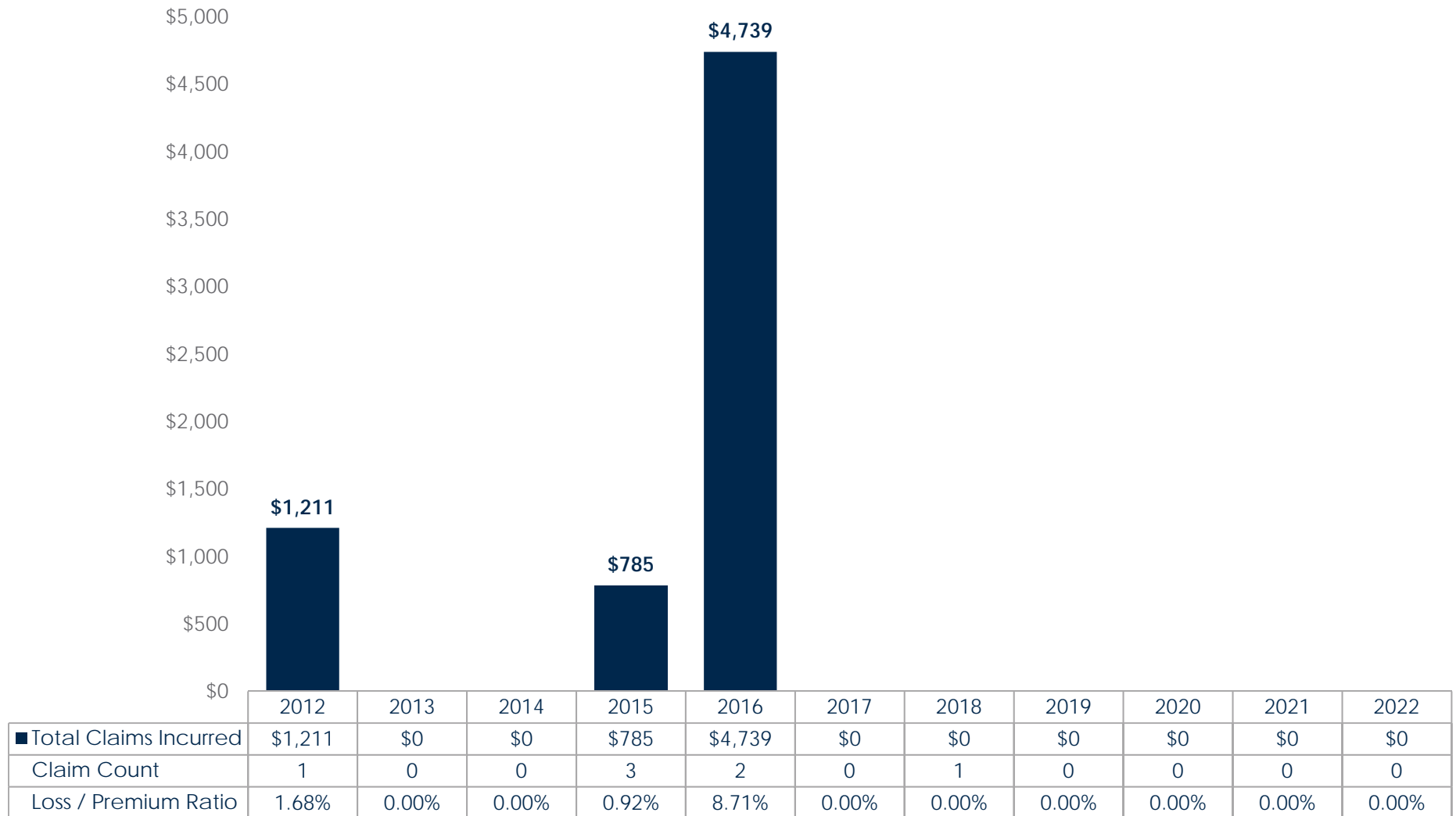


Cyber Liability Limits



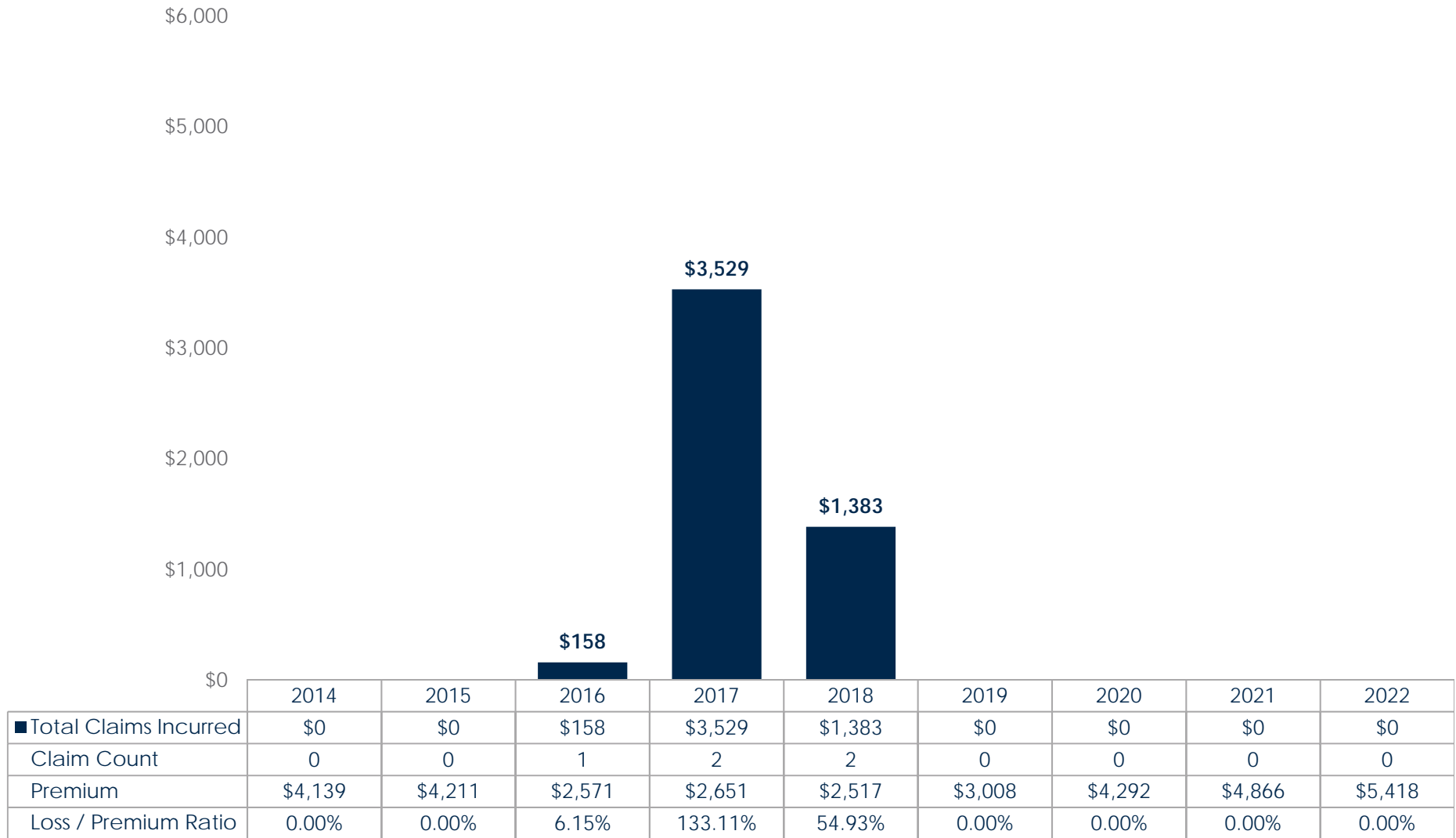
6. CLAIMS SUMMARIES

Workers' Compensation Claims Summary



Claims valued 10/27/2022

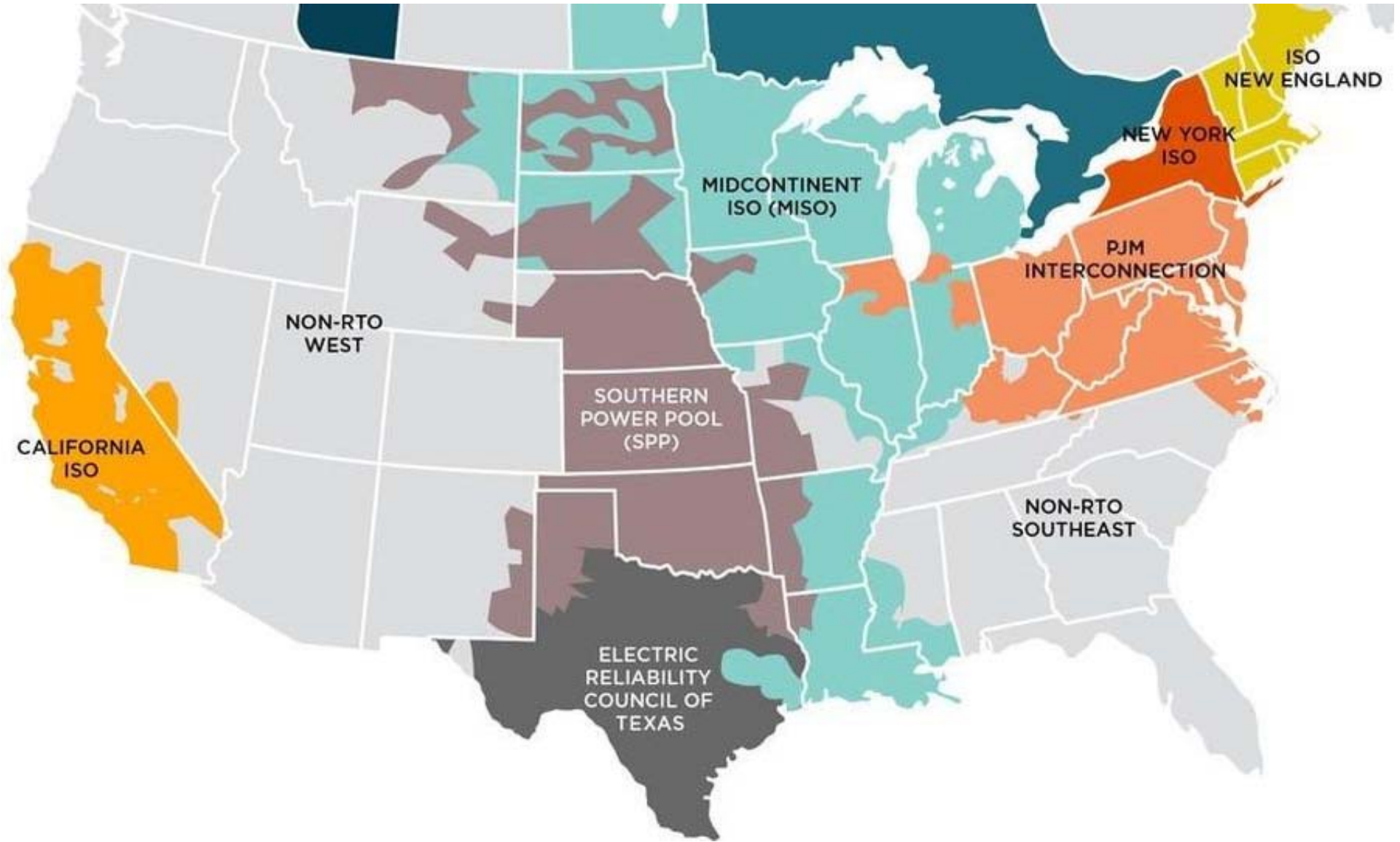
Auto Claim Summary



Claims valued 10/27/2022

7. BENCHMARKS

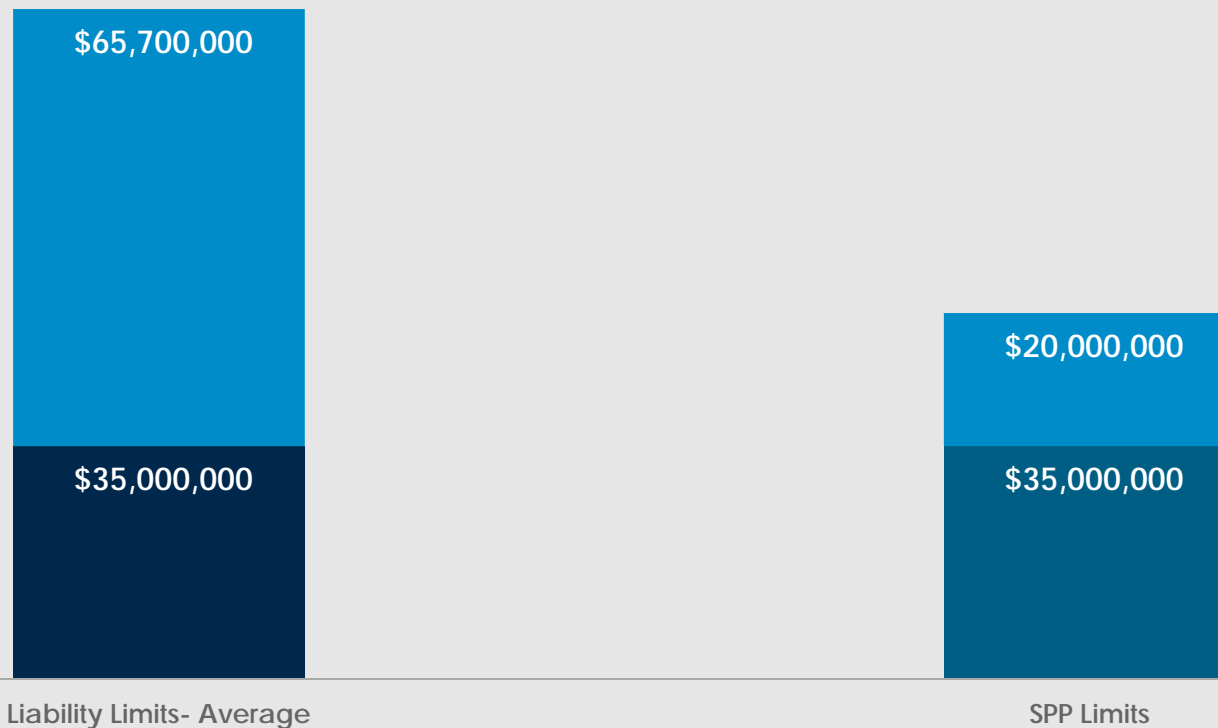
Regional Transmissions Organizations



Benchmark – Excess Liability

UMBRELLA LIMITS

Compared to AEGIS/EIM ISO/RTO Book

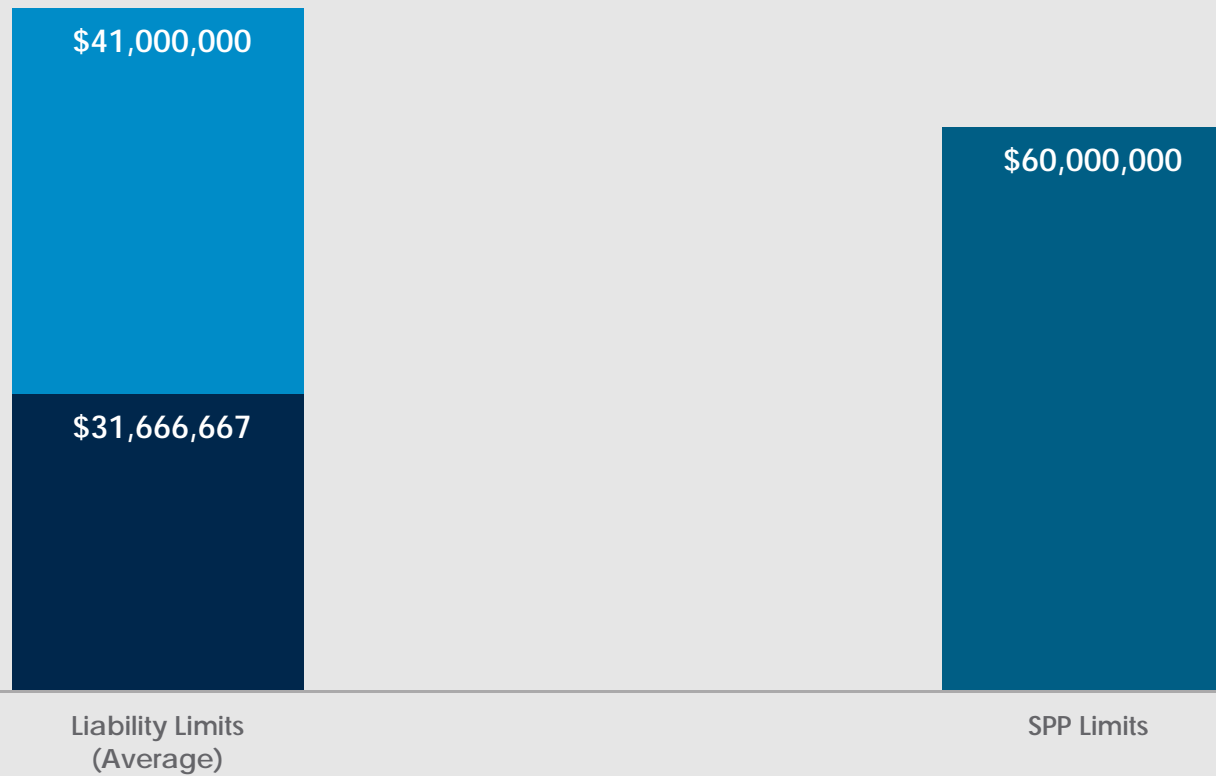


AEGIS insures all nine RTO/ISO's. Limits average \$35M in excess coverage.
EIM insures six of the nine RTO/ISO's. Limits average \$65M in excess coverage.

Benchmark – Directors & Officers Liability

DIRECTORS/OFFICERS LIMITS

Compared to AEGIS/EIM ISO/RTO Book

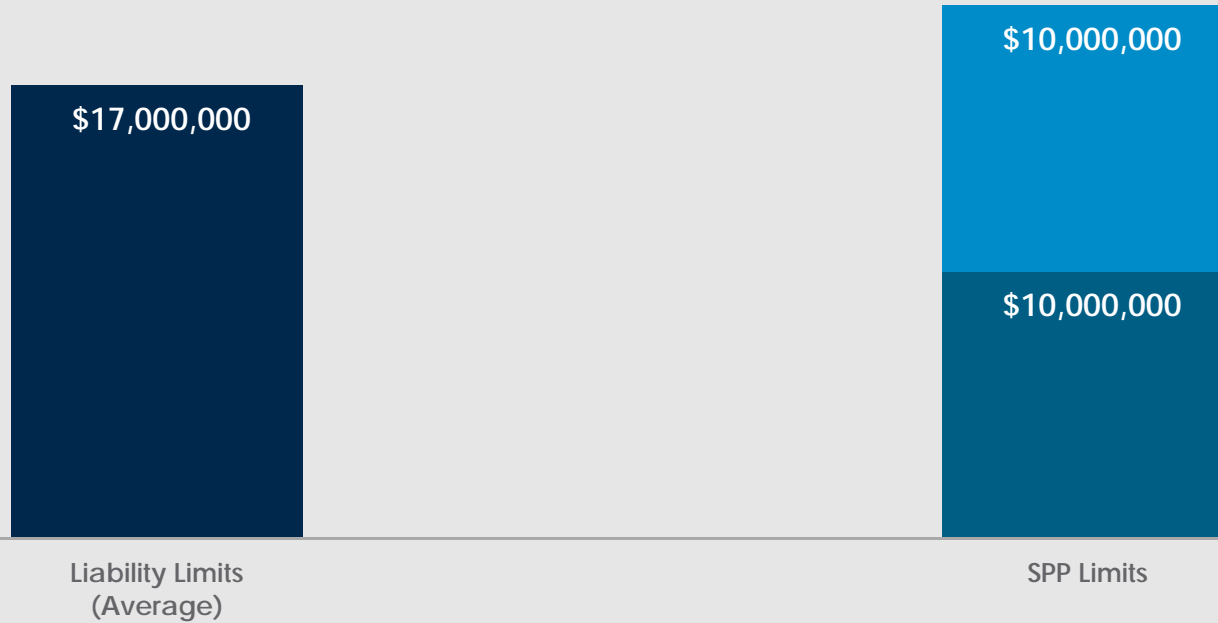


AEGIS insures three RTO/ISO's for D&O. Two buy \$35M in limits and one buys \$25M.
EIM insures four RTO/ISO's for D&O. Limits carried vary from \$25M to \$50M. The average carried is \$41M.

Benchmark – Cyber Liability

CYBER LIABILITY LIMITS

