



Southwest Power Pool, Inc.
REGIONAL ENTITY TRUSTEE MEETING
July 21, 2008
Plaza West Building – Little Rock, AR

• A G E N D A •

12:00 p.m.

1. Administrative Items Mr. John Meyer
 - a. Minutes Approval
 - b. Self Assessment Survey
2. Review of Past Action Items Mr. Charles Yeung
3. Quarterly Activity Report Mr. Ron Ciesiel
 - a. Post June 18th Violations Report
 - b. June 17, 2008 Event update
 - c. Criteria 11 Discussion [Action Item]
 - d. 2008 Critical Infrastructure Protection Standards Survey Results
 - e. RE Compliance Department Personnel Report
 - f. Other Activities
4. SPP RE Standards Development Report Mr. Charles Yeung
5. RE Training Report Mr. Charles Yeung
6. RE Budget Report Mr. Charles Yeung
 - a. Monthly Budget Tracking
 - b. Final RE Budget Status
7. Nebraska Update Mr. Michael Desselle
8. FERC Audit Mr. Michael Desselle
9. Administrative Assistant Position Status Mr. Alison Hayes
10. Summary of New Action Items Mrs. Alison Hayes
11. Future Meeting Dates and Places Mrs. Alison Hayes



**Southwest Power Pool Regional Entity
REGIONAL ENTITY TRUSTEES MEETING**

April 23, 2008

Skirvin Hotel – Oklahoma City, OK

• MINUTES •

Agenda Item 1 – Administrative Items

John Meyer called the meeting to order. Other members in attendance were: Dave Christiano and Gerry Burrows. Staff in attendance included Ron Ciesiel, Michael Desselle, Charles Yeung, and Alison Hayes (secretary). Guests included Terri Eaton, Xcel Energy; Bary Warren, Empire District Electric Company; Jim Stetson, FERC; Rich Heidorn, FERC; Adina Lauster, FERC and Arnie Quinn, FERC.

Mr. Meyer referred to draft minutes for the January 30, 2008 meeting and asked for corrections or a motion for approval (RET Minutes 1/30/08 – Attachment 1). Charles Yeung requested that the spelling of Lanny Nickell's name be corrected in Agenda Item 10. Gerry Burrows moved to approve the minutes as presented with the amendment reflected in these minutes. Dave Christiano seconded the motion, which passed unanimously.

Agenda Item 2 – Past Action Items

Alison Hayes reported on Action Items in accordance with the Status Report (Attachment 2).

Agenda Item 3 – Quarterly Activity Report

Ron Ciesiel reviewed the quarterly activity report, except confidential portions, which were covered in Executive Session. Mr. Ciesiel reported that 163 out of 164 pre-June 18th violations have completed mitigation plans. The last one has a completion date of 12/31/08. Mr. Ciesiel reported that SPP RE will begin requiring physical evidence of Pre-June 18th violations and will spot check if unsure beginning in May 2008. Mr. Ciesiel reported that the RE has closed the 2007 self-certification program with 100% response. He reported that there have been 49 post June 18th violations for calendar year 2007. Two of these violations are enforceable with potential financial penalties.

Mr. Ciesiel announced that Jim Williams has joined the SPP RE staff as of April 1, 2008. He will become a lead auditor. Mr. Ciesiel requested that one of the approved 2009 staff positions be approved for hire in 2008. He explained his reasons (Attachment 3) and after discussion, Gerry Burrows made a motion to approve an unbudgeted staff position for 2008. Dave Christiano seconded the motion and it passed unanimously.

Agenda Item 4 – SPP RE and NERC Standards Development Report

Charles Yeung reported that one SPP regional standard has been requested and presented to MOPC, which assigned it to SPCWG for scoping and drafting. The working group has had one meeting and will convene via teleconference in May. He stated that three more fill in the blank standards are coming from NERC for development through SPP processes.

Agenda Item 5 – 2008 and 2009 Budget Reports (Attachment 4)

Charles Yeung reported that in the first quarter of 2008, SPP RE was \$426,222 or 37% under budget. The RE has spent \$748,000. He stated that 3,473 man hours have been tracked which equates to 2 full time employees (FTE) per quarter or 7 FTEs per year. Mr. Yeung was asked to make a report to the Trustees in 2-4 weeks explaining why the variance in the budget is so high.



Mr. Yeung reported that the first unapproved 2009 budget draft is due to NERC by May 9, 2008. No Trustee approval is necessary. A conference call will be scheduled before the final draft is due to make any last minute changes. John Meyer requested that a footnote be added to the budget explaining that contractors are not included in the projected FTEs for 2009. The Trustees requested that the "hearing expense" reflected in the budget be moved to the legal section.

Ron Ciesiel presented an organizational chart reflecting the SPP RE compliance department proposed staffing needs (Attachment 5).

After discussion, Dave Christiano made a motion to hire an unbudgeted administrative assistant in the SPP RE in 2008. Gerry Burrow seconded and the motion passed unanimously.

Agenda Item 6 – SPP RE Training Report (Attachment 5)

Charles Yeung presented a 2007-2008 training report provided by Jim Gunnell, SPP.

Agenda Item 7 – Summary of New Action Items

Alison Hayes reviewed the summary of new action items:

- The Trustees will review the RE registered entity survey and make comments within two weeks. They will vote to approve the survey for distribution at the July meeting.
- Ron Ciesiel will modify the training report, via Jim Gunnell, to reflect non CEH (continuing education hours) activities.
- Charles Yeung will get the revised 2009 budget to the Trustees for review and the Trustees will present comments to Mr. Yeung before May 5th.

Agenda Item 8 – Discussion of Future Meetings

Alison Hayes reported that the Trustees have changed their next quarterly meeting from July 30, 2008 to July 21, 2008 due to scheduling conflicts. The meeting will be in the SPP Little Rock office beginning at 10:30 a.m.

The following meeting is scheduled for October 30, 2008.

John Meyer announced to the FERC staff in attendance that all future information pertaining to the SPP RE, in regards to the FERC audit, must go through Alison Hayes.

With no further business, the meeting was adjourned to Executive Session where personnel matters and enforceable violations were discussed.

Respectfully submitted,

Alison Hayes
Secretary



**Southwest Power Pool Regional Entity
REGIONAL ENTITY TRUSTEES MEETING
June 24, 2008
Conference Call**

1. Chairman John Meyer opened the meeting at 1:35 pm to review and approve the 2009 SPP RE Business Plan and Budget for submission to NERC. Those in attendance were John Meyer, Dave Christiano, Gerry Burrows, Scott Smith, Tom Dunn, Charles Yeung, Michael Desselle, Ron Ciesiel and Alison Hayes, secretary.
2. After discussion, the Trustees requested that Charles Yeung make the following changes to the 2009 SPP RE Business Plan and Budget:
 - a. Page 4 – add a bullet under “Primary Objectives” reflecting the enhancement of reliability assessments and performance analysis.
 - b. Page 21 – Add to footnote #6 a reference to the explanation on page 24 pertaining to changes in SPP RE meeting and travel expenses.
 - c. Page 24 – Add explanation about how \$86,000 for net conferences was accounted for under the 2008 indirect costs.
3. Gerry Burrows made a motion to approve the 2009 Business Plan and Budget with the suggested changes and submit to NERC. Dave Christiano seconded the motion. The motion passed unanimously.
4. The Trustees requested that any significant changes to the document made by NERC, be provided to them for discussion.
5. Gerry Burrows will represent SPP RE in Kansas City at the SPP Board of Directors and RFC meeting July 29-30, 2008. No other Trustees will be in attendance.
6. Chairman Meyer requested that Michael Desselle and/or Alison Hayes make a formal presentation at the July 21, 2008 SPP RE Trustee meeting, regarding the current FERC audit.

The meeting was adjourned at 2:38 pm.

Respectfully submitted,

Alison Hayes
Corporate Secretary

SPP Organizational Group Self-Evaluation/Assessment
(2007)

GROUP NAME:

CHARTER/SCOPE UPDATE: Attached Charter/Scope has been reviewed: **Y - N**

MEMBER ROSTER/ATTENDANCE:

Member	Company	Sector	# Present	# Absent

*Only on Committee for part of the assessment period.

Please list the number of members represented in the following areas:

Trans/Owners	Trans/Users

Sectors							
IOU	Coop	Muni	State/Fed	IPP/Marketer	Alt Power/Public Interest	Lg Retail	Sm Retail

AVERAGE OVERALL ATTENDANCE (INCLUDING NON-GROUP MEMBERS): _____

MEETINGS HELD TO DATE: **Live** _____ **Teleconference** _____

AVERAGE LENGTH OF MEETINGS: ____:____

NUMBER OF VOTES TAKEN: _____

*MEETING COST(S): _____

MAJOR ACCOMPLISHMENTS/ISSUES ADDRESSED BY THE GROUP:

1. **Item one...**
2. **Item two...**
3. **Item three...**

MAJOR PENDING ISSUES BEFORE THE GROUP:

1. **Item one...**
2. **Item two...**
3. **Item three...**

* Meeting costs include hotel expenses (room rental, A/V, food and beverage), estimate of teleconference expenses, and Director fees for attendance.

Agenda Item 3a

Post-June 18th 2007 Violation Status

Total Enforceable Violations Reported as of July 13, 2008: 54 Violations

Status

Initial Review Status	5 Violations
Alleged Violation and Penalty Notice Issued	36 Violations
Violation and Penalty Accepted [under RE review]	7 Violations
Violation and Penalty in Settlement	1 Violation
Confirmed Violation/Posted by NERC	<u>5 Violations</u>
Total	54 Violations

Pre-June 18th 2007 Violation Status

Status

Open Violation under approved mitigation plan	1 Violation
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Background Information for Agenda Item 3c

SPP Criteria 11 [Disturbance Reporting] was issued in December 1998 and was identified in 2007 as a candidate for revision by the SPP Operating Reliability Working Group [ORWG] and the SPP Regional Entity Staff.

The ORWG and the SPP RE staff collaborated on a revision to this Criteria [see attachment] that can be applied to all Registered Entities in the SPP RE footprint regardless if it is a member of SPP, Inc. or not. The revised Criteria includes the reporting requirements of the Registered Entities, the oversight of any required event analysis by the SPP System Protection & Control Working Group [SPCWG] and the SPP RE staff, and the monitoring of final report recommendations by the SPP RTO compliance group.

The ORWG approved the updated Criteria on July 9, 2008 and will present it to the SPP Markets & Operations Policy Committee [MOPC] for approval at its July 15-16th meeting. It will then be presented to the SPP Board of Directors for its approval at its July 29, 2008 meeting.

The action requested of the Regional Entity Trustees is to endorse the proposed Criteria 11 and direct the SPP RE staff to implement it across the SPP RE footprint after approval by the SPP Board of Directors. Please note that any changes to the attached version of the Criteria 11 approved by the SPP MOPC will be discussed at the Trustees meeting on July 21, 2008.

Requested by:
Ronald W. Ciesiel
Executive Director of Compliance
Southwest Power Pool Regional Entity

July 13, 2008

A. Introduction

1. **Title:** **Disturbance Reporting**
2. **Number:** EOP-004-1
3. **Purpose:** Disturbances or unusual occurrences that jeopardize the operation of the Bulk Electric System, or result in system equipment damage or customer interruptions, need to be studied and understood to minimize the likelihood of similar events in the future.
4. **Applicability**
 - 4.1. Reliability Coordinators.
 - 4.2. Balancing Authorities.
 - 4.3. Transmission Operators.
 - 4.4. Generator Operators.
 - 4.5. Load Serving Entities.
 - 4.6. Regional Reliability Organizations.
5. **Effective Date:** January 1, 2007

B. Requirements

- R1. Each Regional Reliability Organization shall establish and maintain a Regional reporting procedure to facilitate preparation of preliminary and final disturbance reports.
- R2. A Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator or Load Serving Entity shall promptly analyze Bulk Electric System disturbances on its system or facilities.
- R3. A Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator or Load Serving Entity experiencing a reportable incident shall provide a preliminary written report to its Regional Reliability Organization and NERC.
 - R3.1. The affected Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator or Load Serving Entity shall submit within 24 hours of the disturbance or unusual occurrence either a copy of the report submitted to DOE, or, if no DOE report is required, a copy of the NERC Interconnection Reliability Operating Limit and Preliminary Disturbance Report form. Events that are not identified until some time after they occur shall be reported within 24 hours of being recognized.
 - R3.2. Applicable reporting forms are provided in Attachments 1-EOP-004 and 2-EOP-004.
 - R3.3. Under certain adverse conditions, e.g., severe weather, it may not be possible to assess the damage caused by a disturbance and issue a written Interconnection Reliability Operating Limit and Preliminary Disturbance Report within 24 hours. In such cases, the affected Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, or Load Serving Entity shall promptly notify its Regional Reliability Organization(s) and NERC, and verbally provide as much information as is available at that

time. The affected Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, or Load Serving Entity shall then provide timely, periodic verbal updates until adequate information is available to issue a written Preliminary Disturbance Report.

- R3.4.** If, in the judgment of the Regional Reliability Organization, after consultation with the Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, or Load Serving Entity in which a disturbance occurred, a final report is required, the affected Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, or Load Serving Entity shall prepare this report within 60 days. As a minimum, the final report shall have a discussion of the events and its cause, the conclusions reached, and recommendations to prevent recurrence of this type of event. The report shall be subject to Regional Reliability Organization approval.
- R4.** When a Bulk Electric System disturbance occurs, the Regional Reliability Organization shall make its representatives on the NERC Operating Committee and Disturbance Analysis Working Group available to the affected Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, or Load Serving Entity immediately affected by the disturbance for the purpose of providing any needed assistance in the investigation and to assist in the preparation of a final report.
- R5.** The Regional Reliability Organization shall track and review the status of all final report recommendations at least twice each year to ensure they are being acted upon in a timely manner. If any recommendation has not been acted on within two years, or if Regional Reliability Organization tracking and review indicates at any time that any recommendation is not being acted on with sufficient diligence, the Regional Reliability Organization shall notify the NERC Planning Committee and Operating Committee of the status of the recommendation(s) and the steps the Regional Reliability Organization has taken to accelerate implementation.

C. Measures

- M1.** The Regional Reliability Organization shall have and provide upon request as evidence, its current regional reporting procedure that is used to facilitate preparation of preliminary and final disturbance reports. (Requirement 1)
- M2.** Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load-Serving Entity that has a reportable incident shall have and provide upon request evidence that could include, but is not limited to, the preliminary report, computer printouts, operator logs, or other equivalent evidence that will be used to confirm that it prepared and delivered the NERC Interconnection Reliability Operating Limit and Preliminary Disturbance Reports to NERC within 24 hours of its recognition as specified in Requirement 3.1.
- M3.** Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and/or Load Serving Entity that has a reportable incident shall have and provide upon request evidence that could include, but is not limited to, operator logs, voice recordings or transcripts of voice recordings, electronic communications, or other equivalent evidence that will be used to confirm that it provided information verbally as time permitted, when system conditions precluded the preparation of a report in 24 hours. (Requirement 3.3)

D. Compliance

1. Compliance Monitoring Process

1.1. Compliance Monitoring Responsibility

NERC shall be responsible for compliance monitoring of the Regional Reliability Organizations.

Regional Reliability Organizations shall be responsible for compliance monitoring of Reliability Coordinators, Balancing Authorities, Transmission Operators, Generator Operators, and Load-serving Entities.

1.2. Compliance Monitoring and Reset Time Frame

One or more of the following methods will be used to assess compliance:

- Self-certification (Conducted annually with submission according to schedule.)
- Spot Check Audits (Conducted anytime with up to 30 days notice given to prepare.)
- Periodic Audit (Conducted once every three years according to schedule.)
- Triggered Investigations (Notification of an investigation must be made within 60 days of an event or complaint of noncompliance. The entity will have up to 30 days to prepare for the investigation. An entity may request an extension of the preparation period and the extension will be considered by the Compliance Monitor on a case-by-case basis.)

The Performance-Reset Period shall be 12 months from the last finding of non-compliance.

1.3. Data Retention

Each Regional Reliability Organization shall have its current, in-force, regional reporting procedure as evidence of compliance. (Measure 1)

Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and/or Load Serving Entity that is either involved in a Bulk Electric System disturbance or has a reportable incident shall keep data related to the incident for a year from the event or for the duration of any regional investigation, whichever is longer. (Measures 2 through 4)

If an entity is found non-compliant the entity shall keep information related to the noncompliance until found compliant or for two years plus the current year, whichever is longer.

Evidence used as part of a triggered investigation shall be retained by the entity being investigated for one year from the date that the investigation is closed, as determined by the Compliance Monitor,

The Compliance Monitor shall keep the last periodic audit report and all requested and submitted subsequent compliance records.

1.4. Additional Compliance Information

See Attachments:

- EOP-004 Disturbance Reporting Form
- Table 1 EOP-004

2. Levels of Non-Compliance for a Regional Reliability Organization

2.1. Level 1: Not applicable.

2.2. Level 2: Not applicable.

2.3. Level 3: Not applicable.

2.4. Level 4: No current procedure to facilitate preparation of preliminary and final disturbance reports as specified in R1.

