



SOUTHWEST POWER POOL FINANCE COMMITTEE MEETING

January 16, 2025
Videoconference

MINUTES

ADMINISTRATIVE ITEMS

Finance Committee Chair, Stuart Solomon, called the meeting to order at 1:00 p.m. The following members were in attendance:

Stuart Solomon, Chair	SPP Director
Susan Certoma, Vice Chair	SPP Director
Liz Moore	SPP Director
Laura Kapustka	NPPD
Brad Cochran	OG&E
Mike Wise	Golden Spread Electric Coop
Emily Koenig	Lincoln Electric System
Matt Pawlowski	NextEra Energy Resources
Marie Gieringer	SPP Staff Secretary
Sheri Dunn	SPP Staff Secretary Assistant

Others in attendance: See attached roster.

Al Tamimi of Sunflower Electric Power Corporation was not in attendance. A quorum was present.

Minutes from the October 10, 2024 meeting were reviewed. Liz Moore made a motion to accept the minutes. The motion was seconded by Brad Cochran and approved by a unanimous voice vote.

Stuart Solomon, Finance Committee Chair, introduced Marie Gieringer and Sheri Dunn as the new staff secretary and staff secretary assistant and expressed appreciation to Dianne Branch for serving the committee in the former staff secretary role.

Marie Gieringer, SPP Director of Finance, Treasury and Credit, reviewed the action items from the October 10, 2024 meeting and provided an administrative review covering meeting notifications and registration, best practices, and Robert's Rules of Order.

2025 WORK PLAN

Stuart Solomon presented the 2025 work plan, outlining the major topics to be covered for each of the regularly scheduled meetings in 2025. Stuart noted that the first quarterly meeting will now include a formal review of the prior year's financial statements. With the inclusion of an "affordability moment" agenda item at each meeting, Stuart emphasized that affordability remains a focus of the committee. He also indicated that discussion of key budget drivers (compensation, cyber and IT) will be included as agenda items in various meetings leading up to the September 2026 budget review meeting.

COMMITTEE SCOPE REVIEW

Marie Gieringer facilitated the annual review of the Finance Committee scope document, with focused attention on the purpose statement, scope of activities, and responsibilities as distinguished by action required of the committee (approval, review and monitor, and recommend/report to the BOD, etc.). Committee representation, term duration and reporting hierarchy were also presented.

Staff identified a potential gap under the "Approve and Recommend to the Board of Directors" section of the scope document associated with the approval of budgets that don't fall under the annual budget process. The language associated with budget approval in the current scope document states, "Annually, an operating budget, capital budget and any applicable additional or materially amended annual budgets". SPP staff recommended adding this statement to the document, "As needed, any other budgets or financial matters that may impact SPP's current or future financial condition" to clearly address approvals required outside of the annual budget process.

Susan Certoma made a motion to accept the proposed scope change and Matt Pawlowski seconded the motion. The motion was approved by a unanimous voice vote. Staff noted an action item to update the scope statement and prepare a scope change recommendation for the Corporate Governance Committee for approval and subsequent submission for final approval by the SPP Board of Directors.

2024 FINANCIAL UPDATE

Dianne Branch, SPP Controller, provided a review of 2024 financials. Due to the timing of the distribution of the materials, statements were as of November 30, 2024. Dianne addressed meaningful revenue and expense variances to budget and walked through the components of

the expected 2024 over-recovery of \$11.5 million. She also reviewed details of the expected capital expenditures from the \$17.5 million approved capital pool allocation, which was expected to be \$0.4 million under budget as of November. Dianne provided updates expected for December but indicated that the results are still under scrutiny and will not be finalized until after the external audit beginning in early February.

DEFINING AFFORDABILITY

David Kelley, SPP VP of Finance and CFO, led the group discussion on defining what affordability means to SPP. The conversation focused on understanding and framing affordability in a way that reflects both the costs and benefits associated with SPP's operations and services. Key Points from the Discussion:

1. **Comprehensive Definition:** The committee emphasized the importance of a definition that considers not only the costs incurred by members and customers but also the tangible and intangible benefits provided by SPP.
2. **Cost-Benefit Analysis:** Members agreed that the integrated marketplace and other SPP's services cost/benefit analysis serves as strong evidence of the value SPP brings to its stakeholders. This analysis is largely captured in the Member Value Statement and should play a central role in defining affordability.
3. **Consensus on Value:** There was consensus that SPP delivers significant benefits to its members and customers, which must be factored into any assessment of affordability.