Compared to AEGIS/EIM ISO/RTO Book



AEGIS insures 5 RTO/ISO's for cyber liability. Limits average \$17M.

8. DISCUSSION TOPICS/RENEWAL PLANNING

2023 Planning & Discussion

Renewal Expectations for SPP

Workers Compensation - FLAT

General Liability +5%

Auto + 7-10%

Aegis Umbrella/Excess +15-25%

(Potential changes to Aegis failure to supply language)

EIM Umbrella/Excess +15-25%

(EIM is currently seeing 20-30% increases due to increase in claims frequency.)

Property + 10-15%

(CNA has mandated a wind/hail percentage deductible on all accounts. Underwriters have agreed to review SPP due to longtime partnership and favorable loss history)

Management Liability +5%

- Deliver Primary Proposal by March 1, 2023

Cyber Liability +30%

(Aegis indicated a potential for 30% rate increase. Marketing efforts are underway to either backup the Aegis terms or improve on pricing.)

Other Coverage Discussion

Punitive Wrap

Crime

- Traditional coverage, beyond just ERISA
- Workplace Violence
- Social Engineering Fraud

Workplace Violence / Active Shooter

Patent Infringement (Defense coverage)

All renewal expectations are based on current losses and insurance market conditions. Renewal pricing is subject to underwriting submission and review.

9. SERVICES CHECKLIST

Property & Casualty Risk Services

Claims Advocacy

- Review Certificates of Insurance
- Analyze policy language
- Aid in settlement of disputed claims

Claims Management

- Manage overall claims process with carriers
- Perform research to guard against inflation of losses
- Review of carrier handling “best practices”
- Conduct claim review sessions with casualty underwriters



Loss Control

- Assist with disaster preparedness
- Manage carrier requirement expectations
- Mock OSHA Inspections
- Conduct detailed “root cause” analysis
- Perform ergonomic assessments
- Develop underwriting risk reports

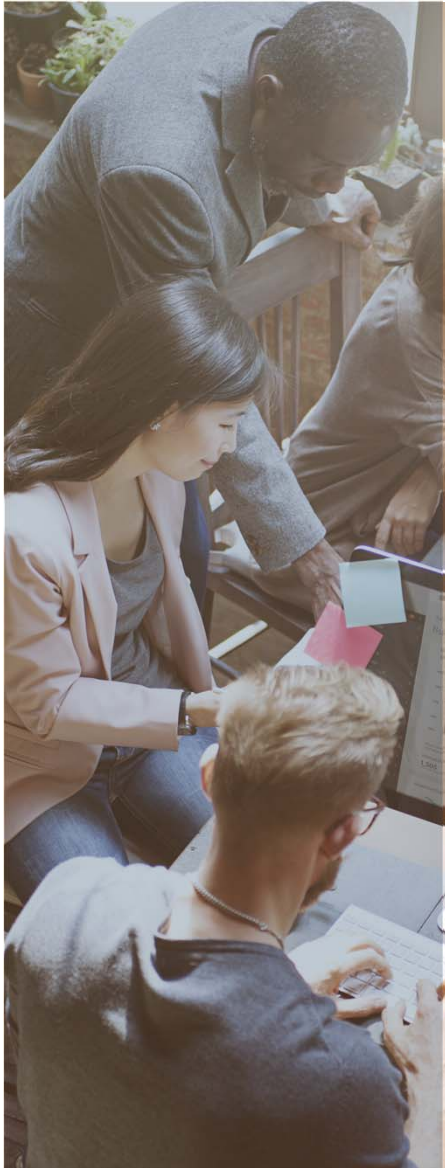
Risk Mitigation & Transfer

- Assist in avoiding risk via counterparty agreements
- Offer alternative indemnification language
- Potentially reduce client risk through limitation of liability terms
- Manage risk allocation agreements