3. Levels of Non-Compliance for a Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load- Serving Entity:

3.1. Level 1: There shall be a level one non-compliance if any of the following conditions exist:

3.1.1 Failed to prepare and deliver the NERC Interconnection Reliability Operating Limit and Preliminary Disturbance Reports to NERC within 24 hours of its recognition as specified in Requirement 3.1

3.1.2 Failed to provide disturbance information verbally as time permitted, when system conditions precluded the preparation of a report in 24 hours as specified in R3.3

3.1.3 Failed to prepare a final report within 60 days as specified in R3.4

3.2. Level 2: Not applicable.

3.3. Level 3: Not applicable

3.4. Level 4: Not applicable.

E. Regional Differences

None identified.

Version History

Version	Date	Action	Change Tracking
0	April 1, 2005	Effective Date	New
0	May 23, 2005	Fixed reference to attachments 1-EOP-004-0 and 2-EOP-004-0, Changed chart title 1-FAC-004-0 to 1-EOP-004-0, Fixed title of Table 1 to read 1-EOP-004-0, and fixed font.	Errata
0	July 6, 2005	Fixed email in Attachment 1-EOP-004-0 from info@nerc.com to esisac@nerc.com .	Errata

Standard EOP-004-1 — Disturbance Reporting

0	July 26, 2005	Fixed Header on page 8 to read EOP-004-0	Errata
0	August 8, 2005	Removed “Proposed” from Effective Date	Errata
1	November 1, 2006	Adopted by Board of Trustees	Revised

Attachment 1-EOP-004 NERC Disturbance Report Form

Introduction

These disturbance reporting requirements apply to all Reliability Coordinators, Balancing Authorities, Transmission Operators, Generator Operators, and Load Serving Entities, and provide a common basis for all NERC disturbance reporting. The entity on whose system a reportable disturbance occurs shall notify NERC and its Regional Reliability Organization of the disturbance using the NERC Interconnection Reliability Operating Limit and Preliminary Disturbance Report forms. Reports can be sent to NERC via email (esisac@nerc.com) by facsimile (609-452-9550) using the NERC Interconnection Reliability Operating Limit and Preliminary Disturbance Report forms. If a disturbance is to be reported to the U.S. Department of Energy also, the responding entity may use the DOE reporting form when reporting to NERC. Note: All Emergency Incident and Disturbance Reports (Schedules 1 and 2) sent to DOE shall be simultaneously sent to NERC, preferably electronically at esisac@nerc.com.

The NERC Interconnection Reliability Operating Limit and Preliminary Disturbance Reports are to be made for any of the following events:

1. The loss of a bulk power transmission component that significantly affects the integrity of interconnected system operations. Generally, a disturbance report will be required if the event results in actions such as:
 - a. Modification of operating procedures.
 - b. Modification of equipment (e.g. control systems or special protection systems) to prevent reoccurrence of the event.
 - c. Identification of valuable lessons learned.
 - d. Identification of non-compliance with NERC standards or policies.
 - e. Identification of a disturbance that is beyond recognized criteria, i.e. three-phase fault with breaker failure, etc.
 - f. Frequency or voltage going below the under-frequency or under-voltage load shed points.
2. The occurrence of an interconnected system separation or system islanding or both.
3. Loss of generation by a Generator Operator, Balancing Authority, or Load-Serving Entity — 2,000 MW or more in the Eastern Interconnection or Western Interconnection and 1,000 MW or more in the ERCOT Interconnection.
4. Equipment failures/system operational actions which result in the loss of firm system demands for more than 15 minutes, as described below:
 - a. Entities with a previous year recorded peak demand of more than 3,000 MW are required to report all such losses of firm demands totaling more than 300 MW.
 - b. All other entities are required to report all such losses of firm demands totaling more than 200 MW or 50% of the total customers being supplied immediately prior to the incident, whichever is less.
5. Firm load shedding of 100 MW or more to maintain the continuity of the bulk electric system.

6. Any action taken by a Generator Operator, Transmission Operator, Balancing Authority, or Load-Serving Entity that results in:
 - a. Sustained voltage excursions equal to or greater than $\pm 10\%$, or
 - b. Major damage to power system components, or
 - c. Failure, degradation, or misoperation of system protection, special protection schemes, remedial action schemes, or other operating systems that do not require operator intervention, which did result in, or could have resulted in, a system disturbance as defined by steps 1 through 5 above.
7. An Interconnection Reliability Operating Limit (IROL) violation as required in reliability standard TOP-007.
8. Any event that the Operating Committee requests to be submitted to Disturbance Analysis Working Group (DAWG) for review because of the nature of the disturbance and the insight and lessons the electricity supply and delivery industry could learn.

NERC Interconnection Reliability Operating Limit and Preliminary Disturbance Report

Check here if this is an Interconnection Reliability Operating Limit (IROL) violation report.

1.	Organization filing report.		
2.	Name of person filing report.		
3.	Telephone number.		
4.	Date and time of disturbance. Date:(mm/dd/yy) Time/Zone:		
5.	Did the disturbance originate in your system?	Yes <input type="checkbox"/> No <input type="checkbox"/>	
6.	Describe disturbance including: cause, equipment damage, critical services interrupted, system separation, key scheduled and actual flows prior to disturbance and in the case of a disturbance involving a special protection or remedial action scheme, what action is being taken to prevent recurrence.		
7.	Generation tripped. MW Total List generation tripped		
8.	Frequency. Just prior to disturbance (Hz): Immediately after disturbance (Hz max.): Immediately after disturbance (Hz min.):		
9.	List transmission lines tripped (specify voltage level of each line).		
10.	Demand tripped (MW): Number of affected Customers:	FIRM	INTERRUPTIBLE

Standard EOP-004-1 — Disturbance Reporting

	Demand lost (MW-Minutes):		
11.	Restoration time.	INITIAL	FINAL
	Transmission:		
	Generation:		
	Demand:		

Attachment 2-EOP-004

U.S. Department of Energy Disturbance Reporting Requirements

Introduction

The U.S. Department of Energy (DOE), under its relevant authorities, has established mandatory reporting requirements for electric emergency incidents and disturbances in the United States. DOE collects this information from the electric power industry on Form EIA-417 to meet its overall national security and Federal Energy Management Agency's Federal Response Plan (FRP) responsibilities. DOE will use the data from this form to obtain current information regarding emergency situations on U.S. electric energy supply systems. DOE's Energy Information Administration (EIA) will use the data for reporting on electric power emergency incidents and disturbances in monthly EIA reports. In addition, the data may be used to develop legislative recommendations, reports to the Congress and as a basis for DOE investigations following severe, prolonged, or repeated electric power reliability problems.

Every Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator or Load Serving Entity must use this form to submit mandatory reports of electric power system incidents or disturbances to the DOE Operations Center, which operates on a 24-hour basis, seven days a week. All other entities operating electric systems have filing responsibilities to provide information to the Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator or Load Serving Entity when necessary for their reporting obligations and to file form EIA-417 in cases where these entities will not be involved. EIA requests that it be notified of those that plan to file jointly and of those electric entities that want to file separately.

Special reporting provisions exist for those electric utilities located within the United States, but for whom Reliability Coordinator oversight responsibilities are handled by electrical systems located across an international border. A foreign utility handling U.S. Balancing Authority responsibilities, may wish to file this information voluntarily to the DOE. Any U.S.-based utility in this international situation needs to inform DOE that these filings will come from a foreign-based electric system or file the required reports themselves.

Form EIA-417 must be submitted to the DOE Operations Center if any one of the following applies (see Table 1-EOP-004-0 — Summary of NERC and DOE Reporting Requirements for Major Electric System Emergencies):

1. Uncontrolled loss of 300 MW or more of firm system load for more than 15 minutes from a single incident.
2. Load shedding of 100 MW or more implemented under emergency operational policy.
3. System-wide voltage reductions of 3 percent or more.
4. Public appeal to reduce the use of electricity for purposes of maintaining the continuity of the electric power system.
5. Actual or suspected physical attacks that could impact electric power system adequacy or reliability; or vandalism, which target components of any security system. Actual or suspected cyber or communications attacks that could impact electric power system adequacy or vulnerability.

6. Actual or suspected cyber or communications attacks that could impact electric power system adequacy or vulnerability.
7. Fuel supply emergencies that could impact electric power system adequacy or reliability.
8. Loss of electric service to more than 50,000 customers for one hour or more.
9. Complete operational failure or shut-down of the transmission and/or distribution electrical system.

The initial DOE Emergency Incident and Disturbance Report (form EIA-417 – Schedule 1) shall be submitted to the DOE Operations Center within 60 minutes of the time of the system disruption. Complete information may not be available at the time of the disruption. However, provide as much information as is known or suspected at the time of the initial filing. If the incident is having a critical impact on operations, a telephone notification to the DOE Operations Center (202-586-8100) is acceptable, pending submission of the completed form EIA-417. Electronic submission via an on-line web-based form is the preferred method of notification. However, electronic submission by facsimile or email is acceptable.

An updated form EIA-417 (Schedule 1 and 2) is due within 48 hours of the event to provide complete disruption information. Electronic submission via facsimile or email is the preferred method of notification. Detailed DOE Incident and Disturbance reporting requirements can be found at: <ftp://ftp.eia.doe.gov/pub/electricity/eiafor417.doc>.

Table 1-EOP-004-0				
Summary of NERC and DOE Reporting Requirements for Major Electric System Emergencies				
Incident No.	Incident	Threshold	Report Required	Time
1	Uncontrolled loss of Firm System Load	≥ 300 MW – 15 minutes or more	EIA – Sch-1 EIA – Sch-2	1 hour 48 hour
2	Load Shedding	≥ 100 MW under emergency operational policy	EIA – Sch-1 EIA – Sch-2	1 hour 48 hour
3	Voltage Reductions	3% or more – applied system-wide	EIA – Sch-1 EIA – Sch-2	1 hour 48 hour
4	Public Appeals	Emergency conditions to reduce demand	EIA – Sch-1 EIA – Sch-2	1 hour 48 hour
5	Physical sabotage, terrorism or vandalism	On physical security systems – suspected or real	EIA – Sch-1 EIA – Sch-2	1 hour 48 hour
6	Cyber sabotage, terrorism or vandalism	If the attempt is believed to have or did happen	EIA – Sch-1 EIA – Sch-2	1 hour 48 hour
7	Fuel supply emergencies	Fuel inventory or hydro storage levels $\leq 50\%$ of normal	EIA – Sch-1 EIA – Sch-2	1 hour 48 hour
8	Loss of electric service	$\geq 50,000$ for 1 hour or more	EIA – Sch-1 EIA – Sch-2	1 hour 48 hour
9	Complete operation failure of electrical system	If isolated or interconnected electrical systems suffer total electrical system collapse	EIA – Sch-1 EIA – Sch-2	1 hour 48 hour
<p>All DOE EIA-417 Schedule 1 reports are to be filed within 60-minutes after the start of an incident or disturbance</p> <p>All DOE EIA-417 Schedule 2 reports are to be filed within 48-hours after the start of an incident or disturbance</p>				

All entities required to file a DOE EIA-417 report (Schedule 1 & 2) shall send a copy of these reports to NERC simultaneously, but no later than 24 hours after the start of the incident or disturbance.

Incident No.	Incident	Threshold	Report Required	Time
1	Loss of major system component	Significantly affects integrity of interconnected system operations	NERC Prelim Final report	24 hour 60 day
2	Interconnected system separation or system islanding	Total system shutdown Partial shutdown, separation, or islanding	NERC Prelim Final report	24 hour 60 day
3	Loss of generation	$\geq 2,000$ – Eastern Interconnection $\geq 2,000$ – Western Interconnection $\geq 1,000$ – ERCOT Interconnection	NERC Prelim Final report	24 hour 60 day
4	Loss of firm load ≥ 15 -minutes	Entities with peak demand $\geq 3,000$: loss ≥ 300 MW All others ≥ 200 MW or 50% of total demand	NERC Prelim Final report	24 hour 60 day
5	Firm load shedding	≥ 100 MW to maintain continuity of bulk system	NERC Prelim Final report	24 hour 60 day
6	System operation or operation actions resulting in:	<ul style="list-style-type: none"> • Voltage excursions $\geq 10\%$ • Major damage to system components • Failure, degradation, or misoperation of SPS 	NERC Prelim Final report	24 hour 60 day
7	IROL violation	Reliability standard TOP-007.	NERC Prelim Final report	72 hour 60 day
8	As requested by ORS Chairman	Due to nature of disturbance & usefulness to industry (lessons learned)	NERC Prelim Final report	24 hour 60 day

All NERC Operating Security Limit and Preliminary Disturbance reports will be filed within 24 hours after the start of the incident. If an entity must file a DOE EIA-417 report on an incident, which requires a NERC Preliminary report, the Entity may use the DOE EIA-417 form for both DOE and NERC reports.

Any entity reporting a DOE or NERC incident or disturbance has the responsibility to also notify its Regional Reliability Organization.



Southwest Power Pool, Inc.
OPERATIONAL RELIABILITY WORKING GROUP
Recommendation to the Markets & Operations Policy Committee
July 15-16, 2008

Organizational Roster

The following members represent the Operational Reliability Working Group:

Kelson Energy	Mr. Jason Atwood
American Electric Power	Mr. Scott Lockwood
CLECO	Mr. Danny McDaniel
Southwestern Public Service	Mr. Bill Grant
Westar Energy	Mr. Allen Klassen
Arkansas Electric Cooperative	Mr. Keith Sugg
Constellation Energy	Mr. Jim Thompson
Kansas City Power & Light	Mr. Jim Useldinger
Sunflower Electric Power	Mr. Noman Williams
Empire District Electric	Mr. Brian Berkstresser
Vacant	
Vacant	

The following stakeholders participated in group discussions:

Kelson Energy	Mr. Jason Atwood
American Electric Power	Mr. Scott Lockwood
CLECO	Mr. Danny McDaniel
Westar Energy	Mr. Allen Klassen
Kansas City Power & Light	Mr. Jim Useldinger
Southwestern Public Service	Mr. Kyle McMenamin
Empire District Electric	Mr. Brian Berkstresser

Background

In order to align SPP Criteria 11 (System Disturbance Reporting) with NERC Standards and previous SPP Working Group structure changes, Criteria 11 has been revised.

Analysis

In a meeting on July 9, 2008, the ORWG approved this criteria change with a vote of 7 in favor, none opposed, and no abstentions.

Recommendation

The ORWG recommends that the MOPC approve the replacement of Criteria 11 it proposes.



Approved: Operational Reliability Working Group

July 9, 2008

Action Requested: Approval of the proposed change to the Criteria.

Attachments: The recommended replacement of Criteria language is attached.

11.0 SYSTEM DISTURBANCE REPORTING

The purpose of this Criteria is to establish and maintain a Regional reporting procedure to facilitate preparation of preliminary and final disturbance reports as described in NERC Reliability Standard EOP-004-1. This procedure specifically addresses Requirements R1, R4, and R5 of the NERC Reliability Standard EOP-004-1 for the Southwest Power Pool (SPP) Regional Reliability Organization (RRO). It also prescribes SPP RRO responsibilities in reference to Requirement R3.4. The SPP Operating Reliability Working Group (ORWG) will periodically review and, as required, update this procedure to maintain compliance with the applicable NERC Reliability Standard(s). This Criteria serves as a reporting procedure for all applicable entities within the SPP Regional Entity (RE).

11.1 Reporting Requirements

This Criteria does not establish any notification or reporting requirements in addition to those already established by NERC in Standard EOP-004-1 or by the DOE for Form OE-417 and related attachments or instructions for each.

NERC Standard EOP-004-1 requires applicable entities to provide initial notification and written reports to its Regional Reliability Organization. To meet this requirement, all entities within the SPP RRO and RE footprints shall provide copies of all required notifications and written reports to each of the contacts listed in the Reporting Contacts section below.

NERC Standard EOP-004-1 Requirement R3.3. allows verbal notification to the RRO. In these cases, all entities within the SPP RRO and RE footprints shall notify and update the SPP Reliability Coordinator until a written notification or report is prepared and provided to each of the contacts listed in the Reporting Contacts section below.

All reports provided to the SPP RRO shall be duplicates of those provided to NERC.

11.2 Reporting Contacts

The preferred reporting method is via e-mail sent to SPPEVENTS@SPP.ORG which in

turn notifies the following:

- A. Manager, SPP Reliability Coordination
- B. Chair of the SPP System Protection and Control Working Group [SPCWG]
- C. Staff Secretary of the SPCWG
- D. SPP Regional Entity (SPP RE)
- E. SPP RTO Director of Compliance

Information that can not be sent electronically should be sent to:

Director of Compliance
Southwest Power Pool, Inc.
415 N. McKinley, Suite 140
Little Rock, AR 72205

11.3 Regional Reliability Organization Responsibilities

In accordance with NERC Standard EOP-004-1 Requirement R3.4. the SPP RRO must decide if a final report is required. This decision is the responsibility of the SPCWG after consultation with the reporting entity and the SPP RE staff and, if necessary consultation with other NERC or SPP Working Groups, SPP staff, or industry experts. If a final report is required, the reporting entity shall prepare this report within 60 calendar days. The SPP RE, NERC and FERC may independently request a final report of the event if the SPP SPCWG elects not to request such a report.