David will relay this feedback to attendees at the Strategic Planning Committee's Strategic Advance in March. During this session, the committee will review and incorporate these insights into the ongoing discussions about the upcoming 5-year strategic plan, which will follow the current 2026 ASPIRE strategic plan.

ACTUARY ASSUMPTIONS

Zeynep Vural, Sr. Treasury Manager, introduced staff from SPP's actuary company, Milliman. Sarah Murray, William Strange and Ryan Cook discussed recommendations for the four primary assumptions required for pension accounting and valuation: i) discount rate – staff and Milliman recommended use of a discount rate of 5.5%, ii) investment rate of return – staff and Milliman recommended remaining at 6.75% long-term rate of return, iii) rate of compensation change – staff recommended at 3.5%, which aligns with Human Resource Committee's 2025 merit increase and iv) staff and Milliman recommended continued use of the Pri-2012 mortality table. Susan Certoma made a motion to accept staff's recommendation of the actuarial assumptions. Laura Kapustka seconded, and the motion was passed by a unanimous voice vote.

ORGANIZATIONAL GROUP EFFECTIVENESS SURVEY REVIEW

Sheri Dunn presented results of the effectiveness survey in addition to some overall survey results for all stakeholder groups. Sheri discussed the scores for the various categories (meeting materials, group membership, group engagement, and group chair) and noted that all scores were agreed or strongly agree.

FUTURE MEETINGS

The next meeting of the Finance Committee will be held virtually on April 10, 2025. The major topics will include the presentation of the annual financial audit, retirement and post-retirement health plan valuation, insurance and line of credit renewal updates, 2026 budget plan update, cybersecurity highlights, and a joint session with the Human Resource Committee (HRC).

EXECUTIVE SESSION DISCUSSION ON MARKETS+ FUNDING

The purpose of the executive session was for the Finance Committee to ensure compliance with the conditions set forth by the SPP Board of Directors during their August 2024 meeting prior to securing funding for Markets+ Phase 2.

The committee unanimously approved a motion that acknowledged the conditions have been satisfactorily met and authorized SPP's President and CFO to execute financing arrangements once sufficient funding agreements have been executed and FERC authorizes SPP to enter into the additional debt financing.

ACTION ITEMS

The action item from the meetings is noted below.

SPP staff to update the scope statement and prepare a scope change recommendation for the Corporate Governance Committee for approval and subsequent submission for final approval by the SPP Board of Directors.

The meeting was adjourned at 4:15 p.m.

Respectfully Submitted,

Marie Gieringer and Sheri Dunn
Finance Committee Staff Secretaries

ATTENDANCE ROSTER

Name	Company
Antoine Lucas	SPP
Bryan Campbell SPRM	SPRM
Christine Aarnes	Sunflower
Christine Dillard	SPP
Christopher Nolen	SPP
Dave McMartin	SPP
David Holt	SPP
Dianne Branch	SPP
Don Frerking-SPP	SPP
Emily Koenig	Lincoln Electric
Geoff Lomax	SPP
Heather Starnes (MEC)	MEC
Jason Chaplin	OCC
Jason Mazigian	BEPC
Jeff Parkison (CUS)	CUS
Jennifer Pytlik	Xcel Energy
Jim Flucke - Evergy	Evergy
John Cupparo	SPP Board
Lanny Nickell	SPP
Mark Conway (WFEC)	WFEC
Michael Daly	SPP
Mike Kraft	BEPC
Mike Wise - GSEC	GSEC
Olivia Hough	City Utilities
Patrick Clarey	FERC
Pawlowski, Matt	Nextera
Rachelle Carlos AEP	AEP
Robert Pick (NPPD)	NPPD
Ross Patel	SPP
Russell Carey	SPP
Ryan Cook	Milliman
Sarah Murray	Milliman
Trent A. Campbell	OCC
Will Vestal	SPP
William Strange	Milliman
Zeynep Vural	SPP