Risk Financing Options

- Analyze retention and its effect on insurance premiums
- Generate potential outcome scenarios based on operational tendencies
- Offer self-funding or captive insurance solutions

Executive Risk Services



Directors & Officers Liability

- Securities Act of 1933 and Securities & Exchange Act of 1934
- International securities laws
- Derivative lawsuits
- Environmental laws and regulations
- Mergers and acquisitions

Employment Practices Liability

- Discrimination, retaliation, and wrongful termination
- Breach of employment contracts
- Claims by volunteers, temporary workers, or contractors
- Claims by governmental agencies

Fiduciary Liability

- ERISA violations and personal liability of fiduciaries
- E&O in administration of employee welfare plans
- Company Stock in 401(K)

Cyber Liability

- Privacy
- Network security and extortion costs
- Media liability
- Notification, credit monitoring, forensic and public relations costs

Predictive Analytics

Actuarial Loss Forecasting

Collateral Analysis

Catastrophic Modeling

Market Intelligence & Trends

Descriptive Analytics

Claims & Cause of Loss Analysis

Risk Engineering & Safety

Alternative Risk Financing Solutions

Benchmarking

Building on technology platforms for your success.

Technology-Enabled Analysis

At Stephens Insurance, we leverage technology to improve the quality and efficiency of our risk management strategy.



Succeed is a secure risk management and occupational safety solution platform used to:

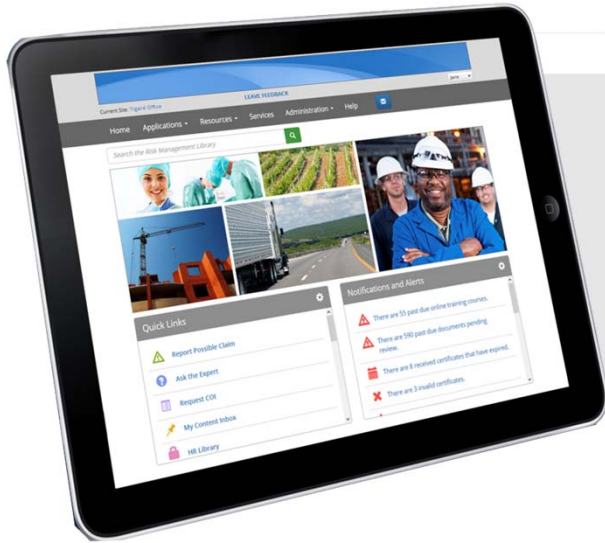
- Improve risk management, loss control and prevention, and OSHA compliance efforts and results; and
- Provide a cost-effective risk management and occupational safety center for your entire organization.



InsurLink, powered by Vertafore, is a client portal used to:

- Store records and policy information securely and encrypt documents to secure PII; and
- Provide clients with digital self-service access to their policy information from a desktop computer, smart phone, or tablet.

Succeed Risk Management Center



Introducing the **Risk Management Center**

Enhanced Risk Management Resources,
Efficiencies, and Bottom-Line Results



Reduce your claims by tracking incidents.



Organize and manage your Safety Data Sheets.



Create job descriptions and return-to-work programs easily.



Manage your certificates of insurance before a problem occurs.



Build behavior-based safety programs easily.



Maintain safe practices in your workplace.



Create and maintain audits, surveys, and questionnaires.



Track user training automatically.



ModMaster offers experience mod analysis used to:

- Present premium costs of individual workers' comp claims;
- Identify cost drivers and the impact of specific losses or policy periods; and
- Analyze trends and the impact of specific losses or policy periods.



Risk66 or Loss Forecaster is an analytical tool used to:

- Summarize historical losses and project future losses;
- Calculate incurred loss and pure loss rate;
- Complete reserve analyses to meet regulatory and financial reporting criteria;
- Define risk retention levels and policy limits;
- Create an estimated schedule of loss payments; and
- Compute the net present value of future loss payments.

QUESTIONS?

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SPP BYLAWS: SECTION 3.15

3.15 Liability, Insurance and Indemnification

For purposes of this section “SPP” refers to SPP and its officers, directors, employees or agents, and “Member” refers to the Members of SPP as defined in these Bylaws. None of the provisions of this section, including the waiver of liability in Section 3.15.1 below, absolving SPP or its Members, directors, officers, agents, employees or other representatives of liability or any provisions for insurance or indemnification apply to actions which are unlawful, undertaken in bad faith, or are the result of gross negligence or willful misconduct.

3.15.1 Waiver of Liability

- (a) SPP shall not be liable to any Member for damages arising out of or related to any directive, order, procedure, action, or requirement of SPP, under the then effective Bylaws and Criteria.
- (b) No Member shall be liable to any other Member or to SPP for damages arising out of or related to any action by the Member pursuant to any directive, order, procedure, action or requirement of SPP, under the then effective Bylaws and Criteria.
- (c) Each Member waives any future claim it might have against SPP or other Members arising out of or resulting from any directive, order, procedure, action or requirement of SPP, under the then effective Bylaws and Criteria.
- (d) SPP waives any future claim it might have against any Member arising out of or resulting from any actions taken by a Member pursuant to any directive, order, procedure, action or requirement of SPP, under the then effective Bylaws and Criteria.

3.15.2 Insurance

The President is authorized to procure insurance to protect SPP, its directors, officers, agents, employees, or other representatives against damages arising out of or related to any directive, order, procedure, action or requirement of SPP, under the then effective Bylaws and Criteria or pursuant to the OATT.

3.15.3 Indemnification of Directors, Officers, Agents and Employees

Except for actions which are unlawful, undertaken in bad faith, or are the result of gross negligence or willful misconduct, SPP shall indemnify its directors, officers, agents, employees, or other representatives to the maximum extent allowed by law consistent with these Bylaws. Each director, officer, agent, employee, or other representative of SPP shall be indemnified by SPP against all judgments, penalties, fines, settlements, and reasonable expenses, including legal fees, incurred as a result of, or in connection with, any threatened, pending or completed civil, criminal, administrative, or investigative proceedings to which the incumbent may be made a party by reason of acting or having acted in official capacity as a director, officer, agent, employee, or representative of SPP, or in any other capacity which the incumbent may hold at the request of SPP, as its representative in any other organization, subject to the following conditions:

- (a) Such director, officer, agent, employee, or other representative must have acted in good faith and, in the case of criminal proceedings, must have had no reasonable cause to believe that conduct was unlawful; provided, that SPP shall not provide indemnification of any conduct judged unlawful in criminal proceedings. When acting in official capacity, the incumbent must have reasonably believed that conduct was in the best interests of SPP, and, when acting in any other capacity, must have reasonably believed that conduct was at least not opposed to the best interests of SPP.
- (b) If the proceeding was brought by or on behalf of SPP, however, indemnification shall be made only with respect to reasonable expenses referenced above. No indemnification of any kind shall be made in any such proceeding in which the director, officer, agent, employee, or other representative shall have been adjudged liable to SPP.
- (c) In no event, however, will indemnification be made with respect to any described proceeding which charges or alleges improper personal benefit to a director, officer, agent, employee, or other representative and where liability is imposed on the basis of the receipt of such improper personal benefit.

- (d) In order for any director, agent, employee, or other representative to receive indemnification under this provision, the person shall vigorously assert and pursue any and all defenses to those claims, charges, or proceedings covered herein which are reasonable and legally available and shall fully cooperate with SPP or any attorneys involved in the defense of any such claim, charges, or proceedings on behalf of SPP.
- (e) No indemnification shall be made in any specific instance until it has been determined by SPP that indemnification is permissible in that specific case, under the standards set forth herein and that any expenses claimed or to be incurred are reasonable. These two (2) determinations shall be made by a majority vote of at least a quorum of the Board of Directors consisting solely of directors who were not parties to the proceeding for which indemnification or reimbursement of expenses is claimed. If such a quorum cannot be obtained, a majority of at least a quorum of the full Board of Directors, including directors who are parties to said proceeding, shall designate a special legal counsel who shall make said determinations on behalf of SPP.
- (f) Any reasonable expenses, as shall be determined above, that have been incurred by a director, officer, agent, employee, or other representative who has been made a party to a proceeding as defined herein, may be paid or reimbursed in advance upon a majority vote of a quorum of the full Board of Directors, including those who may be a party to the same proceeding. However, such director, officer, agent, employee, or other representative shall have provided SPP with (i) a written affirmation under oath that the incumbent, in good faith, believes the conditions of indemnification herein have been met; and (ii) a written undertaking that the incumbent shall repay any amounts advanced, with interest accumulated at a reasonable rate, if it is ultimately determined that such conditions are not met.