Since the NERC Reliability Standard fails to specify when the 60 days begins, for the purpose of this Criteria the 60 calendar day time period begins with the date of the disturbance. Therefore, to allow the reporting entity adequate time to prepare a final report, the SPP SPCWG shall make this judgment and notification within 21 calendar days of the disturbance. If no notice is provided by the SPCWG within 21 calendar days, then a final report is not required. Please note, the SPP RE staff, NERC staff and FERC staff are not bound by these time constraints if an independent event analysis has been initiated by one of these oversight entities.

After receipt of the final report, the SPP SPCWG, after consultation with the SPP RE staff, shall approve or reject the report. If it is rejected, specific reasons shall be provided in writing to the reporting entity. The rejection notice shall specify a time period

allowed for changes or rebuttal to be prepared and submitted again to the SPP SPCWG. Disputes over final approval shall be referred to the SPP dispute resolution process as specified in the SPP Bylaws. If the SPP RE, NERC or FERC has initiated the event analysis, the appropriate oversight entity will be the approval authority of the final report.

Following approval of the final report, the SPP SPCWG or the oversight entity shall provide a copy to the SPP ORWG for information and tracking purposes only.

11.4 Available Resources

In accordance with NERC Standard EOP-004-1 Requirement R4, the SPP RRO shall make its representatives on the NERC Operating Committee and Disturbance Analysis Working Group available to the affected entity for the purpose of providing any needed assistance in the investigation and to assist in the preparation of a final report. The reporting entity may accept or decline this assistance at its discretion. The SPP RE, NERC or FERC, at their discretion, may assign representatives to the analysis team including the representatives mentioned above. The reporting entity may only reject a representative assigned by these oversight entities for good cause such as a conflict of interest.

11.5 Recommendation Tracking and Reporting

In accordance with NERC Standard EOP-004-1 Requirement R5, the SPP RRO shall track and review the status of all final report recommendations to ensure they are being acted upon in a timely manner. If any recommendation has not been acted upon within two years, or if Regional Reliability Organization tracking and review indicates at any time that any recommendation is not being acted upon with sufficient diligence, the Regional Reliability Organization shall notify the NERC Planning Committee and Operating Committee of the status of the recommendation(s) and the steps the Regional Reliability Organization has taken to accelerate implementation.

This tracking will be the responsibility of the SPP RTO Director of Compliance. The status of all recommendations shall be reported quarterly to the SPP SPCWG and the SPP ORWG until they have been completed. If the SPCWG or ORWG determines that

any recommendation is not being acted upon in a timely manner, then that working group chair will contact the reporting entity's representative on the SPP Market and Operating Policy Committee (MOPC) and request accelerated implementation.

Agenda Item 3e

RE Compliance Group Personnel Report

Personnel Update

Joe Gertsch began work on July 8, 2008 as a Lead Compliance Engineer. Joe's emphasis will be in the mitigation and enforcement area.

Kevin Sanson, Engineer, rotated into the SPP RE on July 2, 2008 as part of the SPP Engineer-in-Training program. Kevin's assignment will last approximately 3 months before he rotates out to the Regulatory Department.

Shon Austin has been reassigned internally in the RE staff and will place his emphasis on the CIP standards implementation and monitoring.

Staffing Analysis

Based on the first 12 months of the enforceable program, an analysis of manpower requirements for the RE compliance group reveals the following staffing requirements:

Compliance monitoring	3.25 FTE
Registration	.50 FTE
Mitigation/Enforcement	1.25 FTE
Liaison activities [NERC/SPP]	<u>.75 FTE</u>
Total	5.75 FTE

For the 1st year of the enforceable program, the SPP RE staff has limited experience and exposure in event analysis and regional hearings.

The present RE compliance staff consists of 5 FTE, including the Executive Director. The current level of activities shows the SPP RE Compliance staff is approximately one FTE short of the minimum required staff. At present, there is little time available for event analysis, regional hearings and management activities.

The original 2009 manpower request was for 6 FTE staff members plus the Executive Director. At this time, the request still appears to be appropriate

but the timing of the additions will leave the RE Compliance staff below the calculated requirements until January 2009, at a minimum.

Recent activities that will add to the manpower requirements for the remainder of 2008 is the participation in the event analysis of June 17, 2008 [ongoing], the proposed certification of SPP as a balancing authority [start October 2008], and the proposed addition of the Nebraska utilities to the SPP RE [start November 2008].

The Executive Director requests that the RE Trustees approve an out of budget manpower request and release one of the two 2009 positions for immediate employment.

The 2008 approved budget approved 4 FTE for the RE Compliance staff. The current projection for 2008, with the addition of Joe Gertsch, is for 4.25 FTE. Assuming approval of this request, and an employment date of October 1st, the projected total staff expenditure for 2008 will be 4.5 FTE [approximately 12.5% above the approved budget].

Respectfully submitted by:
Ronald W. Ciesiel
Executive Director Compliance
Southwest Power Pool Regional Entity

July 13, 2008

**SPP Regional Entity Standard Update
Underfrequency Load Shedding (UFLS)
For the RE Trustees Meeting July 21, 2008**

SPP's Standard Drafting Team (SDT) for UFLS standard had two meetings (May 6 via WebEx and June 24-25 face to face at DFW).

SPP SDT looked at performance characteristics as proposed through NERC's Continent Wide Standard (CWS) and is in a process of developing first draft for SPP UFLS standard.

The performance characteristics for NERC CWS are now officially posted for industry comments. SPP SDT will have a WebEx meeting scheduled on August 5 to review this document and submit any comments.

The first draft of SPP UFLS standard is expected to be posted for industry comments in the third quarter of 2008.



RE Second Quarter Training Report July 21, 2008

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Second Quarter 2008 Highlights

- Through the regional training events offered YTD in 2008, SPP has awarded an estimated 6,938 continuing education hours (CEH). Approximately 5,472 hours of that total have been awarded to SPP registered entities, an additional 1,466 awarded to SPP operations personnel (for SPP’s compliance with requirements as a registered entity BA, TOP, RC).
- We are on pace to award approximately 45% more CEH in 2008 than in 2007.
- 100% of those SPP registered entities required to have training have participated in one or more regional training events YTD.
- Average net conference enrollment is 19; up 90% from 2007.
- Average regional emergency operations classroom enrollment is 13, doubling the enrollment from 2007.
- Restoration Drill enrollment for 2008 is up approximately 18% from 2007.
- 51 operations personnel participated in the SPP System Operations Conference on April 28-May 1. More than 1,200 CE hours were awarded during the conference. 2008 Fall SOC registration is full with seven persons on the waiting list.
- Due to the level of participation of registered entities in the SPP System Operations Conferences, the OTWG requested a third SPP Systems Operations Conference be added to the 2009 schedule.
- SPP conducted the first of two Regional Restoration Drills on April 15-17 with 25 entities using the dispatch training simulator (DTS). 2,088 CEH were awarded to over 100 participants
- The Regional Train-the-Trainer Session I on February 20-21 had 14 participants. The Train-the-Trainer Session II on July 15-16 had 25 participants.
- There will be 148 additional CEH offered for the remainder of 2008.

The four tables below provide information by course, year, and entity.

**Table I
2008 Breakdown by Course YTD**

Year	Training Event	Average Individual Participation YTD	CEH Offered per Event	Event Occurrence per Year	Total CEH Available	Est. CEH Awarded YTD
2008	Subregional Restoration Drills	30	16	4	112	1,920
2008	Regional Restoration Drill	87	24	1	48	2,088
2008	Regional Emergency Operations Classes	13	20	4	120	1,040
2008	Emergency Operations Net Conferences	19	2	15	42	570
2008	System Operations Conference	55	24	1	48	1,320
						6,938

¹ 4,950 hours for SPP RTO members, 522 hours for non-members registered in the SPP RE compliance registry.

**Table II
Number of Registered Entities Participating YTD**

Year	Training Event	Total Registered Entities Participating YTD
2008	Subregional Restoration Drills	11
2008	Regional Restoration Drill	18
2008	Regional Emergency Operations Classes	13
2008	Emergency Operations Net Conferences	13
2008	System Operations Conference	16
2008	Train the Trainer	13

**Table III
List of Registered Entities Participating YTD**

Entity Name	Subreg. Restoration Drill	Regional Restoration Drill	Net Conference	REOPS Classroom	SOC	Train the Trainer
AECC						
AEP						
Aquila						
BPU						
CLECO						
EDE						
GRDA						
INDN						
KAMO						
KCPL						
KMEA						
LAFA						
LEPA						
MWE						
OGE						
SECI						
CUS						
SPS						
SPA						
Tenaska						
WESTAR						
WFEC						

**Table IV
Upcoming Events for 2008**

Date	Event	CEH Available
7/15-16	Train-the-Trainer Professional Development	0
9/9	EOPS Net Conference	2
9/11	EOPS Net Conference	2
9/16-17	North Subregional Restoration Drill	16
9/23	EOPS Net Conference	2
9/25	EOPS Net Conference	2
10/6-9	System Operations Conference	24
10/14	EOPS Net Conference	2
10/21-22	East and South Subregional Restoration Drill	16
10/28	EOPS Net Conference	2
10/29-30	Train-the-Trainer Professional Development	0
11/4-5	West Subregional Restoration Drill	16
11/11-13	Regional EOPS Classroom	20
11/18-20	Regional Restoration Drill	24
12/2-4	Regional EOPS Classroom	20
TOTAL CEH AVAILABLE		148

ADDENDUM TO REGIONAL ENTITY TRAINING REPORT
JULY 21, 2008

COMPLIANCE and ENFORCEMENT GROUP
(provided by SPP RE Compliance Staff)

2007-2008 NON-CEH WORKSHOPS

FEBRUARY 2007	COMPLIANCE WORKSHOP	ATTENDANCE ~ 115
NOVEMBER 2007	CIP BASICS WORKSHOP	ATTENDANCE ~ 65
JANUARY 2008	COMPLIANCE WORKSHOP	ATTENDANCE ~ 120

FUTURE WORKSHOPS

AUGUST 13-14, 2008	CIP 'HOW TO' WORKSHOP
SEPTEMBER 23-24, 2008	FALL COMPLIANCE WORKSHOP

ADDENDUM TO REGIONAL ENTITY TRAINING REPORT
JULY 2008

COMPLIANCE and ENFORCEMENT GROUP
(provided by SPP RE Compliance Staff)

2007-2008 NON-CEH WORKSHOPS

FEBRUARY 2007 COMPLIANCE WORKSHOP ATTENDANCE ~ 115

NOVEMBER 2007 CIP BASICS WORKSHOP ATTENDANCE ~ 65

JANUARY 2008 COMPLIANCE WORKSHOP ATTENDANCE ~ 120

FUTURE WORKSHOPS

AUGUST 13-14, 2008 CIP 'HOW TO' WORKSHOP

SEPTEMBER 23-24, 2008 FALL COMPLIANCE WORKSHOP

**Southwest Power Pool Regional Entity
2nd Quarter 2008 Budget Report**

In the Second Quarter 2008, the SPP RE expenses are over budget by 4.5% (or \$204,036). This is a projected amount distributed over the remainder of the budget year. The amount is attributed to additional personnel expense (salary, taxes, and benefits) for direct charges. Salaries for both RE staff and SPP shared staff are projected to be \$1,525,644. The increase is attributed to additional man-hours added to the 2008 by action of the RE Trustees at the April 2008 meeting. At that meeting, certain staff expenses (Compliance and Enforcement and General Administrative staff) from the 2009 budget was added into the 2008 RE Budget. These figures also have been adjusted by an update of the indirect cost adder from \$110 down to \$101. SPP Inc. has revised this amount applicable for all RE staff, direct and shared.

Without considering the additional staff expenses added to the 2008 RE budget, the Year-to-date second quarter SPP RE budget is -10.3% under budget.¹ The total direct costs (man-hours) tracked to the RE is 9,768.3 man-hours. This represents a cumulative year to date man-hours equivalent of 4.7 FTE or 9.39 on an annual basis. Based on 12.4 FTEs budgeted for 2008, this represents time tracked to RE activities at 24.3% under budget. These hours only reflect 216 man-hours (0.1 equivalent FTE) charged by a new RE Compliance staff person who was hired on in April 2008. This person should increase charges to the RE in future months. Hours charged by SPP shared staff will also continue to increase as activities in Reliability Assessment, Training and Regional Standards development are not consistent month to month.

The budget variance has been decreasing as expected over the first 6 months of 2008. In the first quarter, the corrected variance was -29%. Additional charges by SPP RE staff and SPP shared staff are expected to increase in the next quarters as activities in compliance, reliability assessments, and regional standards development will continue to increase. Expenses budgeted for contractors for Compliance and Enforcement will also be realized in future quarters.

Two summary reports on the RE Training activities for the second quarter is attached. One is the actual projected summary which includes the additional staff for 2008. The other is a report without the addition.

¹ Based on the original 2008 RE budget with 12.4 FTEs and the original \$110 indirect cost adder. The projected additional personnel expenses are not considered.



SOUTHWEST POWER POOL
 REGIONAL ENTITY FINANCIALS
 2008 JUNE MTD DRAFT (UNAUDITED)

<i>(In Whole Dollars)</i>	2008 JUNE YTD ACTUAL	2008 JUNE YTD BUDGET	VARIANCE	2008 FULL YEAR PROJECTION	2008 FULL YEAR BUDGET	VARIANCE
Funding						
ERO Funding	2,068,100	2,304,542	(236,442)	4,609,084	4,609,084	-
Membership Dues						
Testing Fees						
Services & Software						
Workshops						
Interest			-			-
Miscellaneous						-
Total Funding	2,068,100	2,304,542	(236,442)	4,609,084	4,609,084	-
Expenses						
Personnel Expenses						
Salaries	569,584	574,766	(5,182)	1,149,531	1,149,531	-
Payroll Taxes	43,573	48,231	(4,657)	96,461	96,461	-
Benefits	74,265	86,482	(12,216)	172,963	172,963	-
Continuing Education	885	7,500	(6,615)	15,000	15,000	-
Retirement Costs	-	-	-	-	-	-
Total Personnel Expenses	688,307	716,978	(28,670)	1,433,955	1,433,955	-
Meeting Expenses						
Meetings	44,547	32,335	12,212	64,670	64,670	-
Travel	80,006	76,000	4,006	152,000	152,000	-
Conference Calls	-	-	-	-	-	-
Total Meeting Expenses	124,553	108,335	16,218	216,670	216,670	-
Operating Expenses						
Contracts & Consultants	-	-	-	-	-	-
Office Rent	-	-	-	-	-	-
Office Costs	905	3,050	(2,145)	6,100	6,100	-
Administrative Costs	5,644	-	5,644	-	-	-
Professional Services	106,477	229,700	(123,223)	459,400	459,400	-
Regional Entity Trustee Fees	67,500	67,500	-	135,000	135,000	-
Computer Purchase & Maint.	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Miscellaneous/ Cotigency	-	-	-	-	-	-
Total Operating Expenses	180,527	300,250	(119,723)	600,500	600,500	-
Total Direct Costs	993,387	1,125,563	(132,176)	2,251,125	2,251,125	-
Total Indirect Costs	1,074,713	1,178,980	(104,266)	2,357,959	2,357,959	-
Total Costs	2,068,100	2,304,542	(236,442)	4,609,084	4,609,084	-

JUNE REGIONAL ENTITY REVENUE	
0100-45310-4000-4572-00	(487,119)
0000-25200-2530-0000-00	487,119



SOUTHWEST POWER POOL
 STATEMENT OF ACTIVITIES
 2008 JUNE MTD DRAFT (UNAUDITED)

<i>(In Whole Dollars)</i>	2008 JUNE YTD ACTUAL	2008 JUNE YTD BUDGET	VARIANCE	2008 FULL YEAR PROJECTION	2008 FULL YEAR BUDGET	VARIANCE
Funding						
ERO Funding	1,981,998	2,304,542	(322,544)	4,609,084	4,609,084	-
Membership Dues						
Testing Fees						
Services & Software						
Workshops						
Interest			-			-
Miscellaneous						-
Total Funding	<u>1,981,998</u>	<u>2,304,542</u>	<u>(322,544)</u>	<u>4,609,084</u>	<u>4,609,084</u>	<u>-</u>
Expenses						
Personnel Expenses						
Salaries	569,584	574,766	(5,182)	1,223,811	1,149,531	74,280
Payroll Taxes	43,573	48,231	(4,657)	102,694	96,461	6,233
Benefits	74,265	86,482	(12,216)	184,139	172,963	11,176
Continuing Education	1,779	7,500	(5,721)	15,000	15,000	-
Retirement Costs	-	-	-	-	-	-
Total Personnel Expenses	<u>689,202</u>	<u>716,978</u>	<u>(27,776)</u>	<u>1,525,644</u>	<u>1,433,955</u>	<u>91,689</u>
Meeting Expenses						
Meetings	44,547	32,335	12,212	64,670	64,670	-
Travel	80,006	76,000	4,006	148,000	152,000	(4,000)
Conference Calls	-	-	-	-	-	-
Total Meeting Expenses	<u>124,553</u>	<u>108,335</u>	<u>16,218</u>	<u>212,670</u>	<u>216,670</u>	<u>(4,000)</u>
Operating Expenses						
Contracts & Consultants	-	-	-	-	-	-
Office Rent	-	-	-	-	-	-
Office Costs	5,655	3,050	2,605	6,100	6,100	-
Administrative Costs	-	-	-	-	-	-
Professional Services	106,477	229,700	(123,223)	459,400	459,400	-
Regional Entity Trustee Fees	67,500	67,500	-	135,000	135,000	-
Computer Purchase & Maint.	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Miscellaneous/ Cotigency	-	-	-	-	-	-
Total Operating Expenses	<u>179,632</u>	<u>300,250</u>	<u>(120,618)</u>	<u>600,500</u>	<u>600,500</u>	<u>-</u>
Total Direct Costs	<u>993,387</u>	<u>1,125,563</u>	<u>(132,176)</u>	<u>2,338,814</u>	<u>2,251,125</u>	<u>87,689</u>
Total Indirect Costs	988,611	1,178,980	(190,368)	2,474,306	2,357,959	116,347
Total Costs	<u>1,981,998</u>	<u>2,304,542</u>	<u>(322,544)</u>	<u>4,813,120</u>	<u>4,609,084</u>	<u>204,036</u>

2009 Business Plan and Budget

June 24, 2008

Southwest Power Pool Regional Entity

Approved by: SPP Regional Entity Trustees

Date: June 24, 2008

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Introduction

Total RE Resources (in whole dollars)				
	2009 Budget	U.S.	Canada	Mexico
Statutory FTEs	17.2 ¹			
Non-statutory FTEs	0			
Total FTEs	17.2			
Statutory Funding	\$6,481,036			
Non-statutory Funding	0			
Total Funding	\$6,481,036			
NEL	205,121,233			
NEL %				

Background

Southwest Power Pool, Inc. (SPP) operates as the NERC Regional Entity (RE) over an eight state area within the Eastern Interconnection. This business plan outlines the tasks that the SPP RE portion of the Southwest Power Pool, Inc. performs to fulfill its duties per the FERC approved Regional Entity Delegation Agreement². SPP also provides non-RE related functions for entities operating within the SPP footprint; those activities and related funding amounts are not included as part of this Business Plan.

Membership and Governance

Members' Forums

SPP provides forums for registered entities within its footprint to discuss and share reliability concerns. This includes SPP committees, subcommittees, working groups, and task forces that are grouped by technical areas.

The SPP RE also conducts a minimum of two public workshops per year where registered entities are able to interact with SPP RE staff and NERC staff and discuss reliability issues.

Members' Forums Objectives

- Provide input on ERO and RE issues, including but not limited to the NERC Members Representative Committee and other NERC standing committees
- Provide technical forums to act as standards-drafting teams in development of SPP Regional Reliability Standards.

Governance

¹ There are additional 2.0 FTEs that are provided through contractor services for the Compliance Monitoring and Enforcement Program

² FERC Order R07-6-000 - April 19, 2007
2009 Regional Entity Business Plan and Budget
Approved by Board of Trustees: June 24, 2008

The SPP RE is governed by three independent Regional Entity Trustees. The RE Trustees have autonomy over decisions in fund allocation and approval of the SPP RE Budget, as well as decisions on regional standards, reliability assessments, compliance enforcement actions, and penalties.

Statutory Functional Scope

As the RE for the Southwest Power Pool region, the SPP RE will administer the following programs:

- Regional Reliability Standards Program
- Compliance Monitoring and Enforcement Program
- Organization Registration and Certification
- Training and Education Programs
- Reliability Assessment and Performance Analysis Program
- Situation Awareness and Infrastructure Security Program

The SPP RE co-sponsors the NERC Readiness Evaluation and Improvement Program with NERC staff.

Planning Cycle

The SPP RE will begin its annual budget process in March of each calendar year to allow for sufficient time to develop and present the budget to the SPP Regional Entity Trustees prior to the June 1 NERC submission deadline.

The SPP RE will prepare the business plan and budget for carrying out the delegated functions with supporting materials and sufficient detail to justify the requested funding collection and budget expenditures.

2009 Primary Objectives —

- Meet the compliance audit and readiness review schedule for 2009
- Develop any SPP Regional Reliability Standards to meet NERC continent-wide requirements
- Provide training for registered entities in the SPP RE footprint to meet reliability objectives and maintain operator certification requirements
- Enhance reliability assessments and performance analysis
- Support NERC efforts in Situational Awareness and Infrastructure Security
- Provide legal and regulatory support for the RE
- Provide general and administrative support for the RE

Major 2009 Cost Impacts

Increased activity and responsibilities in the Compliance and Enforcement area over 2008, the first full year of operation as an RE, has resulted in cost increases attributed to additional FTEs to

support this area. Additional RE staff will ensure SPP, Inc. meets its requirements under the Regional Delegation Agreement and provides the prerequisite level of independence and separation from its non-statutory duties. Regional standards activities began late in 2008 and 2009 will be the first full year for activities in this program area. Reliability Assessments funding has increased mainly to an additional dedicated full-time RE staff person to participate in this program and in the shared allocation of model development costs amongst all Eastern Interconnection Regional Entities. Situation Awareness and Infrastructure Security costs have increased due to more definitive tasks to coordinate with NERC activities in this area. The General and Administrative costs have increased to reflect the mid-year 2007 addition of a RE Legal Counsel, and a full-time RE staff person to provide exclusive administrative support for RE staff and their activities.

Detailed Business Plans and Budgets by Program

Details of the planning, operation, review, and adjustment for each program area are included in Section A. The corresponding budget details are shown in Section B.

Section A — 2009 Business Plan

Reliability Standards Program

Reliability Standards Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	0.5 FTE	0.5 FTE	1 FTE
Total Direct Funding	<u>Salary \$50,694</u> Total \$50,694	<u>Salary \$50,694</u> Total \$50,694	<u>Salary \$103,400</u> Total \$103,400
Total Indirect Funding ³	\$103,419	\$103,419	\$189,880
Total Funding	\$154,113	\$154,113	\$293,280

Background

SPP RE will coordinate with NERC to develop and approve technically sound, fair, and balanced reliability standards to ensure the reliability of the bulk power systems in North America. SPP RE will also develop any regional reliability standards per the guideline as defined in the delegation agreement. NERC will submit such standards to FERC and to the appropriate Canadian governmental authorities for adoption as mandatory for bulk power system owners, operators, and users in the United States, and to applicable authorities in Canada for similar status.

The foregoing activities of persons engaged in the reliability standards development process (i.e. Standard Drafting Team) will be conducted, to the extent possible, by conference calls and e-mail, website postings and other means of electronic communications. If face-to-face meetings of participants are needed, those meetings will be announced on the SPP website calendar.

In addition, SPP shared staff will coordinate any reliability standards work through their working groups such as the Transmission Working Group for TPL standards, System Protection and Control Working Group for PRC standards, etc.

Based on the portion of professional/technical staff time and other resources devoted to reliability standards development, SPP estimates 1 FTE on this activity.

Program Description and Functions Performed

SPP RE continues to utilize shared staff to facilitate the development of standards to implement the SPP RE Standards Procedure.

³ Total Indirect Funding represents an allocation of SPP overhead costs to statutory activities. The allocation is calculated using a standard rate multiplied by the number of SPP full time equivalents (FTE) directly performing statutory activities. Overhead costs include services provided by SPP Inc. to support statutory and non-statutory activities such as payroll and accounts payable processing, human resources and benefits management, accounting, information technology, executive leadership, corporate affairs and communications, office costs and other support services and expenditures. Further explanation of this allocation can be found in SPP RE's Delegation Agreement.

2009 Goals and Objectives

Goals

- Meet directives of ERO governmental authorities regarding standards development and procedures
- Meet stated targets in the regional “fill-in-the-blank” standards work plan
- Maintain consistency and quality of regional reliability standards
- Communicate with stakeholders and regulators regarding standards development
- Complete and assist NERC with “fill-in-the-blank” standards

Objectives

- Develop regional reliability standards to fulfill the NERC reliability standards that require a region to develop region specific requirements.
- Develop regional reliability standards as needed for SPP to meet NERC standards requirements. Primary emphasis for 2009 in the area of regional “fill-in-the-blank” standards.
- Also development of any regional differences to NERC standards as required

Section 215 Regional Entity Reliability Standards Development

SPP RE will follow the standards process as defined in their delegation agreement for any new regional standards or any update in the existing regional standard. SPP’s reliability standards development process will have an advisory vote by the Markets and Operations Policy Committee (MOPC), which will be responsible for ensuring that all stakeholder interests are fairly represented in the development of standards. The MOPC has broad representation. Standards will be voted on through a ballot body. The ballot body consists of multiple, defined segments, and no entity may have more than one vote. SPP Regional Entity Trustees will have ultimate authority to recommend NERC to approve this standard, remand to Standard Drafting Team through MOPC or determine there is no need for standard and terminate the activity.

The SPP Regional Standards Development Procedure provides the basis for SPP to propose and develop regional reliability standards. That Procedure is consistent with a NERC standard format for all RE standards procedures and has been approved by FERC in the SPP RE Order.

The SPP Standards Process will provide an open, balanced, and inclusive stakeholder process in which any interested party may provide input and vote on any proposed regional reliability standard.

Funding Requirements — Explanation of Increase (Decrease)

The funding requirement is expected to increase from 0.5 to 1.0 FTE for 2009 Budget. Increased activities for the development of regional standards are scheduled and anticipated for 2009.

Staffing Needs

Hiring Plans

SPP plans to use existing shared staff to support this function in 2009.

Shared Employees

SPP RE will continue to use shared staff to participate in reliability standard development.

Contractors

No contractors are currently involved in the reliability standard development effort.

Reliability Standards Program

Funding sources and related expenses for the reliability standards section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Reliability Standards					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 154,113	\$ 154,113	\$ -	\$ 293,280	\$ 139,167
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 154,113	\$ 154,113	\$ -	\$ 293,280	\$ 139,167
Expenses					
Personnel Expenses					
Salaries	\$ 41,069	\$ 41,069	\$ -	\$ 85,339	\$ 44,271
Payroll Taxes	3,446	3,446	-	6,528	3,082
Benefits	6,179	6,179	-	8,118	1,939
Retirement Costs	-	-	-	3,414	3,414
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ 50,694	\$ 50,694	\$ -	\$ 103,400	\$ 52,706
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ 103,419	\$ 103,419	\$ -	\$ 189,880	\$ 86,461
Total Expenses	\$ 154,113	\$ 154,113	\$ -	\$ 293,280	\$ 139,167
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 Projection and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- NA

Personnel Expenses

- No additional staff are planned for 2009 to support this function. SPP will continue to use existing staff to support this function.

Meeting Expenses

- No meeting expenses are projected for 2008 or budgeted to support this function in 2009.

Operating Expenses

- No operating expenses are projected for 2008 or budgeted to support this function in 2009.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	3.5 FTE ⁴	4.5 FTE ⁴	6 FTE ⁴
Total Direct Funding	Travel \$69,000 Continuing Education \$15,000 Consulting \$296,000 <u>Salary \$427,884</u> Total \$807,884	Travel \$69,000 Continuing Education \$15,000 Consulting \$296,000 <u>Salary \$489,010</u> Total \$869,010	Travel \$94,000 Continuing Education \$25,000 Consulting \$330,000 <u>Salary \$859,653</u> Total \$1,283,653
Total Indirect Funding	\$723,935	\$827,354	\$1,139,280
Total Funding	\$1,531,819	\$1,696,364	\$2,422,933

Background

As a Regional Entity, the SPP RE has the delegated authority and responsibility to enforce compliance with approved reliability standards by users, owners, and operators of bulk power systems throughout the SPP footprint. To facilitate the SPP RE's compliance enforcement activities, all users, owners, and operators of the bulk power system that operate in the SPP RE footprint are identified and registered in the NERC Compliance Registry.

Program Description and Functions Performed

According to the SPP RE Compliance Monitoring and Enforcement Program, there are eight sources of an alleged violation: self report, self certification, audit report, investigation, exception report, spot check, complaint, or data submittal.

SPP RE Compliance staff will conduct compliance monitoring and investigate alleged violations of reliability standards, with the assistance of certified independent auditors. SPP shared staff will be used to collect reporting data and along with occasional volunteers from the electric industry may be utilized primarily to provide industry expertise to compliance staff, provide

⁴ There are an additional 2.0 FTEs provided through contractor services for the Compliance Monitoring and Enforcement Program that are not included in this count

technical advice, and make recommendations to compliance staff. Consulting represents the equivalent of approximately 2 FTEs.

SPP RE compliance enforcement activities will be conducted at its headquarters in Little Rock, Arkansas, and at the locations of owners, operators, and users of the bulk power system registered in the SPP RE portion of the NERC Compliance Registry.

The SPP RE will strive to maintain a high level of reliable bulk power system operation through a program of monitoring, audits, event analysis and investigations; mitigation activities; and the imposition of penalties and sanctions for noncompliance with reliability standards.

2009 Goals and Objectives

- Seven to nine on-site compliance audits of registered RC, BA, and TOP entities
- Fifteen to twenty on-site (or other approved methods) of compliance audits of other registered entities
- Continuous compliance monitoring of SPP's modeling processes and regional planning processes
- Perform reporting and analysis of Control Performance Standard [CPS] performance and independent analysis and reporting of Disturbance Control Standard [DCS] performance
- Quarterly compliance surveys of specific reliability standards
- Annual self-certification program
- Monitoring of periodic data submittals
- Compliance Investigations, as necessary
- Calculations and imposition of financial penalties or non-monetary sanctions for non-compliance findings
- Participate in Regional Hearing Process, as necessary
- Two compliance workshops for registered entities⁵

Funding Requirements — Explanation of Increase (Decrease)

Funding requirements are expected to increase for the 2009 Budget. The major contributor to this increase is the expansion to the SPP RE compliance staff required to perform the duties outlined in the CMEP. Compliance workshop meeting expense is accounted for in the Technical Committees and Member Forums budget.

⁵ Compliance workshop expenses are budgeted in the Administrative section under Technical Committees and Member Forums

Staffing Needs

Hiring Plans

The majority of the 2009 compliance staff will be employed during 2008 with one proposed addition for 2009 (two were proposed before a mid year 2008 out of budget addition – see Personnel Expenses). This position is presently planned to be an engineer or specialist at the senior or lead level, as defined by the SPP RE job descriptions.

Shared Employees

A number of factors define how many shared employees are used in any of the delegated responsibilities. In the compliance and enforcement area, shared staff are used in the regional hearing process as possible technical experts or as witnesses. There are not any FTEs directly budgeted for in this purpose in 2009 as this is an unpredictable variable.

The SPP Operations staff will assist the RE with conducting reporting and analysis of Control Performance Standard [CPS] performance and independent analysis and reporting of Disturbance Control Standard [DCS] performance. The amount of time charged to this activity is variable depending on the number of disturbances reported in the SPP RE footprint. Historically the number of man-hours reported for these tasks is nominal and is absorbed into the allocated FTE numbers.

Contractors

The SPP RE uses contractors to supplement the permanent staff in the areas of on-site compliance audits, off-site compliance audits, event analysis, and as technical experts. The contractors are retained and used on an ad-hoc basis. Presently the SPP RE has relationships with two consulting/contacting firms with access to approximately 10 consultants. Consulting represents the equivalent of approximately 2 FTEs. These are not included in the FTE count for this program as they are not permanent employees.

Organization Registration and Certification

The number of entities in the SPP RE registration program has remained stable at approximately 125 registered entities since the end of 2007. It is our expectation that this registration will remain stable in 2009 absent any new initiatives in functional registration or organizational certification.

SPP RE Compliance staff will make additions, removals, and changes to the existing registry. Challenges to entries in the registry by either registrants or SPP RE Compliance staff will be conducted through the approved Regional Entity hearing process.

SPP RE will follow the certification procedures approved by NERC. It is anticipated that Reliability Coordinators, Transmission Operators, and Balancing Authorities will require organizational certification. A timetable to complete this item has yet to be established but is expected to begin in 2008 and be completed in 2009.

The SPP RE anticipates that the equivalent of .5 FTE is required to maintain and expand the Compliance Registry Database on an on-going basis. The SPP RE anticipates that there will be an increase in activity in 2009 due to an increased emphasis on Joint Registrations and possibly a change to the basis of registration from functions to registration by requirements.

Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Compliance and Organization Registration and Certification					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 1,691,819	\$ 1,691,819	\$ -	\$ 2,422,933	\$ 731,114
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 1,691,819	\$ 1,691,819	\$ -	\$ 2,422,933	\$ 731,114
Expenses					
Personnel Expenses					
Salaries	\$ 346,640	\$ 396,160	\$ 49,520	\$ 698,218	\$ 302,059
Payroll Taxes	29,088	33,243	4,155	53,414	20,171
Benefits	52,157	59,608	7,451	80,092	20,484
Retirement Costs	-	-	-	2,929	2,929
Continuing Education	15,000	15,000	-	25,000	10,000
Total Personnel Expenses	\$ 442,884	\$ 504,010	\$ 61,126	\$ 859,653	\$ 355,642
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	69,000	69,000	-	94,000	25,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 69,000	\$ 69,000	\$ -	\$ 94,000	\$ 25,000
Operating Expenses					
Consultants	\$ 296,000	\$ 296,000	\$ -	\$ 330,000	\$ 34,000
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ 296,000	\$ 296,000	\$ -	\$ 330,000	\$ 34,000
Other Non-Operating Expenses	\$ 723,935	\$ 827,354	\$ 103,419	\$ 1,139,280	\$ 311,926
Total Expenses	\$ 1,531,819	\$ 1,696,365	\$ 164,546	\$ 2,422,933	\$ 726,568
Change in Assets	\$ 160,000	\$ (4,546)	\$ (164,546)	\$ -	\$ 4,546

Summary of 2008 projection and 2009 budgeted funding and expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- One additional SPP RE staff is proposed for 2009 (one added mid year 2008 as an out of budget expense). This position is presently planned to be an engineer or specialist at the senior or lead level, as defined by the SPP RE job descriptions.

Meeting Expenses

- The SPP RE compliance enforcement activities will be conducted at its headquarters in Little Rock, Arkansas, and at the locations of owners, operators, and users of the bulk power system registered in the SPP RE portion of the NERC Compliance Registry. Compliance Workshops are held at various locations within the SPP RE footprint.

Operating Expenses

- The SPP RE has one distinctive operating expense. The SPP RE leases the rights to the Compliance Data Management System [CDMS] from the Midwest Reliability Organization [MRO]. The SPP RE pays a monthly fee for this lease and also shares in any unusual expenses associated with upgrades to the CDMS due to changes in requirements of the NERC CMEP or with changes to the interface with the NERC Compliance Database.

Reliability Readiness Evaluation and Improvement Program

Reliability Readiness Evaluation and Improvement Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	0.5 FTE	0.5 FTE	0.5 FTE
Total Direct Funding	Salary \$61,126 <u>Travel \$15,000</u> Total \$76,126	Salary \$61,126 <u>Travel \$15,000</u> Total \$76,126	Salary \$51,700 <u>Travel \$18,000</u> Total \$69,700
Total Indirect Funding	\$103,419	\$103,419	\$94,940
Total Funding	\$179,545	\$179,545	\$164,640

Background/ Program Description and Functions Performed

SPP RE and shared staff support the NERC Reliability Readiness Evaluation and Improvement Program by acting as the Senior Regional Representative on all Readiness Evaluations performed in the SPP RE footprint. SPP RE staff also schedules all of the required evaluations and solicits internal volunteers. The SPP RE staff monitors the progress of recommendations that evolve from the final Readiness Evaluation reports and updates this progress to NERC at least quarterly.

2009 Goals and Objectives

In 2009, SPP RE and shared staff expect to schedule and participate in seven to nine NERC Readiness Evaluations. SPP RE staff also participate in one or two non-SPP Readiness Evaluations annually as team volunteers.

Funding Requirements — Explanation of Increase (Decrease)

The required funding for this activity consists of the salaries of the staff volunteers plus related travel expenses. The decrease in staff expenses results from staff expected to complete these functions in 2009 having less seniority than previously identified for the 2008 budget.

Staffing Needs

Hiring Plans

SPP plans to use existing shared staff to support this function in 2009.

Shared Employees

It is anticipated that NERC desires all Senior Regional Representatives on NERC Readiness Evaluations be shared staff rather than SPP RE compliance staff. Therefore, there is a shift in 2009 from 100% dedicated SPP RE staff to 100% shared staff for the on-site portion of the Readiness Evaluation program. The dedicated SPP RE staff will

continue to provide administrative services such as scheduling, volunteer procurement, and tracking of reported recommendations. However, there is no change in the total FTE count for this delegated responsibility.

Contractors

In the rare instances where a dedicated SPP RE staff, a shared staff, or an internal volunteer must drop out of the evaluation team and a substitute cannot be found, the SPP RE will engage the services of a qualified contractor to act on behalf of the SPP RE. No allowances have been made in the funding request for this service.

Reliability Readiness Evaluations and Improvement Program

Funding sources and related expenses for the reliability readiness audits and improvement section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Reliability Readiness Evaluation and Improvement					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 179,545	\$ 179,545	\$ -	\$ 164,640	\$ (14,905)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 179,545	\$ 179,545	\$ -	\$ 164,640	\$ (14,905)
Expenses					
Personnel Expenses					
Salaries	\$ 49,520	\$ 49,520	\$ -	\$ 42,670	\$ (6,850)
Payroll Taxes	4,155	4,155	-	3,264	(891)
Benefits	7,451	7,451	-	4,059	(3,392)
Retirement Costs	-	-	-	1,707	1,707
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ 61,126	\$ 61,126	\$ -	\$ 51,700	\$ (9,426)
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	15,000	15,000	-	18,000	3,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 15,000	\$ 15,000	\$ -	\$ 18,000	\$ 3,000
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ 103,419	\$ 103,419	\$ -	\$ 94,940	\$ (8,479)
Total Expenses	\$ 179,545	\$ 179,545	\$ -	\$ 164,640	\$ (14,905)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 projection and 2009 budgeted funding and expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- No additional staff is proposed for 2009 to support this function.

Meeting Expenses

- Travel expenses are estimated to increase from \$15,000 for 2008 to \$18,000 for 2009.

Operating Expenses

- No operating expenses are projected for 2008 or budgeted to support this function in 2009.

Training, Education, and Operator Certification Program

Training, Education, and Operator Certification Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	4.0 FTE	4.0 FTE	3.0 FTE
Total Direct Funding	Travel \$21,000 Meeting \$54,670 Contracts: Online Testing Services \$13,400 CEH Application Fees \$6,100 <u>Salaries \$391,410</u> Total \$486,580	Travel \$21,000 Meeting \$54,670 Contracts: Online Testing Services \$13,400 CEH Application Fees \$6,100 <u>Salaries \$391,410</u> Total \$486,580	Travel \$21,000 Meeting \$153,800 ⁶ Contracts: Online Testing Services \$3,960 CEH Application Fees \$5,700 <u>Salaries \$361,712</u> Total \$546,172
Total Indirect Funding	\$827,354	\$827,354	\$569,640
Total Funding	\$1,313,934	\$1,313,934	\$1,115,812

Background

The SPP Training department provides opportunities to develop individuals, teams, and the organization in a manner that promotes a clear line of sight from individual goals to the corporate strategy, being mindful that compliance with NERC, FERC, and NAESB standards is essential, and competent performance among all registered entities is a necessity.

Personnel participating in the SPP training program include registered entity system operations, operations support (EMS engineering, Operations engineering, and Information Technology), supervisors and managers, and others directly responsible for complying with reliability standards who, through their actions or inactions, may impact the real-time or day-ahead reliability of the bulk power system.

The SPP Training Department:

- Designs, develops, implements, assesses, and maintains a training and education program to provide continuing education (i.e., emergency operations, simulations, and standards) for system operations personnel
- Designs training programs that are aimed at minimizing proficiency gaps in knowledge and performance
- Conducts operations procedure analyses and job task analyses for system operations personnel to ensure that the training program content is properly aligned to the job tasks performed by those personnel

⁶ Meeting expense includes \$86,300 for WebEx cost and 67,500 general meeting costs. See narrative for "Meeting, Net Conference, and Travel Expenses" within this program for further explanation of these costs.

- Develops and maintains training program curricular requirements based on job task analyses and needs analyses
- Periodically conducts performance needs analyses to identify areas for further training development and improvement
- Administers individual assessments of knowledge, skills, and abilities
- Administers course, trainer, and program evaluations

Program Description and Functions Performed

Training Program Overview

On a yearly basis, the SPP training program offers to registered entities within the SPP RE footprint the following training opportunities:

1. Two System Operations Conferences (20 hours each)
2. Two Regional Restoration Drills (24 hours each)
3. Eight Subregional Restoration Drills (16 hours each)
4. 24 Regional Emergency Operations Net Conferences (2 hours each)
5. Three Train-the-Trainer sessions (12 hours each)

2009 Goals and Objectives

Overall Goals

Competent operating ability is the goal of Training, and competent operating performance is the goal of Operations. Training uses these performance specifications as measures of successful achievement of performance capability.

Overall Training Objectives

The Training department will:

- Assess current and future training needs
- Maintain accurate job task documents
- Assess and improve the training offered as a part of the SPP RE function
- Develop and submit Individual Learning Applications for all training events
- Maintain training database to track and report all continuing education activities sponsored by SPP RE
- Develop online and computer-based learning activities and materials for the training and education function
- Develop and maintain seamless online registration, assessment, and reporting functions
- Develop authentic assessments to accurately measure knowledge and performance gains achieved from training events
- Develop and deliver training for system operations personnel including:
 - Regional and Subregional System Restoration Drills
 - Regional Emergency Operations and Systems Operations (net conference and in-person)
 - Professional Development (Train-the-Trainer session)
 - Systems Operations Conferences

The SPP Training department anticipates that the majority of the RE training and education will take place onsite at the SPP offices in Little Rock and via net conferencing. It is also estimated that approximately thirty percent of its resources will be dedicated to RE training activities in 2009.

Funding Requirements — Explanation of Increase (Decrease)

Overall, Training will see a decrease of 1 FTE from 2008 in the 2009 Budget. One additional FTE was budgeted in 2008 for time needed to assist newly hired training staff to become familiar with the training courses. Salary expenses will decrease accordingly with the decrease of 1 FTE.

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 3.0 FTEs for the 2008 projection and 3.0 FTEs for the 2009 budget. The 3.0 FTEs for 2009 include: 1.0 FTE responsible for regional and subregional system restoration drills, 1.0 FTE responsible for regional emergency operations and systems operations training, and 1.0 FTE responsible for support in instructional design and computer-based training.

Meeting, Net Conference, and Travel Expenses

- Meeting, staff travel, net conference, and teleconference expenses in support of the training program are estimated for 2009 at \$174,800. This total includes an increase of \$86,300 due to a portion of net conferencing services cost now directly accounted to the RE and expensed to the Training department. These costs were not directly assigned to this program in the 2008 budget and were accounted for under the 2008 indirect cost adder. This change provides more transparency and separation of statutory costs from non-statutory funding.

Online Testing Fees

- In order to provide online testing associated with net conference and online training, SPP will utilize the services of TestCraft. Due to carryover of e-assessments, the estimated cost of this service is expected to decrease substantially. The cost of the online testing service for 2009 is approximately \$3,960.

CEH Application Fees

- For every hour of continuing education provided as a part of the RE function, SPP is assessed a \$30.00 fee. With approximately 190 hours to be offered in 2009, the CEH application fee for 2009 is expected to be \$5,700.

Staffing Needs

Hiring Plans

The SPP Training department plans to use existing shared staff to support this function in 2009.

Shared Employees

The SPP Training department will continue to utilize shared staff.

Contractors

Currently there are no contractors involved with the RE training function, and SPP Training does not plan to engage contract staff in 2009 to support this function.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Training and Education					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 1,313,934	\$ 1,313,934	\$ -	\$ 1,115,812	\$ (198,122)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 1,313,934	\$ 1,313,934	\$ -	\$ 1,115,812	\$ (198,122)
Expenses					
Personnel Expenses					
Salaries	\$ 317,091	\$ 317,091	\$ -	\$ 299,694	\$ (17,398)
Payroll Taxes	26,608	26,608	-	22,927	(3,682)
Benefits	47,711	47,711	-	27,104	(20,606)
Retirement Costs	-	-	-	11,988	11,988
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ 391,410	\$ 391,410	\$ -	\$ 361,712	\$ (29,698)
Meeting Expenses					
Meetings	\$ 54,670	\$ 54,670	\$ -	\$ 153,800	\$ 99,130
Travel	21,000	21,000	-	21,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 75,670	\$ 75,670	\$ -	\$ 174,800	\$ 99,130
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	19,500	19,500	-	9,660	(9,840)
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ 19,500	\$ 19,500	\$ -	\$ 9,660	\$ (9,840)
Other Non-Operating Expenses	\$ 827,354	\$ 827,354	\$ -	\$ 569,640	\$ (257,714)
Total Expenses	\$ 1,313,934	\$ 1,313,934	\$ -	\$ 1,115,812	\$ (198,122)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- NA

Personnel Expenses

- No new staff is proposed for 2009 to support this function.

Meeting Expenses

- Meeting, staff travel, net conference, and teleconference expenses in support of the training program are estimated for 2009 at \$174,800. The increase in this line item is due to an additional \$86,300 for net conferencing services.

Operating Expenses

- Operating expenses needed to support the Training program are expected to decrease in 2009 by 50%. This expense is accounted for under contracts and includes \$3,960 for Online Testing Fees and \$5,700 for CEH Application Fees.

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	2.4 FTE	2.4 FTE	3.4 FTE
Total Direct Funding	Salary \$243,331 Total \$243,331	Salary \$243,331 Total \$243,331	Salary \$351,558 Travel \$25,000 <u>Consulting \$56,000⁷</u> Total \$432,558
Total Indirect Funding	\$496,413	\$496,413	\$645,592
Total Funding	\$739,744	\$739,744	\$1,078,150

Background

In the United States, SPP as a NERC RE is required to “conduct periodic assessments of the reliability and adequacy of the bulk-power system in North America.” (FPA, § 215(g); 16 C.F.R. § 39.11.) In accordance with this responsibility and SPP’s responsibility to support the reliability of the North American bulk power system, SPP intends to support NERC’s three reliability assessments each year: a long-term reliability assessment report, a summer assessment report, and a winter assessment report. These reports will analyze electricity demand and the Reliability and Adequacy Assessment Objectives adequacy of supply throughout the North American bulk power system, as well as examine the adequacy of the transmission system. SPP will also conduct inter-regional studies and other planning studies to comply with NERC’s various TPL standards.

The SPP RE is responsible for conducting Event Analyses on major reliability events within the SPP RE footprint. This analysis may be conducted by the entity involved in the event, an assigned SPP Working Group/Committee, a technical team comprised of industry experts or may be conducted by the RE, NERC or FERC staff. The SPP RE is responsible for producing a final technical report on each incident. Any issues that surface which may lead to standards compliance questions will be handled through the Compliance Monitoring & Enforcement Program portion of this Business Plan.

Program Description and Functions Performed

Reliability and adequacy assessments of the bulk power system will be conducted by teams comprised NERC’s and RE professional and technical staff, along with volunteers from the electric industry, government, and academia who possess appropriate technical competencies. Except when site visits are necessary to conduct analyses, these teams’ work will be conducted through conference calls, e-mail, website postings, other means of electronic communications, and meetings. Meetings may be held at NERC’s headquarters or at meeting locations around the United States and Canada selected for

⁷ Consulting cost includes \$36,000 for staff consulting and \$20,000 for model development consulting services.

proximity to and ease of access by team members.

SPP shared staff will conduct inter-regional studies or other planning studies in coordination with its members. The work of these teams will be conducted through conference calls, e-mail, website postings, other means of electronic communications, and meetings at SPP's headquarters or at locations around the United States selected for proximity to and ease of access by team members. SPP RE staff will act as the RE liaison with the SPP shared staff in supporting the analysis and publication of the annual NERC assessments.

2009 Goals and Objectives

Reliability and Adequacy Assessment Objectives

- Maintain and host a library of solved power flow models, a system dynamics database, and dynamics simulation cases for use by regional reliability organizations and their registered entities to assist with planning and evaluating future systems and current operating conditions
- Provide regional input to NERC's three reliability assessments each year: a long-term reliability assessment report, a summer assessment report, and a winter assessment report
- Participate in NERC meetings to discuss reliability assessment and analyses of the impact of these assessments
- Conduct inter-regional and other planning studies to comply with NERC's TPL standards, including participation in the Eastern Interconnection Reliability Assessment Group
- Investigate, assess, and report on the potential impacts of new and evolving electricity market practices, new or proposed regulatory procedures, and new or proposed legislation (e.g., environmental requirements) on the adequacy and operating reliability of the bulk power system
- Maintain a working dialog on bulk power system reliability and adequacy issues with SPP members

Events Analysis and Information Exchange Objectives

- Provide NERC with information on disturbances and other bulk power system off-normal events for their Events Database that was created in 2006 (in conjunction with Situational Awareness and Infrastructure Security Program). Participate in NERC-level analyses as needed, of large-scale outages, disturbances, and near misses to determine root causes and lessons learned.
- Provide regional evaluations, and analyses, as determined by the SPP RE staff, NERC, or other responsible parties.
- Maintain and enhance NERC's Blackout and Disturbance Response Procedures (in conjunction with Situation Awareness and Infrastructure Security Program)

- Analyze frequency performance of the interconnections using data from appropriate measurement systems
- Coordinate with NERC to establish a clear set of criteria for sorting reported disturbances and other bulk power system off-normal events into categories; decide what level of evaluation, or analysis is needed; and determine who will undertake such evaluations, or analyses (triage function)
- Communicate to the industry root causes of events that may be precursors of potentially more serious events and other “lessons learned” from evaluations, and analyses
- Analyze and identify improvements to the interaction of the transmission system with nuclear power plants, especially related to minimum voltages required by the plants

Funding Requirements — Explanation of Increase (Decrease)

The funding requirement is expected to increase from 2.4 to 3.4 FTE for the 2009 Budget due to the addition of 1 FTE. Salary, travel and consulting expenses will increase for the 2009 Budget due to the increase of 1 FTE.