3.15.4 Limitations

The provisions of this section 3.15 are subject to applicable state and Federal laws, if any, which limit the ability of a Member to waive liability or enter into agreements of indemnity. Any benefits under this Section 3.15 shall not extend to any Member so limited by state or Federal law in complying with the provisions thereof.

3.15.5 Modification of Rights by Agreement

Any provision of this Section 3.15.1 may be waived or modified by express written agreement between SPP and Member. Such express written agreement shall apply solely to the subject matter of the agreement and is not intended to be a general waiver or modification of the rights provided in Section 3.15.1.

3.15.6 Procedural Rights Not Affected

The limitations of liability provided in Section 3.15.1 shall not affect any procedural rights or obligation a Member may have at law or equity.

SPP OATT: PART 1 - COMMON SERVICE PROVISIONS,

SECTION 3.15 - FORCE MAJEURE AND INDEMNIFICATION

10.1 Force Majeure:

An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider, the Transmission Owner(s), nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Liability:

- (a) The Transmission Provider shall not be liable for money damages or other compensation to any Transmission Customer or Users for actions or omissions by the Transmission Provider or Transmission Owner in performing its obligations under this Tariff or any Service Agreement thereunder, except to the extent such act or omission by the Transmission Provider is found to result from its gross negligence or intentional wrongdoing.
- (b) A Transmission Owner shall not be liable for money damages or other compensation to any Transmission Customer or Users for actions or omissions by such Transmission Owner or Transmission Provider in performing its obligations under this Tariff or any Service Agreement thereunder, except to the extent such act or omission by such Transmission Owner is found to result from its gross negligence or intentional wrongdoing.
- (c) A Transmission Customer or Users may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of the Transmission Provider or a Transmission Owner or Affiliate of either solely by

reason of their status as directors, members, shareholders, officers, employees or agents of the Transmission Provider or a Transmission Owner or Affiliate of either. Notwithstanding the foregoing, a Transmission Customer or Users shall be liable to the Transmission Provider for all amounts owed for the full term of any Service Agreement under the Tariff.

- (d) In no event shall the Transmission Provider, a Transmission Owner or any Transmission Customer or Users be liable for any incidental, consequential, punitive, special, exemplary or indirect damages, attorney's fees and costs, loss of revenues or profits, arising out of, or connected in any way with the performance or non-performance under this Tariff or any Service Agreement thereunder.

10.3 Indemnification:

The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider and Transmission Owner(s) harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's or Transmission Owner's(s') performance of obligations under this Tariff on behalf of the Transmission Customer, except in cases of gross negligence or intentional wrongdoing by the Transmission Provider or a Transmission Owner. If the Transmission Provider engages in gross negligence or intentional wrongdoing, but the Transmission Owner(s) does (do) not, that will not affect the indemnification of the Transmission Owner(s) under this Section 10.3 and vice-versa.

10.4 Further Limitation of Liability:

Neither the Transmission Owner nor the Transmission Provider shall be liable for damages arising out of services provided under this Tariff including, but not limited to any act or omission that results in an interruption, deficiency or imperfection of service, occurring as a result of conditions or circumstances beyond the control of the Transmission Owner or Transmission Provider, as applicable, or resulting from electric system design common to the domestic electric utility industry or electric system

operation practices or conditions common to domestic electric utility industry. Transmission Owners shall not be liable for acts or omissions done in compliance or good faith attempts to comply with directives of Transmission Provider.

10.5 Transmission Provider Recovery:

To the extent that the Transmission Provider is required to pay any money damages or compensation or pay amounts due to its indemnification of any other party, the Transmission Provider shall be allowed to recover any such amounts (subject to crediting all amounts recovered by Transmission Provider through insurance or through any indemnification it receives) under Schedule 1-A of this Tariff as part of the Administrative Charges, provided that the cap in Schedule 1-A shall not apply to or prohibit the recovery of these amounts.

10.6 Limitation on Claims:

Except as otherwise specified in Section 7.1 of this Tariff or Sections 10.1 or 10.3 of Attachment AE to this Tariff, or as may be required to comply with the requirements of this Tariff or applicable Commission directives:

- (a) No claim seeking an adjustment in the billing for any service, transaction, or charge under the Tariff may be asserted if more than two years has elapsed since the first date upon which the billing for that week or month occurred. The Transmission Provider shall make no adjustment to billing with respect to any service, transaction, or charge under this Tariff if more than two years has elapsed since the first date upon which the billing for that week or month occurred, unless a claim seeking such adjustment had been received by the Transmission Provider prior to the end of the two-year period.
- (b) For claims that arose prior to the effective date of Section 10.6 of the Tariff, the claimant shall have two years from the effective date of Section 10.6 to assert such claims.



FINANCE COMMITTEE EFFECTIVENESS SURVEY

DIANNE BRANCH

JANUARY 19, 2023

*Working together to responsibly and economically
keep the lights on today and in the future.*



SouthwestPowerPool



SPPorg



southwest-power-pool

SURVEY SUMMARY DATA

Finance Committee	2022	2021	2020	2019	2018	2017	2016
Number of members	10	9	6	8	7	7	7
Number of responses	9	6	5	7	6	5	6
Response rate	90%	67%	83%	88%	86%	71%	86%
Overall effectiveness score	4.6	4.5	4.5	4.7	4.7	4.8	4.7
Lowest score	4.1	4.0	3.9	4.4	4.4	4.2	
Highest score	4.9	4.8	4.7	5.0	5.0	5.0	

MEMBERSHIP INFORMATION

Question	Average Score						
	2022	2021	2020	2019	2018	2017	2016
The agenda reflects the actions to be taken during the meeting.	4.9	4.7	4.6	5.0	4.7	4.8	4.8
Meeting materials are provided in a timely manner.	4.6	4.4	4.8	4.9	4.8	4.6	4.5
The information provided prior to the meeting is utilized during the meeting.	4.7	4.5	4.4	4.8	4.7	4.2	4.3
The information presented in meetings is clear.	4.8	4.5	4.6	4.7	4.7	4.2	4.3
Meeting minutes are an accurate reflection of the meeting.	4.8	4.7	4.2	4.6	4.7	4.8	4.5
Membership represents the diversity of the SPP organization.	4.1	4.0	4.6	4.4	4.4	4.6	4.3
Membership has the necessary expertise and/or skills to accomplish its goals.	4.4	4.2	4.8	4.6	5.0	5.0	4.8

MEMBERSHIP INFORMATION...CONT'D

	2022	2021	2020	2019	2018	2017	2016
Members come prepared to meetings.	4.4	4.2	4.4	4.4	4.5	4.5	4.3
Members are committed to participate and accomplish the group's goals.	4.9	4.2	4.6	4.7	4.5	4.6	4.5
Members are supportive and respectful of the individual needs and differences of group members.	4.9	4.3	4.4	4.6	4.7	5.0	4.8
Members are engaged during the meeting.	4.6	4.5	4.4	4.4	4.8	4.8	4.5
Decisions are identified and action is recommended.	4.6	4.7	4.6	4.9	4.7	4.6	4.2
Facilitation is sufficient to guide discussion.	4.7	4.5	4.4	4.6	4.7	4.6	4.3
The use of technology (i.e. WebEx) to facilitate virtual meetings is effective.	4.2	4.3	4.2				
Dissenting voices are heard.	4.6	4.5	4.4	4.7	4.7	4.6	4.7
I depart with a feeling that we have accomplished something.	4.4	4.3	4.6	4.6	4.4	4.6	4.3

CHAIR FEEDBACK

	2022	2021	2020	2019	2018	2017
The chair seeks input, and organizational group members are able to influence key decisions and plans.	4.6	4.5	4.0	4.6	4.4	4.6
The chair is supportive and respectful of the individual needs and differences of group members.	4.7	4.8	4.6	4.5	4.8	4.6
The chair keeps the group on task to achieve appropriate outcomes.	4.3	4.8	4.4	4.6	4.8	4.8
The chair ensures follow-through on questions and commitments.	4.4	4.5	4.2	4.6	4.6	4.8

RECOMMENDATIONS FOR IMPROVEMENT AND/OR SPP'S OVERALL ORGANIZATIONAL GROUP STRUCTURE

- Suggestion to review annual responsibilities of the Finance Committee and determine appropriate content level for board level committee meetings
- Continuous improvement of materials and pre-education of members on key financial factors.
- Suggestion to track employee time for particular initiatives/work products and potentially tie back to the strategic roadmap and/or impact analysis to help justify resource needs.
- Suggestion for more discussion on specific cost changes that relate to high priority initiatives in order to tie the stakeholder group decisions to the budget.

RECOMMENDATIONS FOR IMPROVEMENT AND/OR SPP'S OVERALL ORGANIZATIONAL GROUP STRUCTURE...CONT'D

- Suggestion for more discussion with the HR committee to bridge the gap on some discussions within the Finance Committee since employee costs are the most significant part of the budget.
- Recommendation for more in-person regular meetings.
- Recommendation for improvements on onboarding of new members.

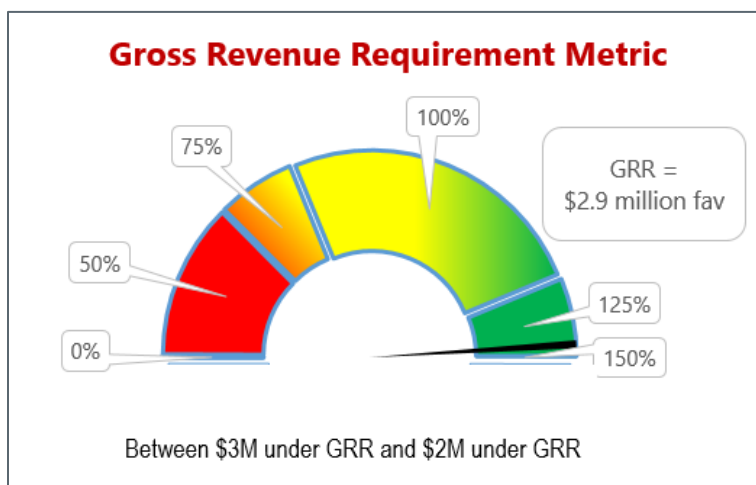


MONTHLY FINANCIAL REPORTING PACKAGE

NOVEMBER 2022

Prepared by SPP Accounting Department

Executive Summary November 2022



2022 Cost Recovery

As of November 30, 2022

(\$ millions)

GRR / NRR Summary	Forecast	Budget	Fav/(Unfav)
Total RTO operating expenses	\$207.3	\$209.2	\$1.8
LESS FERC assessment (Schedule 12)	(27.2)	(27.2)	(0.0)
LESS Depreciation (non-cash)	(16.2)	(16.5)	(0.3)
LESS Pension & other adjustments	(3.8)	(5.9)	(2.1)
PLUS Debt service & interest	34.5	34.5	0.1
NET Contract services adjustments	(5.5)	(2.0)	3.5
Gross Revenue Requirement	\$189.1	\$192.0	\$2.9
Revenues & other adjustments			
Eng studies revenues	(15.8)	(17.8)	(2.0)
Other revenues	(3.1)	(2.0)	1.1
Capital expenditure reserve	3.6	3.6	-
Run-Rate Net Revenue Requirement	173.7	175.8	2.1
Prior year (over)/under recovery	(3.3)	0.6	3.9
Net Revenue Requirement	170.4	176.3	5.9
Tariff admin fee revenue	(185.7)	(176.3)	9.3
Over / (Under) Cost Recovery	\$15.3	(\$0.0)	\$15.3

The over recovery is primarily driven by the net favorable impact of revenues associated with Schedule 1-A tariff and WRAP and an increase in the 2021 actual cost recovery as compared to what was assumed in the 2022 budget.

Southwest Power Pool

2022 Financial Commentary

As of November 30, 2022

(in thousands)

SPP RTO			Contract Services			Total SPP		
2022 FY Forecast	2022 FY Budget	Variance Fav/(Unfav)	2022 FY Forecast	2022 FY Budget	Variance Fav/(Unfav)	2022 FY Forecast	2022 FY Budget	Variance Fav/(Unfav)

Summary of Net Income / (Loss)								
--------------------------------	--	--	--	--	--	--	--	--

Revenues	\$230,497	\$221,516	\$8,982	\$15,279	\$9,683	\$5,596	\$245,776	\$231,198	\$14,578
Expenses	211,488	215,260	3,772	8,662	7,151	(1,510)	220,150	222,412	2,262
Net Income/(Loss)	<u>\$19,009</u>	<u>\$6,255</u>	<u>\$12,754</u>	<u>\$6,617</u>	<u>\$2,532</u>	<u>\$4,086</u>	<u>\$25,627</u>	<u>\$8,787</u>	<u>\$16,840</u>

Summary of Operating Revenues								
-------------------------------	--	--	--	--	--	--	--	--

Tariff Administrative Service	\$185,660	\$176,347	\$9,312	\$0	-	\$0	\$185,660	\$176,347	\$9,312
Fees & Assessments	27,502	25,975	1,526	-	-	-	27,502	25,975	1,526
Contract Services Revenue	150	68	82	15,279	9,683	5,596	15,429	9,751	5,678
Engineering Studies Revenue	15,837	17,810	(1,973)	-	-	-	15,837	17,810	(1,973)
Other Revenues	1,349	1,315	34	-	-	-	1,349	1,315	34
Total Operating Revenues	<u>\$230,497</u>	<u>\$221,516</u>	<u>\$8,982</u>	<u>\$15,279</u>	<u>\$9,683</u>	<u>\$5,596</u>	<u>\$245,776</u>	<u>\$231,198</u>	<u>\$14,578</u>

The annual billing determinants assumed in the 2022 budget for Tariff Administration Service revenues were based on actual data from August 2020 - July 2021. The forecast for Schedule 1-A1 transmission service is based on actual data from January - December 2021. Higher monthly average coincident peaks for August to December 2021 of approximately 3.4% contributes to the increase in Schedule 1-A1 transmission revenues as compared to the budget. Energy flows in the market are difficult to predict. Higher energy flows of approximately 9% result in higher 1-A market revenues that also contribute to the favorable variance.

The favorable variance in Contract Services Revenue is primarily related to Western Resource Adequacy Program (WRAP) which was not included in the original budget since the agreement was finalized after the budget was approved. In addition, although the RC West rate assumed in the budget was lower for 2022, RC West members voted in late 2021 to keep the rate equal to 2021 in order to utilize the excess to accelerate payoff of the implementation related debt. Fees associated with new participants in the WEIS market also contribute to the increase in revenues.

Engineering Studies Revenue consists of revenues for pass-thru consulting expenses and for SPP staff time, both of which trail budget as a result of higher internal turnover impacting the ability to manage the consultant workload. The majority of the variance is attributed to lower pass-thru revenues that do not impact the NRR since the unfavorable revenue variance is directly offset by lower reimbursed expenses.

Other Revenues primarily include revenues associated with various sources such as pass-thru consulting costs and staff time for the Order 1000 transmission owner selection process, joint operating agreement fees, miscellaneous rebates, reserve sharing, and circuit reimbursements.