Staffing Needs

Hiring Plans

SPP plans to hire 1 SPP RE staff to report directly to the Executive Director of Compliance and Enforcement. This RE staff will act as the Regional Entity lead in all Event Analyses performed in the SPP RE footprint. In addition, this RE staff will act as the RE liaison with SPP shared staff in support of the analysis and publication of annual NERC assessments.

Shared Employees

SPP shared staff will continue to provide support for this function.

Contractors

Currently there is one contractor involved to support SPP RE staff in this effort and expected to continue the same for 2009.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Reliability Assessment and Performance Analysis					
Funding	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
ERO Assessments	\$ 739,744	\$ 739,744	\$ -	\$ 1,078,150	\$ 338,406
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 739,744	\$ 739,744	\$ -	\$ 1,078,150	\$ 338,406
Expenses					
Personnel Expenses					
Salaries	\$ 197,129	\$ 197,129	\$ -	\$ 290,153	\$ 93,025
Payroll Taxes	16,542	16,542	-	22,197	5,655
Benefits	29,661	29,661	-	27,602	(2,058)
Retirement Costs	-	-	-	11,606	11,606
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ 243,331	\$ 243,331	\$ -	\$ 351,558	\$ 108,227
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	25,000	25,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ 56,000	\$ 56,000
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ 56,000	\$ 56,000
Other Non-Operating Expenses	\$ 496,413	\$ 496,413	\$ -	\$ 645,592	\$ 149,179
Total Expenses	\$ 739,744	\$ 739,744	\$ -	\$ 1,078,150	\$ 338,406
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- SPP shared staff will continue to support this function.
- 1 dedicated SPP RE staff FTE will act as the Regional Entity lead in all Event Analyses performed in the SPP RE footprint. This personnel will also act as the RE liaison with the SPP shared staff in support of the analysis and publication of the annual NERC assessments.

Meeting Expenses

- Due to the increase of 1 FTE, \$25,000 for travel expenses are budgeted to support this function in 2009. There were no expenses projected for 2008.

Operating Expenses

- Operating expenses budgeted to support this function in 2009 include \$36,000 and \$20,000 for consulting costs. There were no operating expenses projected for 2008.

Situation Awareness and Infrastructure Security Program

Situation Analysis and Infrastructure Security Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	**	**	0.75
Total Direct Funding	CIPC rep travel expense reimbursement \$18,000 CIPWG Secretary travel expense \$4,000 Total \$22,000	CIPC rep travel expense reimbursement \$18,000 Total \$18,000	CIPC rep travel expense reimbursement \$18,000 Salary \$82,893 Total \$100,893
Total Indirect Funding			\$142,410
Total Funding	\$22,000	\$18,000	\$243,303

Background

SPP RE actively participates in NERC critical infrastructure protection activities and serves as an information conduit between NERC and SPP RE registered entities. NERC coordinates electric industry activities to promote critical infrastructure protection of the bulk power system in North America. NERC has a leadership role in the critical infrastructure protection of the electricity sector to reduce vulnerability and improve mitigation and protection of the electricity sector's critical infrastructure. NERC acts as the electricity sector's Sector Coordinator and operates its Information Sharing and Analysis Center to gather and communicate information about security-related threats within the sector, United States and Canadian governmental authorities, and other critical infrastructure sectors. NERC also performs security planning activities focused on the critical infrastructure protection of the electricity sector, including sharing sensitive or classified information with federal, state, and provincial governmental authorities.

SPP RE also participates in the development of the "Morning Report" for NERC and FERC which provides daily bulk power system status. SPP RE will also work in cooperation with NERC and other Regional Entities to implement a Situation Awareness Tool being developed by NERC and to define the scope of responsibility for the RE in Situation Awareness.

Program Description and Functions Performed

SPP RE is represented on the NERC Critical Infrastructure Protection Committee by three SPP RE registered entity company representatives who represent the physical, cyber, and operations disciplines. SPP RE reimburses the registered entity representatives for travel expenses incurred while performing CIPC responsibilities.

2009 Goals and Objectives

- Provide assistance to NERC as Liaison with the U.S. Department of Homeland Security and state emergency management offices
- Work with NERC to implement Situation Awareness Tools (new activities for 2009)
- Assist in development of Morning Reports
- Participate in NERC/RE Situation Awareness Communications Team
- Exchange SAIS information and foster collaboration with information sharing partners
- Work with NERC to further clarify SAIS roles and responsibilities

Funding Requirements — Explanation of Increase (Decrease)

In 2008, this program consisted primarily of the CIPWG secretary duties and 0 FTEs were directly budgeted for (and no indirect costs). For 2009, to provide further separation of statutory functions from non-statutory functions, the CIPWG activities have been removed. These activities will continue as a non-statutory activity that is funded by the SPP non-statutory budget. In 2008, no FTEs were allocated to perform the CIPWG functions. There were some travel expenses for shared staff to attend CIPWG meetings. These CIPWG expenses have been excluded from the 2009 RE Budget. However, the funding requirements for this program are expected to increase to 0.75 FTE for the 2009 Budget. This is due to the addition of .5 FTE to support the development activities for SAIS and 0.25 FTE to support in the development and dissemination of the daily Morning Reports. Salary expense will increase accordingly for the 2009 budget with the addition of the 0.75 FTE.

Meeting and Travel Expenses

Meeting expenses for SPP registered entity representatives attending quarterly CIPC meetings will total approximately \$18,000.

Staffing Needs

The SPP shared staff will assist the RE with conducting Situational Awareness and Infrastructure Security activities as needed. This assistance is 0.5 FTE of the total 0.75 FTE for this program.

The SPP shared staff will assist the RE with conducting Situational Awareness and Infrastructure Security activities as needed. Specifically, SPP shared staff will work to develop the Morning Report and to implement the Situation Awareness Tool. This assistance is 0.25 FTE of the total 0.75 FTE for this program.

Hiring Plans

The SPP does not plan to hire additional staff in 2009 to support this function.

Shared Employees

SPP shared staff will assist with non-compliance security-related activities.

Contractors

No contractors are planned for this activity.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2009 business plan are shown in the table below.

Statement of Activities						
2008 Budget & Projection, and 2009 Budget						
Situational Awareness and Infrastructure Security						
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)	
Funding						
ERO Assessments	\$ 22,000	\$ 22,000	\$ -	\$ 243,303	\$ 221,303	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Funding	\$ 22,000	\$ 22,000	\$ -	\$ 243,303	\$ 221,303	
Expenses						
Personnel Expenses						
Salaries	\$ -	\$ -	\$ -	\$ 69,508	\$ 69,508	
Payroll Taxes	-	-	-	5,317	5,317	
Benefits	-	-	-	5,287	5,287	
Retirement Costs	-	-	-	2,780	2,780	
Continuing Education	-	-	-	-	-	
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ 82,893	\$ 82,893	
Meeting Expenses						
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -	
Travel	22,000	18,000	(4,000)	18,000	-	
Conference Calls	-	-	-	-	-	
Total Meeting Expenses	\$ 22,000	\$ 18,000	\$ (4,000)	\$ 18,000	\$ -	
Operating Expenses						
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	
Contracts	-	-	-	-	-	
Office Rent	-	-	-	-	-	
Office Costs	-	-	-	-	-	
Professional Services	-	-	-	-	-	
Computer Purchase & Maintenance	-	-	-	-	-	
Board of Trustees	-	-	-	-	-	
Furniture & Equipment	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Contingency	-	-	-	-	-	
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 142,410	\$ 142,410	
Total Expenses	\$ 22,000	\$ 18,000	\$ (4,000)	\$ 243,303	\$ 225,303	
Change in Assets	\$ -	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)	

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- No additional staff is expected for 2009 to support this function.

Meeting Expenses

- Meeting expenses for SPP registered entity representatives attending quarterly CIPC meetings will total approximately \$18,000.

Operating Expenses

- No operating expenses were budgeted to support this function in 2008 or 2009.

Administrative Services

Technical Committees and Members' Forums

Background

SPP Regional Entity provides forums for registered entities within its footprint to discuss and share reliability concerns. This includes SPP committees, subcommittees, working groups, and task forces that are grouped by technical areas.

The SPP Regional Entity also conducts a minimum of two public workshops per year where registered entities are able to interact with SPP RE staff and NERC staff and discuss reliability issues.

Program Description and Functions Performed

2009 Goals and Objectives

Provide input on ERO and RE issues, including but not limited to the NERC Members Representative Committee and other NERC standing committees.

Provide technical committee forums to act as standards-drafting teams in development of SPP regional reliability standards.

Funding Requirements — Explanation of Increase (Decrease)

There will be a decrease in Operating expense in 2009 due to the SPP RE Trustees expense now being accounted for in the General and Administrative budget. Meeting expense will increase by \$25,000 for 2009 due to compliance workshop cost. This cost was accounted for in the Compliance Monitoring and Enforcement and Organization Registration and Certification Program budget in 2008.

Staffing Needs

Hiring Plans

No additional staff is planned for 2009 to support this function.

Shared Employees

The SPP RE plans to use existing dedicated staff to support the annual RE public workshops.

SPP RE will use existing shared staff to support SPP forums, as listed above, in 2009.

Contractors

No contractors are expected for 2009 to support this function.

Technical Committees and Member Forums

Funding sources and related expenses for the Members' Forums section of the 2009 business plan are shown in the table below.

Statement of Activities						
2008 Budget & Projection, and 2009 Budget						
Technical Committees and Member Forums						
Funding	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)	
ERO Assessments	\$ 145,000	\$ 145,000	\$ -	\$ 25,000	\$ (120,000)	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Funding	\$ 145,000	\$ 145,000	\$ -	\$ 25,000	\$ (120,000)	
Expenses						
Personnel Expenses						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	
Payroll Taxes	-	-	-	-	-	
Benefits	-	-	-	-	-	
Retirement Costs	-	-	-	-	-	
Continuing Education	-	-	-	-	-	
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Meeting Expenses						
Meetings	\$ 10,000	\$ 10,000	\$ -	\$ 25,000	\$ 15,000	
Travel	10,000	10,000	-	-	(10,000)	
Conference Calls	-	-	-	-	-	
Total Meeting Expenses	\$ 20,000	\$ 20,000	\$ -	\$ 25,000	\$ 5,000	
Operating Expenses						
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	
Contracts	-	-	-	-	-	
Office Rent	-	-	-	-	-	
Office Costs	-	-	-	-	-	
Professional Services	-	-	-	-	-	
Computer Purchase & Maintenance	-	-	-	-	-	
Board of Trustees	135,000	135,000	-	-	(135,000)	
Furniture & Equipment	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Contingency	-	-	-	-	-	
Total Operating Expenses	\$ 135,000	\$ 135,000	\$ -	\$ -	\$ (135,000)	
Other Non-Operating Expenses						
Total Expenses	\$ 155,000	\$ 155,000	\$ -	\$ 25,000	\$ (130,000)	
Change in Assets	\$ (10,000)	\$ (10,000)	\$ -	\$ -	\$ 10,000	

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- No additional staff are expected for 2009 to support this function.

Meeting Expenses

- Meeting expense will increase by \$25,000 for 2009 due to compliance workshop cost. This cost was accounted for in the Compliance Monitoring and Enforcement and Organization Registration and Certification Program budget in 2008. The change was made to provide more consistency in tracking costs to the NERC system of accounts.

Operating Expenses

- The SPP RE Trustees expense is accounted for in the General and Administrative budget for 2009. This cost was included in the Technical Committees and Member Forums budget in 2008. The change was made to provide more consistency in tracking costs to the NERC system of accounts.

General and Administrative

Functional Description

The General and Administrative function consists of support from the SPP Vice President of Process Integrity & CAO, the Executive Director of Interregional Affairs, the SPP RE Counsel and three independent Regional Entity Trustees.

The VP of Process Integrity & CAO and the Executive Director of Interregional Affairs provide executive level support through participation in meetings and conference calls with other Regional Entities and Senior NERC staff except for the Compliance Monitoring and Enforcement, Organization Registration and Certification Program and the Reliability Readiness Evaluation and Improvement Program to ensure independence and separation from SPP non-statutory activities.

The RE Trustees are independent of the SPP Board of Directors, any SPP member, SPP registered entity, industry stakeholder, or organizational group. The RE Trustees have autonomy over decisions in fund allocation and approval of the SPP RE budget, as well as decisions on regional standards, compliance enforcement actions, and penalties.

2009 Goals and Objectives

The functions and duties of the Regional Entity Trustees will include, but are not limited to the following:

- Monitor all Registered Entities in the SPP footprint for compliance with ERO/FERC requirements, including auditing and issuance of official findings,
- Administer SPP's Compliance Enforcement Program,
- Coordinate and manage third party audits to confirm that SPP is conforming to ERO policies and standards,
- Impose penalties as prescribed and approved by ERO/FERC,
- Regional Entity staff administration,
- Regional Entity budget decisions,
- Track and review Regional Standards from MOPC for submission to the ERO and FERC for approval and implementation,
- Complete a self-assessment annually to determine how effectively the Regional Entity Trustees are meeting their responsibilities, and
- Provide an annual report to the Board of Directors regarding the effectiveness of the Regional Entity function and processes.

The SPP RE Counsel provides exclusive legal support to the SPP RE.

The VP of Process Integrity & CAO and the Executive Director of Interregional Affairs will serve as general and administrative resources for the SPP RE to fulfill the

responsibilities of the RE Delegation Agreement and to provide these resources in a manner that is independent and separate from other non-RE SPP responsibilities.⁸

Funding Requirements — Explanation of Increase (Decrease)

The funding requirements are expected to increase with the addition of 1 FTE to provide administrative support in 2008. This is due to a significant increase in administrative work. 1 FTE is added to this section for the SPP RE Counsel. This position was added mid-year 2007 to provide exclusive legal counsel for the RE and mitigate any conflict of interest concerns by using SPP shared staff. Support provided by the VP of Process Integrity and the Executive Director of Interregional Affairs represents .5 FTE. The SPP RE Trustees costs were budgeted under Technical Committees and Member Forums in 2008. This cost will now be accounted for in the General and Administrative budget under Professional Services. Travel expense is expected to increase due to the increase FTEs needed to support this function.

Staffing Needs

Hiring Plans

SPP RE plans to hire 1 additional dedicated SPP RE staff in 2008 to provide administrative support for many SPP RE confidential matters including; preparation of audit files and documentation, preparation of compliance violation and preliminary event analysis documentation, assistance with expense reporting and invoice management, assistance with data requests, minor database administration, budget monitoring, on-site support for compliance workshops, and RE Trustees meeting preparations. (This position will be filled mid year 2008 as an out of budget expense)

Shared Employees

SPP shared staff are budgeted for through the SPP Indirect Costs. These shared staff provide general and administrative services in support of the SPP RE programs. If a shared staff incurs significant time and expense to support an RE activity, those may be tracked directly to the RE. SPP shared staff beyond those directly budgeted for in this section may provide administrative support and are budgeted for through the SPP indirect costs.

Contractors

No contractors are planned for 2009 to support this activity.

⁸ See 2009 SPP RE Organization Chart, the Compliance Monitoring and Enforcement and Organization Registration and Certification and the Reliability Readiness Evaluation and Improvement Programs are overseen by the Executive Director of Compliance to ensure separation from SPP non-statutory activities.
2009 Regional Entity Business Plan and Budget
Approved by Board of Trustees: June 24, 2008

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
General and Administrative					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 362,928	\$ 362,928	\$ -	\$ 987,919	\$ 624,991
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 362,928	\$ 362,928	\$ -	\$ 987,919	\$ 624,991
Expenses					
Personnel Expenses					
Salaries	\$ 198,083	\$ 222,843	\$ 24,760	\$ 289,435	\$ 66,591
Payroll Taxes	16,622	18,699	2,078	22,142	3,442
Benefits	29,804	33,530	3,726	25,065	(8,465)
Retirement Costs	-	-	-	11,577	11,577
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ 244,509	\$ 275,073	\$ 30,564	\$ 348,219	\$ 73,146
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	15,000	15,000	-	30,000	15,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 15,000	\$ 15,000	\$ -	\$ 30,000	\$ 15,000
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	135,000	135,000
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ 135,000	\$ 135,000
Other Non-Operating Expenses	\$ 103,419	\$ 116,346	\$ 12,927	\$ 474,700	\$ 358,354
Total Expenses	\$ 362,928	\$ 406,419	\$ 43,491	\$ 987,919	\$ 581,500
Change in Assets	\$ -	\$ (43,491)	\$ (43,491)	\$ -	\$ 43,491

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- Due to the increased level of administrative work 1 FTE will be added in 2008 to provide administrative support. In addition, 1 FTE was added in 2008 to provide exclusive legal counsel for the RE and to mitigate any conflict of interest concerns by using SPP shared staff. Support provided by the VP of Process Integrity and the Executive Director of Interregional Affairs represents .5 FTE.