Southwest Power Pool
2022 Financial Commentary
As of November 30, 2022
(in thousands)

	SPP RTO			Contract Services			Total SPP		
	2022 FY	2022 FY	Variance	2022 FY	2022 FY	Variance	2022 FY	2022 FY	Variance
	Forecast	Budget	Fav/(Unfav)	Forecast	Budget	Fav/(Unfav)	Forecast	Budget	Fav/(Unfav)
Summary of Expenses									
Salary & Benefits	\$114,159	\$109,938	(\$4,220)	\$5,486	\$4,461	(\$1,026)	\$119,645	\$114,399	(\$5,246)
Assessments & Fees	27,230	27,246	16	-	-	-	27,230	27,246	16
Maintenance	15,878	17,900	2,022	453	324	(129)	16,331	18,224	1,893
IT Communications	4,498	4,665	167	429	485	56	4,927	5,150	223
Services & RSC	13,869	15,510	1,642	728	297	(431)	14,596	15,807	1,211
Services Reimbursed	8,300	10,230	1,930	-	-	-	8,300	10,230	1,930
Administrative	5,798	5,531	(267)	1	2	1	5,799	5,533	(266)
Travel & Meetings	1,416	1,646	230	33	57	24	1,448	1,703	254
Depreciation	16,173	16,495	323	1,326	1,292	(34)	17,499	17,787	288
Total Operating Expenses	207,319	209,161	1,841	8,456	6,918	(1,538)	215,775	216,079	303
Interest Expense	6,788	6,840	52	205	233	28	6,993	7,073	80
Other (Income)/Expense	(2,619)	(740)	1,879	-	-	-	(2,619)	(740)	1,879
Net Other (Income)/Expense	4,169	6,100	1,931	205	233	28	4,374	6,333	1,958
Total	\$211,488	\$215,260	\$3,772	\$8,662	\$7,151	(\$1,510)	\$220,150	\$222,412	\$2,262

Salary & Benefits are unfavorable to budget mainly due to compensation changes approved by the SPP board of directors to address rising inflation and to remain competitive in the market. Additionally, vacancy declined after peaking earlier in the year due to implementation of aggressive hiring practices and staffing of several positions not contemplated in the 2022 budget. Vacancy levels are approximately 2% (as compared to the 3.5% budget assumption). Favorable valuation adjustments on deferred compensation programs have partially offset the increased expenses in this area.

The favorable variance in Maintenance is primarily driven by the deferral of corporate and departmental projects that were expected to result in incremental maintenance costs.

The net favorable variance in Services & RSC is due to offsetting factors in numerous areas, most notably due to IT project delays and lower engineering staff augmentation.

Services Reimbursed represents consulting costs directly offset by revenues (with no impact to the NRR). These expenses (and offsetting revenues) trail budget as a result of higher turnover which impacts the ability to manage the workload.

Items recorded in Other (Income)/Expenses include swap valuation, investment income, unrealized gain/loss on investments, and other miscellaneous income and expense amounts. These expense and income items are highly unpredictable and therefore are not included in the budget except for certain expenses related to the non-service portion of pension costs. SPP is taking advantage of the rising interest rates and earning much higher yields than in previous years on its excess cash and treasury investments thus resulting in the net favorable variance.

Southwest Power Pool
2022 Monthly Financial Overview
As of November 30, 2022
(in thousands)

	Actual Jan-22	Actual Feb-22	Actual Mar-22	Actual Apr-22	Actual May-22	Actual Jun-22	Actual Jul-22	Actual Aug-22	Actual Sep-22	Actual Oct-22	Actual Nov-22	Forecast Dec-22	FY 2022 Forecast	FY 2022 Budget	Variance Fav/(Unfav)	FY 2021 Actual	Variance Fav/(Unfav)
Revenues																	
Tariff Administrative Service	\$11,758	\$14,658	\$16,545	\$13,903	\$14,240	\$17,027	\$16,439	\$16,654	\$17,370	\$13,826	\$13,687	\$19,553	\$185,660	\$176,347	\$9,312	\$152,298	\$33,362
Fees & Assessments	2,232	1,786	1,658	2,260	2,039	2,286	2,575	2,997	2,858	2,403	2,124	2,285	27,502	25,975	1,526	21,152	6,350
Contract Services Revenue	900	829	1,269	1,312	1,312	1,312	1,554	1,388	1,388	1,388	1,388	1,388	15,429	9,751	5,678	10,717	4,712
Engineering Studies Revenues	759	834	1,650	1,151	961	963	1,418	1,311	2,794	1,289	1,156	1,550	15,837	17,810	(1,973)	12,462	3,375
Other Revenues	76	142	69	96	262	242	66	73	85	94	69	74	1,349	1,315	34	1,633	(284)
Total Operating Revenues	15,725	18,248	21,192	18,722	18,813	21,830	22,052	22,423	24,496	19,001	18,424	24,850	245,776	231,198	14,578	198,262	47,514
Expense																	
Salary	5,968	5,967	6,089	6,302	9,373	6,285	6,380	6,471	6,400	6,420	6,533	6,483	78,670	72,405	(6,265)	70,727	(7,943)
Benefits & Taxes	3,052	3,045	3,659	2,933	3,995	3,185	3,682	3,307	3,018	3,487	3,547	3,449	40,361	41,358	998	42,190	1,829
Continuing Education	10	13	6	21	55	51	91	45	48	39	94	141	614	636	22	351	(264)
Salary & Benefits	9,030	9,024	9,754	9,256	13,422	9,520	10,153	9,823	9,467	9,947	10,175	10,072	119,645	114,399	(5,246)	113,267	(6,378)
Assessments & Fees	2,193	2,193	2,193	2,502	2,270	2,675	2,200	2,200	2,200	2,200	2,200	2,200	27,230	27,246	16	27,019	(211)
Maintenance	1,155	1,352	1,385	1,313	1,389	1,430	1,335	1,322	1,258	1,334	1,397	1,662	16,331	18,224	1,893	15,271	(1,060)
IT Communications	388	399	405	407	403	375	423	417	438	414	421	437	4,927	5,150	223	4,803	(124)
Services & RSC	821	721	1,127	1,270	1,028	1,141	1,467	1,183	2,019	887	1,040	1,894	14,596	15,807	1,211	12,298	(2,298)
Services Reimbursed	312	306	958	505	407	355	795	478	2,087	561	524	1,012	8,300	10,230	1,930	6,113	(2,187)
Administrative	490	261	936	531	255	390	467	369	958	467	381	295	5,799	5,533	(266)	5,148	(651)
Travel & Meetings	35	45	119	109	165	120	115	204	145	154	132	106	1,448	1,703	254	159	(1,289)
Depreciation	1,442	1,447	1,410	1,388	1,433	1,395	1,390	1,800	1,500	1,478	1,474	1,342	17,499	17,787	288	17,263	(236)
Total Operating Expenses	15,866	15,749	18,288	17,280	20,772	17,400	18,344	17,796	20,073	17,442	17,744	19,021	215,775	216,079	303	201,341	(14,434)
Other Income/(Expense)																	
Investment Income	5	8	23	19	16	15	22	76	138	205	241	-	769	-	769	72	697
Interest Expense	(617)	(613)	(615)	(594)	(595)	(596)	(569)	(576)	(572)	(550)	(552)	(545)	(6,993)	(7,073)	80	(7,639)	646
Change in Valuation of Swap	-	-	370	-	-	193	-	-	187	-	-	-	749	-	749	744	5
Other Income/(Expense)	(254)	(110)	73	126	192	(108)	512	85	(104)	502	516	170	1,601	740	861	2,156	(555)
Unrealized Gain on Investment	(177)	(89)	66	(253)	11	(229)	223	(120)	(254)	173	146	-	(501)	-	(501)	646	(1,147)
Net Other Income (Expense)	(1,043)	(803)	(82)	(702)	(376)	(724)	188	(534)	(605)	331	351	(375)	(4,374)	(6,333)	1,958	7,250	(11,624)
Net Income (Loss)	(\$1,183)	\$1,696	\$2,821	\$740	(\$2,335)	\$3,705	\$3,896	\$4,093	\$3,818	\$1,890	\$1,031	\$5,454	\$25,627	\$8,787	\$16,840	\$4,171	\$21,456
2022 Headcount																	
Approved Budgeted Positions	657	657	657	657	657	657	657	657	657	657	657	657	657			653	(4)
Actual Headcount (Incl. Vacancy)	626	630	638	643	640	650	656	658	663	665	665	665	650			625	(25)
Actual Positions (Excl. Vacancy)	679	679	679	679	680	680	680	680	680	680	680	680	680			654	(26)
Vacancy Run Rate	7.8%	7.2%	6.0%	5.3%	5.9%	4.4%	3.5%	3.2%	2.5%	2.2%	2.2%	2.2%	4.4%				
NRR Over / (Under) Recovery	\$1,088	\$3,748	(\$2,396)	\$2,261	(\$532)	(\$1,290)	\$4,705	\$5,090	(\$2,300)	\$2,896	\$2,238	(\$253)	\$15,254			\$3,331	\$11,924