Meeting Expenses

- Travel expenses have increased due to the increase in FTE needed to support this function.

Operating Expenses

- The SPP RE Trustees professional services expense of \$135,000 is accounted for in the General and Administrative budget for 2009. This expense was accounted for in the Technical Committees and Member Forums budget in 2008. The change was made to provide more consistency in tracking costs to the NERC system of accounts.

Legal and Regulatory

Functional Description

The SPP RE has a General Counsel that provides exclusive legal support to the SPP RE.⁹ If SPP RE is required to convene hearings under the Compliance Monitoring and Enforcement Program (Exhibit C of the RE Delegation Agreement), independent hearing officers may be utilized.

2009 Goals and Objectives

- Provide Legal and Regulatory services to support regular RE activities
- Provide hearing officer if SPP RE is required to convene hearings

Funding Requirements — Explanation of Increase (Decrease)

Hearing costs were budgeted for under Compliance Monitoring and Enforcement in 2008. This same amount is carried forward in 2009 under this section and not in the Compliance Monitoring and Enforcement section. The amount is estimated to support 3 hearings in 2009.

Staffing Needs

Hiring Plans

No additional staff is planned for this area in 2009.

Shared Employees

The SPP RE may require shared staff resources in 2009 to support this function. Any time and expense by shared staff to support RE legal and regulatory activities will be tracked.

Contractors

If required, independent hearing officers will be contracted to lead hearings.

⁹ SPP RE General Counsel is accounted for in the general and administrative budget for confidentiality
2009 Regional Entity Business Plan and Budget
Approved by Board of Trustees: June 24, 2008

Legal and Regulatory

Funding sources and related expenses for the general and administrative section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Legal and Regulatory					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	150,000	150,000	-	150,000	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
Change in Assets	\$ (150,000)	\$ (150,000)	\$ -	\$ -	\$ 150,000

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- SPP RE Counsel is accounted for in the General and Administrative budget for purposes of confidentiality.

Meeting Expenses

- There was no meeting expenses projected for 2008 or budgeted to support this function in 2009.

Operating Expenses

- Hearing costs were budgeted for under Compliance Monitoring and Enforcement in 2008. This same amount is carried forward in 2009 under this section and not in the Compliance Monitoring and Enforcement section. The amount is estimated to support 3 hearings in 2009. The change was made to provide more consistency in tracking costs to the NERC system of accounts.

Information Technology

Functional Description

The SPP Information Technology department provides resources for the SPP RE to fulfill the responsibilities of the RE Delegation Agreement.

2009 Goals and Objectives

To provide adequate information technology support for the SPP RE to fulfill the responsibilities of the RE Delegation Agreement and to provide these resources in a manner that is independent and separate from other non-RE SPP responsibilities.

Funding Requirements — Explanation of Increase (Decrease)

The costs for IT services to support all RE program areas are accounted for within the Indirect Costs. No specific direct costs for IT services are identified for 2009.

Staffing Needs

Hiring Plans

Shared Employees

SPP shared staff used to support this function are providing support services only and are budgeted for through SPP indirect costs.

Contractors

No contractors are planned for this activity.

Information Technology

Funding sources and related expenses for the information technology section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Information Technology					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- NA

Meeting Expenses

- NA

Operating Expenses

- NA

Human Resources

Functional Description

SPP will provide Human Resources support for the SPP Regional Entity, including the hiring of any needed staff and the administration of payroll and benefits.

2009 Goals and Objectives

To provide adequate human resources services for the SPP RE to fulfill the responsibilities of the RE Delegation Agreement and to provide these resources in a manner that is independent and separate from other non-RE SPP responsibilities.

Funding Requirements — Explanation of Increase (Decrease)

The costs for HR services to support all RE program areas are accounted for within the Indirect Costs. No specific direct costs for HR services are identified for 2009.

Staffing Needs

Hiring Plans

Shared Employees

SPP shared staff are budgeted for through the SPP Indirect Costs. These shared staff provide services in support of the SPP RE programs. If a shared staff incurs significant time and expense to support an RE activity, those may be tracked directly to the RE.

Contractors

No contractors are planned for this activity.

Human Resources

Funding sources and related expenses for the human resources section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Human Resources					
Funding	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- NA

Meeting Expenses

- NA

Operating Expenses

- NA

Finance and Accounting

Functional Description

The Finance and Accounting department will direct the overall financial plans and accounting practices for SPP's RE functions.

2009 Goals and Objectives

- Assist in budget development using the NERC Budget template format.
- Work with other Regional Entities through the REBG to provide consistency in budget submittals.

Funding Requirements — Explanation of Increase (Decrease)

The costs for Finance and Accounting services to support all RE program areas are accounted for within the Indirect Costs. No specific direct costs for Finance and Accounting services are identified for 2009.

Staffing Needs

Hiring Plans

Shared Employees

SPP shared staff are budgeted for through the SPP Indirect Costs. These shared staff provide services in support of the SPP RE programs. If a shared staff incurs significant time and expense to support an RE activity, those may be tracked directly to the RE.

Contractors

No contractors are planned for this activity.

Finance and Accounting

Funding sources and related expenses for the accounting and finance section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Finance and Accounting					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Continuing Education	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2008 and 2009 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

Funding Sources

- NA

Personnel Expenses

- NA

Meeting Expenses

- NA

Operating Expenses

- NA

Section B — 2009 Budget

2008 Budget and Projection and 2009 Budget Comparisons

Table 1

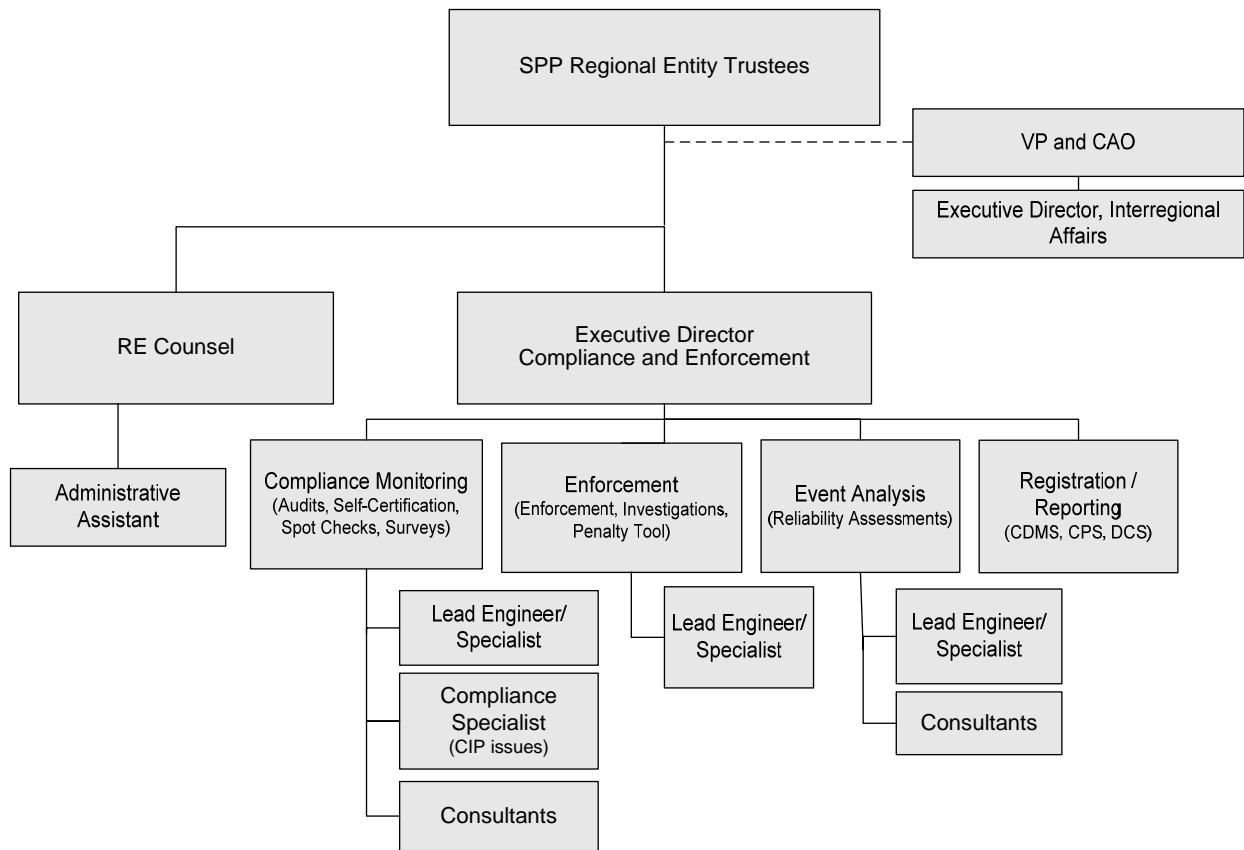
Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
STATUTORY					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Assessments	\$ 4,609,083	\$ 4,609,083	\$ -	\$ 6,481,036	\$ 1,871,953
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 4,609,083	\$ 4,609,083	\$ -	\$ 6,481,036	\$ 1,871,953
Expenses					
Personnel Expenses					
Salaries	\$ 1,149,531	\$ 1,223,811	\$ 74,280	\$ 1,775,017	\$ 551,206
Payroll Taxes	96,461	102,694	6,233	135,789	33,095
Benefits	172,963	184,139	11,176	177,328	(6,811)
Retirement Costs	-	-	-	46,001	46,001
Continuing Education	15,000	15,000	-	25,000	10,000
Total Personnel Expenses	\$ 1,433,954	\$ 1,525,644	\$ 91,690	\$ 2,159,134	\$ 633,491
Meeting Expenses					
Meetings	\$ 64,670	\$ 64,670	\$ -	\$ 178,800	\$ 114,130
Travel	152,000	148,000	(4,000)	206,000	58,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 216,670	\$ 212,670	\$ (4,000)	\$ 384,800	\$ 172,130
Operating Expenses					
Consultants	\$ 296,000	\$ 296,000	\$ -	\$ 386,000	\$ 90,000
Contracts	19,500	19,500	-	9,660	(9,840)
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	150,000	150,000	-	285,000	135,000
Computer Purchase & Maintenance	-	-	-	-	-
Board of Trustees	135,000	135,000	-	-	(135,000)
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ 600,500	\$ 600,500	\$ -	\$ 680,660	\$ 80,160
Other Non-Operating Expenses	\$ 2,357,959	\$ 2,474,306	\$ 116,347	\$ 3,256,442	\$ 782,136
Total Expenses	\$ 4,609,083	\$ 4,813,120	\$ 204,037	\$ 6,481,036	\$ 1,667,917
Change in Assets	\$ -	\$ (204,037)	\$ (204,037)	\$ -	\$ 204,037

Personnel Analysis

Table 2

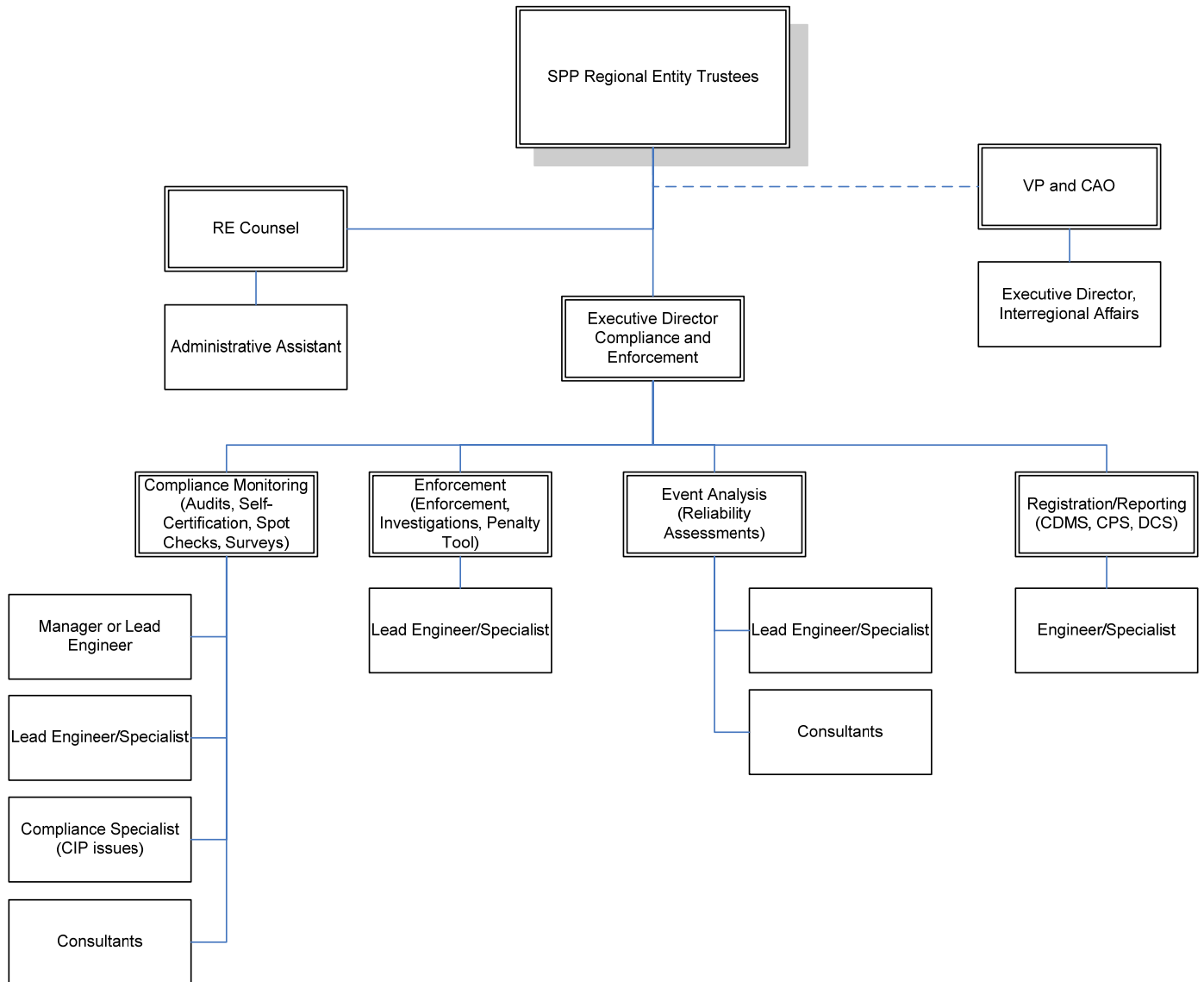
Total FTE's by Program Area	Budget 2008	Projection 2008	Budget 2009	Change from Projection
STATUTORY				
Operational Programs				
Reliability Standards	0.5	0.5	1.0	0.5
Compliance and Organization Registration and Certification	3.5	4.5	6.0	1.5
Reliability Readiness Audit and Improvement	0.5	0.5	0.5	0.0
Training and Education	4.0	4.0	3.0	-1.0
Reliability Assessment and Performance Analysis	2.4	2.4	3.4	1.0
Situational Awareness and Infrastructure Security	0.0	0.0	0.8	0.8
Total FTEs Operational Programs	10.9	11.9	14.7	2.8
Administrative Programs				
Member Forums	0.0	0.0	0.0	0.0
General & Administrative	1.5	2.0	2.5	0.5
Information Technology	0.0	0.0	0.0	0.0
Legal and Regulatory	0.0	0.0	0.0	0.0
Human Resources	0.0	0.0	0.0	0.0
Accounting	0.0	0.0	0.0	0.0
Total FTEs Administrative Programs	1.5	2.0	2.5	0.5
Total FTEs	12.4	13.9	17.2	3.3

2008 Organizational Chart



Last Updated: 5/8/2008

2009 Organizational Chart



Reserve Balance

Table 5

Working Capital Reserve Analysis 2008-2009	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2007	(457,081)
Plus: 2008 ERO Funding (from LSEs or designees)	4,609,083
Plus: 2008 Other funding sources (Cash basis)	
Less: 2008 Projected expenses & capital expenditures (Cash basis)	(4,813,120)
Projected Working Capital Reserve (Deficit), December 31, 2008	(661,118)
Desired Working Capital Reserve, December 31, 2009	¹ 0
Less: Projected Working Capital Reserve (Deficit), December 31, 2008	(661,118)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	661,118
2009 Assessment for Expenses and Capital Expenditures	6,481,036
Less: Other Funding Sources (Cash Basis)	
Adjustment to achieve desired Working Capital Reserve	661,118
2009 Assessment	7,142,154

¹ SPP RE does not require a working capital reserve. The increase in assessments represents SPP RE's underfunding of it's 2007 activities of \$457,081 and it's expected underfunding of 2008 activities of \$204,037.