Southwest Power Pool

Balance Sheets

As of November 30, 2022 and December 31, 2021

(in thousands)

	<u>11/30/2022</u>	<u>12/31/2021</u>	<u>Net Change</u>
ASSETS			
Current Assets			
Cash & Equivalents	\$140,589	\$111,446	\$29,143
Restricted Cash Deposits	1,188,793	740,019	448,774
Accounts Receivable (net)	55,558	138,784	(83,226)
Other Current Assets	13,988	9,809	4,179
Total Current Assets	<u>1,398,927</u>	<u>1,000,057</u>	<u>398,870</u>
Total Fixed Assets	60,164	66,653	(6,489)
Total Other Assets	4,461	9,395	(4,934)
Investments	123,622	25,680	97,942
TOTAL ASSETS	<u>\$1,587,174</u>	<u>\$1,101,785</u>	<u>\$485,389</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	\$51,360	\$119,447	(68,087)
Customer Deposits	1,275,929	740,019	535,910
Current Maturities of LT Debt	31,019	31,056	(37)
Other Current Liabilities	151,742	129,525	22,217
Deferred Revenue	6,357	7,846	(1,489)
Total Current Liabilities	<u>1,516,407</u>	<u>1,027,893</u>	<u>488,514</u>
Long Term Liabilities			
Long-Term Debt	137,967	161,139	(23,171)
Other Long Term Liabilities	41,578	41,704	(126)
Total Long Term Liabilities	<u>179,546</u>	<u>202,843</u>	<u>(23,298)</u>
TOTAL LIABILITIES	<u>1,695,952</u>	<u>1,230,736</u>	<u>465,216</u>
Net Income	20,173	4,171	16,002
Members' Equity	(128,951)	(133,122)	4,171
TOTAL MEMBERS' EQUITY	<u>(108,778)</u>	<u>(128,951)</u>	<u>20,173</u>
TOTAL LIABILITIES & EQUITY	<u>\$1,587,174</u>	<u>\$1,101,785</u>	<u>\$485,389</u>

Southwest Power Pool

Headcount Analysis

As of November 30, 2022

	Current Month Actual vs. Budget			Year End Total vs. Budget		
	Actual	Budget	Over/(Under)	2022	2022	Over/(Under)
	Nov 22	Nov 22	Budget	Total	Budget	Budget
Information Technology	178	172	6	173	172	1
Operations	165	167	(2)	171	167	4
Engineering	99	98	1	101	98	3
Process Integrity	36	37	(1)	37	37	1
Administration	59	64	(5)	60	64	(4)
Human Capital	20	15	5	18	15	3
Regulatory Policy & General Counsel	24	27	(3)	27	27	0
Market Monitoring	17	17	0	17	17	0
External Affairs & Stakeholder Relations	29	27	2	29	27	2
Contract Services	38	33	5	47	33	14
Total Positions	665	657	8	680	657	23

Total positions as of 12/31/2021	654
2022 proposed incremental positions	3
Total positions approved in 2022 budget	657
WRAP contract services positions	14
Out-of-budget engineer-in-rotation positions	3
Out-of-budget operator-in-training positions	3
Out-of-budget CIP IT position	1
Out-of-budget DEI director position	1
Out-of-budget operations director position	1
Total 2022 positions	680

Unbudgeted Report
Year to Date
As of 12/31/22

PO Number	Project Name	Scope of Work/Item Description	Total Amount	Budgeted	Unbudgeted	Notes
PO2022-1226	Fast Start Resource Logic	Implementation services for market system changes (RRs375 and 420)	\$ 783,500	\$ 168,750	\$ 614,750	(A)
PO2022-1111	IT Foundation	Red Hat High Availability and JBoss License Acquisition (6)	\$ 149,490	\$ -	\$ 149,490	(B)
PO2022-1080	IT Foundation	Services associated with migration from Documentum to BOX storage solution	\$ 159,000	\$ -	\$ 159,000	(C)
PO2022-1345	Facilities Foundation	Two CRAC unit replacements in Maumelle	\$ 140,000	\$ -	\$ 140,000	(D)
PO2022-1417	Foundation General	Cybersecurity Program Assessment Fees	\$ 225,000	\$ 50,000	\$ 175,000	(E)
PO2022-1552	Foundation General	CFO Search Engagement	\$ 218,750	\$ -	\$ 218,750	
PO2022-1573	IT Foundation	Custom maintenance and support for IM market system	\$ 375,000	\$ -	\$ 375,000	(F)
PO2022-1436	Foundation General	Engagement to assist with assessment of current governance processes	\$ 250,000	\$ -	\$ 250,000	
Multiple	EMS/CMT Upgrade	Additional funding needed to complete remaining upgrade activities	\$ 367,500	\$ -	\$ 367,500	(G)
PO2022-1734	IT Foundation	Replaces dedicated hardware at vendor location to shared cloud infrastructure	\$ 386,036	\$ -	\$ 386,036	(I)
Multiple	IT Foundation	Tableau engineer needed for development and training for tableau application	\$ 112,280	\$ -	\$ 112,280	(J)
Multiple	Winter Weather Improvements	Consulting associated with Winter Weather Event improvement efforts	\$ 167,280	\$ -	\$ 167,280	
Multiple	Engineering Foundation	External resources needed to assist with GI backlog efforts	\$ 2,186,724	\$ -	\$ 2,186,724	(H)
		TOTAL	\$ 5,520,560	\$ 218,750	\$ 5,301,810	
		LESS: Expenses Covered by Revenue	\$ 2,186,724	\$ -	\$ 2,186,724	
		Unbudgeted Not Covered by Revenue	\$ 3,333,836	\$ 218,750	\$ 3,115,086	

Notes	
A	The original SOW and Amendment 1 were reported in the 2021 report. This engagement was split between budgeted and unbudgeted portion. The original SOW for \$168,750 was Budgeted (PO2021-1575). Amendment 1 (PO 2022-1019) and 2 (PO2022-1226) for \$517,250
B	During the recent RedHat renewal process, pricing for 6 licenses were inadvertently removed along with the HA functionality . Therefore, 2022 budget did not appropriately include dollars to cover these expenses.
C	Services were originally assumed to be completed in 2021, therefore related amounts were not considered in the 2022 operating budget.
D	Purchase originally planned for 2023, but was initiated in 2022 to ensure receipt of units in the desired time frame.
E	Budget only assumed a routine maturity assessment. Upon reevaluation by Oversight Committee, the decision was made to conduct a more enhanced security assessment.
F	While this expenditure is considered out-of-budget, the IT department is projected to be roughly \$600k under budget on IT Maintenance for 2022, and therefore, is indirectly able to absorb this purchase without negative impact to the overall IT Maintenance budget.
G	The original project budget was \$3.5MM. Three additional requisitions have been submitted between June and October totaling \$367.5k to address complexities, including some necessary enhancements, not contemplated in the original vendor estimate.
H	Costs will be billed to customers. No impact to cost recovery.
I	SPP was not made aware of the need to move off dedicated hardware until September 2022. 3rd party vendor providing support for hardware was to be discontinued in near future.
J	While considered out of budget, the IT department was able to accommodate this request with offsetting reductions in other areas

Memorandum

To: Finance Committee Members

From: Dianne Branch

CC: Kaye McCarty

Date: January 26, 2023

Re: 2023 Meeting Schedule

Detailed below is a schedule for the projected meeting dates for 2023 along with suggested agenda items to be covered at the meetings.

2023

<u>Meeting Date</u>	<u>Time</u>	<u>Location</u>	<u>Agenda</u>
Jan 19, 2023	1:00–5:00	Oklahoma City, OK	Insurance, Actuary Assumptions, Charter Review
Apr 13, 2023	8 – 12:00	Virtual	2022 Financial Audit, Benefit Plan Funding
Jul 13, 2023	8:00 – noon	Omaha, NE	Mid-year Review, 2024 Operating Plan
Sept 28, 2023	8:00 – 3:00	NextEra (Juno Beach, FL)	Preliminary review of 2024 budget
Oct 19, 2023	8:00 – noon	Virtual	2024 Operating and Capital Budgets