Regional Entity Assessment Analysis

Assessments by Country

Table 6

NA

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of Table 1, page 54, of the 2009 RE Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Supplemental Funding

NA

Table B-1

Outside Funding Breakdown By Program (excluding ERO Assessments)	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Reliability Assessment and Performance Analysis					
pc-GAR Software				\$ -	-
GADS Services				-	-
Total	\$ -	\$ -	\$ -	\$ -	-
Training and Education					
SO Test Fees				\$ -	-
PJM Test Fees				-	-
CEH Fees				-	-
Total	\$ -	\$ -	\$ -	\$ -	-
Situational Awareness and Infrastructure Security					
ESD Software				\$ -	-
FIST Royalties				-	-
TSIN Fees				-	-
Total	\$ -	\$ -	\$ -	\$ -	-
Technical Committees and Member Forums					
Transmission Owners and Operators Forum Dues				\$ -	-
Total	\$ -	\$ -	\$ -	\$ -	-
General and Administrative					
Interest Income				\$ -	-
Total	\$ -	\$ -	\$ -	\$ -	-
Total Outside Funding	\$ -	\$ -	\$ -	\$ -	-

Personnel Expenses

Table B-2

Personnel Expenses	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Salaries					
Salary	\$ 1,149,531	\$ 1,223,811	\$ 1,775,018	\$ 551,207	45.04%
Employment Agency Fees				-	
Temporary Office Services				-	
Total Salaries	\$ 1,149,531	\$ 1,223,811	\$ 1,775,018	\$ 551,207	45.04%
Payroll Taxes					
FICA	\$ 78,178	\$ 82,852	\$ 110,051	\$ 27,199	32.8%
Medicare	18,283	19,842	25,738	5,896	29.7%
SUI				-	
FUI				-	
Total Payroll Taxes	\$ 96,461	\$ 102,694	\$ 135,789	\$ 33,095	32.2%
Benefits					
Workers Compensation				\$ -	
Medical Insurance	160,747	167,453	141,570	(25,883)	-15.5%
Life-LTD Insurance	12,216	14,451	10,758	(3,693)	-25.6%
Education	15,000	17,235	25,000	7,765	45.1%
Relocation				-	
Total Benefits	\$ 187,963	\$ 199,139	\$ 177,328	\$ (21,811)	-11.0%
Retirement					
Profit Sharing Plan / SERP				\$ -	
Savings Plan			71,000	71,000	
Total Retirement	\$ -	\$ -	\$ 71,000	\$ 71,000	
Total Personnel Costs	\$ 1,433,955	\$ 1,525,644	\$ 2,159,134	\$ 633,490	41.5%

Meeting Expenses

Table B-3

Meeting Expenses

Meeting Expenses by Business Plan Category	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Reliability Standards				\$ -	
Compliance and Organization Registration and Certification				-	
Reliability Readiness Audit and Improvement				-	
Reliability Assessment and Performance Analysis				-	
Training and Education	54,670	54,670	153,800	99,130	181.32%
Situational Awareness and Infrastructure Security				-	
Committee and Member Forums	10,000	10,000	25,000	15,000	150.00%
General and Administrative				-	
Legal and Regulatory				-	
Information Technology				-	
Human Resources				-	
Accounting and Finance				-	
Total Meeting Expenses	\$ 64,670	\$ 64,670	\$ 178,800	\$ 114,130	176.48%

Travel Expenses by Business Plan Category	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Reliability Standards				\$ -	
Compliance and Organization Registration and Certification	69,000	69,000	94,000	25,000	36.23%
Reliability Readiness Audit and Improvement	15,000	15,000	18,000	3,000	20.00%
Reliability Assessment and Performance Analysis			25,000	25,000	
Training and Education	21,000	21,000	21,000	-	0.00%
Situational Awareness and Infrastructure Security	22,000	18,000	18,000	-	0.00%
Committee and Member Forums	10,000	10,000		(10,000)	-100.00%
General and Administrative	15,000	15,000	30,000	15,000	100.00%
Legal and Regulatory				-	
Information Technology				-	
Human Resources				-	
Accounting and Finance				-	
Total Travel Expenses	\$ 152,000	\$ 148,000	\$ 206,000	\$ 58,000	39.19%

Conference Call Expenses by Business Plan Category	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
General and Administrative				\$ -	
Legal and Regulatory				-	
Information Technology				-	
Human Resources				-	
Accounting and Finance				-	
Total Conference Calls	\$ -	\$ -	\$ -	\$ -	
Total Meeting Expenses	\$ 216,670	\$ 212,670	\$ 384,800	\$ 172,130	80.94%

Operating Expenses

Table B-4

Consultants	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Consultants					
Reliability Standards				\$ -	
Compliance and Organization Registration and Certification	296,000	296,000	330,000	34,000	11.49%
Reliability Assessment and Performance Analysis			56,000	56,000	
Training and Education				-	
Situational Awareness and Infrastructure Security				-	
Information Technology				-	
Member Forum Consultants				-	
Consultants Total	\$ 296,000	\$ 296,000	\$ 386,000	\$ 90,000	30.41%

Table B-5

Contracts	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Contracts - Software					
GADS Programming Support				\$ -	
Analysis Software				-	
MMWG Powerflow Contractor				-	
MMWG Dynamics Contractor				-	
Resource Adequacy Studies				-	
Dynamics Database Enhancements				-	
General Maintenance				-	
PKI Cyber Security				-	
NERCnet Maintenance				-	
NERCnet (NERC Office)				-	
NERCnet (IDC Support)				-	
Data Services Maintenance				-	
NERC ICCP Maintenance Contract				-	
NERC ICCP Backup Node				-	
RCIS Support				-	
Real-Time TagNet Displays				-	
Area Control Error (ACE) Project				-	
Inadvertent Interchange				-	
AIE Monitoring				-	
CPS1-Balancing Authority ACE Limit Monitoring				-	
Frequency Monitoring				-	
Assessment Studies				-	
TADS Development				-	
Contracts - Software Total	\$ -	\$ -	\$ -	\$ -	
Contract - IDC					
SDX Support				\$ -	
IDC Maintenance				-	
DF Support Services Contract				-	
IDC Client Contracts				-	
IDC Client Billing				-	
IDC Base Contract				-	
E-Tag Maintenance				-	
Contracts - IDC Total	\$ -	\$ -	\$ -	\$ -	
Education and Training					
System Operator Testing Expenses	\$ 6,100	\$ 6,100	\$ 3,960	\$ (2,140)	-35.08%
System Operator Examination Development				-	
Database Development				-	
Registration Costs	13,400	13,400	5,700	(7,700)	-57.46%
Education and Training Total	\$ 19,500	\$ 19,500	\$ 9,660	\$ -	-50.46%
Contracts Total	\$ 19,500	\$ 19,500	\$ 9,660	\$ -	-50.46%

Table B-6¹⁰

Office Rent	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Office Rent				\$ -	
Utilities				\$ -	
Maintenance				\$ -	
Security				\$ -	
Total Office Rent	\$ -	\$ -	\$ -	\$ -	

Table B-7¹¹

Office Costs	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Telephone				\$ -	
Internet				\$ -	
Office Supplies				\$ -	
Computer Supplies and Maintenance				\$ -	
Publications & Subscriptions				\$ -	
Dues				\$ -	
Postage				\$ -	
Express Shipping				\$ -	
Copying				\$ -	
Reports - Graphics				\$ -	
Stationary Forms				\$ -	
Equipment Repair/Service Contracts				\$ -	
Bank Charges				\$ -	
Sales & Use Taxes				\$ -	
Merchant Card Fees				\$ -	
Presentation & Publicity				\$ -	
Total Office Costs	\$ -	\$ -	\$ -	\$ -	

Table B-8

¹⁰ This is an overhead cost and is accounted for in the SPP Indirect Adder rate. Overhead costs include services provided by SPP Inc. to support statutory and non-statutory activities such as payroll and accounts payable processing, human resources and benefits management, accounting, information technology, executive leadership, corporate affairs and communications, office costs and other support services and expenditures. Further explanation of this allocation can be found in SPP RE's Delegation Agreement.

¹¹ This is an overhead cost and is accounted for in the SPP Indirect Adder rate. Overhead costs include services provided by SPP Inc. to support statutory and non-statutory activities such as payroll and accounts payable processing, human resources and benefits management, accounting, information technology, executive leadership, corporate affairs and communications, office costs and other support services and expenditures. Further explanation of this allocation can be found in SPP RE's Delegation Agreement.

Section B — 2009 Regional Entity Budget

Professional Services	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Independent Trustee Fees	\$ 135,000	\$ 135,000	\$ 135,000	\$ -	0.00%
Outside Legal	150,000	150,000	150,000	\$ -	0.00%
Accounting & Auditing Fees				\$ -	
Other Legal Fees				\$ -	
Insurance Commercial				\$ -	
Total Services	\$ 285,000	\$ 285,000	\$ 285,000	\$ -	0.00%

Table B-9¹²

Computer	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Purchase and Lease Software				\$ -	
Total Computer	\$ -	\$ -	\$ -	\$ -	

Table B-10¹³

Furniture & Equipment	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Furniture				\$ -	
Equipment				\$ -	
Leasehold Improvements				\$ -	
Total Furniture & Fixtures	\$ -	\$ -	\$ -	\$ -	

Table B-11

Other Non-Operating Expenses	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Shared Services Allocation	\$ 2,357,959	\$ 2,474,306	\$ 3,256,442	\$ 782,136	31.61%
Office Relocation				\$ -	
Cash Reserve Requirement				\$ -	
Total Non-Operating Expenses	\$ 2,357,959	\$ 2,474,306	\$ 3,256,442	\$ 782,136	31.61%

¹² This is an overhead cost and is accounted for in the SPP Indirect Adder rate. Overhead costs include services provided by SPP Inc. to support statutory and non-statutory activities such as payroll and accounts payable processing, human resources and benefits management, accounting, information technology, executive leadership, corporate affairs and communications, office costs and other support services and expenditures. Further explanation of this allocation can be found in SPP RE's Delegation Agreement.

¹³ This is an overhead cost and is accounted for in the SPP Indirect Adder rate. Overhead costs include services provided by SPP Inc. to support statutory and non-statutory activities such as payroll and accounts payable processing, human resources and benefits management, accounting, information technology, executive leadership, corporate affairs and communications, office costs and other support services and expenditures. Further explanation of this allocation can be found in SPP RE's Delegation Agreement.

Section C — 2009 RE Non-Statutory Business Plan and Budget

Full Member Criteria Services

(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs			
Total Direct Funding			
Total Indirect Funding			
Total Funding			

Background

Southwest Power Pool, Inc. (SPP) is a Regional Transmission Organization, mandated by the Federal Energy Regulatory Commission to ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity. These activities are budgeted for separately from the SPP RE and constitute the non-statutory activities further described in this Section.

Membership and Governance (for non-statutory activities)

SPP is a relationship-based organization with member-driven processes offering independence through diversity in Organizational Group membership and recognition that reliability and economic/equity issues are inseparable. SPP strives to continuously improve and implement new concepts in a deliberate evolutionary manner.

SPP membership is voluntary and open to any electric utility, federal power marketing agency, transmission service provider, any entity engaged in the business of producing, selling and/or purchasing electric energy for resale, and any entity willing to meet the membership requirements, including execution of the Membership Agreement. Membership is also open to entities eligible to take service under the SPP Open Access Transmission Tariff (OATT). SPP offers its Members greater efficiency and service reliability through better coordination.

SPP members serve over 4.5 million customers across eight states: Arkansas, Kansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, and Texas.

SPP is governed in accordance with its Bylaws by an independent Board of Directors consisting of seven directors independent of any SPP Member. The Board of Directors works to ensure equity to all Members and acts in the best interest of SPP through its management, control and direction of the general business of SPP.

Non-Statutory Functional Scope

SPP is mandated by the Federal Energy Regulatory Commission (Commission) to ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity.

SPP provides the following primary services to our members and customers:

Tariff Administration: Independent administration of the Open Access Transmission Tariff that provides one-stop shopping for regional transmission service with consistent rates and terms.

Reliability Coordination: SPP monitors power flow throughout our footprint. We anticipate problems and take preemptive action to mitigate operating limit violations. SPP coordinates regional response in emergency situations or blackouts.

Regional Scheduling: SPP ensures that the amount of power sent is coordinated and matched with power received. SPP's regional scheduling service reduces the number of entities with which SPP members and customers have to coordinate.

Market Operations: SPP administers an Energy Imbalance Marketplace, monitors resource/load balance and ensures that less expensive power is used to serve load before expensive power, all while ensuring system reliability is met.

Expansion Planning: SPP's planning process seeks to identify system limitations and develop transmission upgrades for increased capacity.

Contract Services: SPP provides reliability, tariff administration, and scheduling for non-members on a contract basis.

Finally, as a Public Utility under the Federal Power Act, SPP is required to submit its budget to the Commission. The Commission already has approved SPP's activities and has ordered that SPP's budgets be filed with the Commission.¹⁴

¹⁴ See Sw. Power Pool, Inc., 109 FERC ¶ 61,010, at P 98 (2004) (requiring SPP to file its operating budget on an annual basis). See also Sw. Power Pool, Inc., 109 FERC ¶ 61,009, at PP 3-5 (2004), order on reh'g, 110 FERC ¶ 61,137 (2005) (describing history of SPP RTO application, including approval and revision of SPP Bylaws); see also, generally, Sw. Power Pool, Inc., 108 FERC ¶ 61,003 (2004), order on reh'g, 110 FERC ¶ 61,138 (2005); Sw. Power Pool, Inc., 106 FERC ¶ 61,110 (2004).

Planning Cycle

SPP's overall annual budget is prepared on a budget cycle to be approved by its independent Board of Directors annually at its October meeting. Because of this timing difference with the NERC budget process; SPP is unable to provide an accurate 2009 SPP budget for non-statutory activities at this time. The process begins during the second quarter when the SPP staff develops preliminary non-statutory budgets. During the third quarter the Finance Committee of SPP initially reviews and evaluates the budget prepared by SPP staff. Once the budget is approved by the Finance Committee, it is presented to the Board of Directors for their review and approval at its quarterly meeting held in October. The SPP overall annual budget is then submitted to FERC for approval.

2009 Primary Objectives —

Please refer to the above mentioned timing difference with the NERC budget process.

Major 2009 Cost Impacts

Please refer to the above mentioned timing difference with the NERC budget process.

2008 Budget and Projection and 2009 Budget Comparisons¹⁵

Table 1

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
NON-STATUTORY					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
Funding					
ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues/Non-Stat Assessments	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

¹⁵ Due to the timing difference with the NERC budget process, SPP is unable to provide an accurate 2009 budget for non-statutory activities at this time.

Personnel Analysis¹⁶

Table 2

Total FTE's by Program Area	Budget 2008	Projection 2008	Budget 2009	Change from Projection
Non-Statutory				
Operational Programs				
				0.0
				0.0
				0.0
				0.0
				0.0
				0.0
Total FTEs Operational Programs	0.0	0.0	0.0	0.0
Administrative Programs				
				0.0
				0.0
				0.0
				0.0
				0.0
Total FTEs Administrative Programs	0.0	0.0	0.0	0.0
Total FTEs	0.0	0.0	0.0	0.0

¹⁶ Due to the timing difference with the NERC budget process, SPP is unable to provide an accurate 2009 budget for non-statutory activities at this time.

2008 Organizational Chart¹⁷

¹⁷ Due to the timing difference with the NERC budget process, SPP is unable to provide an accurate 2008 Org Chart for non-statutory activities at this time.

2009 Organizational Chart¹⁸

¹⁸ Due to the timing difference with the NERC budget process, SPP is unable to provide an accurate 2009 Org Chart for non-statutory activities at this time.

Reserve Analysis — 2008–2009

Table 5

Reserve Analysis 2008-2009	
Non-Statutory	
Cash Available 2008	
	Beginning Cash @ January 1, 2008
	2008 ERO Funding (from LSEs or designees)
	2008 Other funding sources (Cash basis)
	Change in assets ¹
Total Cash Available 2008	0
Cash Needed 2008	
	2008 Projected expenses (Cash basis) ²
	Change in liabilities
Total Cash Needed 2008	0
Projected Ending Cash Balance, December 31, 2008	0
Desired Cash Balance, December 31, 2009	³
Less: Projected Cash Balance December 31, 2008	0
Increase(decrease) in assessments needed to raise cash balance	0
2009 Assessment	
Adjustment to increase cash balance	0
2009 Assessment and reserve adjustment	0

¹ Assumes all other assets remain at same levels as 12/31/08

² Assumes all other liabilities remain at same levels as 12/31/08

³ Comment from Board of Trustees explaining reserve balance required.