



Southwest Power Pool Regional Entity

TRUSTEE MEETING

October 27, 2008

Marriott Southern Hills – Tulsa, OK

• A G E N D A •

8:00 a.m.

- 1. Administrative Items Mr. John Meyer
 - a. July Minutes Approval
 - b. Status Trustee Self-Assessment Survey
- 2. Review of Past Action Items Mrs. Alison Hayes
- 3. Quarterly Activity Report..... Mr. Ron Ciesiel
 - a. Post June 18th Violation report
 - b. Top 5 SPP RE and NERC Reported Violations
 - c. SPP RE Personnel Report
 - d. SPP RE 2009 Audit Schedule
 - e. Quarterly Newsletter
- 4. SPP RE Online Survey Results..... Mr. Ron Ciesiel
- 5. Training Report.....Mr. Michael Desselle
- 6. Budget Report.....Mr. Michael Desselle
- 7. Standards Development ReportMr. Michael Desselle
- 8. Nebraska Update.....Mr. Michael Desselle
- 9. Legal Report Mrs. Alison Hayes
 - a. Administrative Law Judge Update
- 10. Future Meetings..... Mrs. Alison Hayes
- 11. Summary of New Action Items Mrs. Alison Hayes
- 12. Executive Session Trustees

*Relationship-Based • Member-Driven • Independence Through Diversity
Evolutionary vs. Revolutionary • Reliability & Economics Inseparable*

Southwest Power Pool Regional Entity
SPP REGIONAL ENTITY TRUSTEE MEETING
July 21, 2008
Plaza West Building – Little Rock, AR

• MINUTES •

Agenda Item 1 – Administrative Items

Chairman John Meyer called the meeting order at 12:15 p.m. Others in attendance were Trustees Dave Christiano and Gerry Burrow; Michael Desselle; Charles Yeung; Kevin Sanson; Jim Williams; Shon Austin; Joe Gertsch; Fred Meyer, Empire District Electric; Leon Ganser, Xcel Energy and Alison Hayes, corporate secretary.

Minutes from April 23 and June 24, 2008 Trustee meetings were presented for approval. The following change will be made on the April 23, 2008 minutes: RFC will be changed to RSC. Gerry Burrows made a motion to accept both sets of minutes with the amendment reflected in these minutes. Dave Christiano seconded the motion, which passed unanimously. (Attachment 1)

The Regional Entity Trustees Self-Assessment Survey was discussed. John Meyer has written a preliminary draft and will forward to the other Trustees for suggestions and approval.

The Registered Entity Survey to assess SPP RE was discussed. Ron Ciesiel explained updates that have been made. The RE staff was directed to send the survey out by August 1, 2008. The target distribution list will be SPP Registered Entities and the Market Operations and Policy Committee (MOPC) email exploder. The survey will be sent using either Corporate Communication's email address or a "dummy" address, to be designed. (Attachment 2)

The 2008 SPP RE organizational chart was distributed and changes reflecting the addition of new employee positions and staff names were reviewed. (Attachment 3)

Agenda Item 2 – Past Action Items

Charles Yeung reported on Action Items in accordance with the Status Report (Attachment 4).

Agenda Item 3 – Quarterly Activity Report – Ron Ciesiel

- a. Post June 18, 2007 through July 17, 2008 – 54 violations. (Attachment 5)
- b. June 17, 2008 Event Update – Event Analysis team was discussed. SPP RE needs a NERC representative for the analysis team. First report anticipated by mid August, 2008. (Attachment 6)
- c. Criteria 11 – The MOPC approved SPP Criteria 11 was discussed. The Trustees issued the following resolution accepting Criteria 11 as drafted, with two minor changes pursuant to paragraph 11.0, System Disturbance Reporting. (see resolution below). The last sentence was changed from "all applicable entities" to "all applicable registered entities" and "within the Regional Entity" was changed to "within the SPP Regional Entity footprint." Dave Christiano made a motion to adopt the resolution as amended by the Trustees and Gerry Burrows seconded the motion which passed unanimously.

Resolution:

The RE Trustees approve the modified criteria 11 as approved by the MOPC on July 15, 2008 and resolve that Criteria 11 shall serve as a reporting procedure for all applicable registered entities within the SPP Regional Entity (RE) footprint in order to meet the requirements of NERC Standard EOP-004. The SPP Regional

Entities Trustees respectfully encourage the SPP Board of Directors to adopt Criteria 11 as stated.

SPP RE will distribute Criteria 11 to SPP RE Registered Entities to inform them of the new criteria requirement. (Attachment 7)

- d. CIP Standards – Shon Austin has been assigned to act as the CIP standards SPP RE internal representative. The July 2008 Semi-Annual CIP Survey/Self-Certification current statistics were discussed in accordance with the report. (Attachment 8)
- e. SPP RE Compliance Personnel Report – RE time expenditures were discussed pursuant to the attached report. Mr. Ciesiel requested that a 2009 personnel position be approved for hire in 2008. Gerry Burrows made a motion to approve the unbudgeted expense and John Meyer seconded which passed unanimously. (Attachment 9)

Ron announced the addition of Joe Gertsch to the RE staff.

- f. Other – Ron Ciesiel distributed a non-confidential version of the recent semi-monthly Trustees report from the RE. (Attachment 10)

Agenda Item 4 – SPP RE Standards Development Report

Charles Yeung reported that the SPCWG met two times since the April Trustees meeting to work on the UFLS Regional Standard. The Region cannot approve the standard until NERC approves a national version. Alison Hayes is meeting with an MRO representative on Tuesday to discuss implementation of the voting tool for the standard. (Attachment 11)

Agenda Item 5 – RE Training Report

Charles Yeung made a report in accordance with the attachment. (Attachment 12)

Agenda Item 6 – RE Budget Report

Charles Yeung reported on the monthly RE tracking budget report and the final RE budget report sent to NERC for approval on July 10, 2008. The disparity in adder between \$110 per work hour and \$101 was discussed and explained by Scot Smith. (Attachment 13)

The final SPP RE budget draft has been submitted to NERC per the Trustees approval.

Agenda Item 7 – Nebraska Update

Michael Desselle reported that SPP and three Nebraska Companies are currently in discussions regarding their transfer from MRO to SPP.

Agenda Item 8 – FERC Audit

John Meyer reported that an exit interview was conducted by FERC with SPP RE regarding their initial findings and recommendations. A final report will be forthcoming. The details of the findings were discussed in Executive Session.

Agenda Item 9 – RE Administrative Assistant Position

Alison Hayes reported that an offer has been extended and accepted by an applicant for the Administrative Assistant position. Barring problems with pre-employment screening, she is scheduled to start August 1, 2008.

Agenda Item 10 – Summary of New Action Items

Alison Hayes reviewed new action items:

- a. Michael and Alison will work with Communications to get the SPP RE assessment survey distributed by August 1, 2008.
- b. Michael will check with MRO about Administrative Hearings they have posted.

- c. Alison will research and begin drafting a confidentiality agreement for Engineers-in – Training and possibly all SPP RE employees.
- d. Michael will get with Jim Gunnell about providing CEH hours for CIP training and other programs.
- e. Michael will get with Jim Gunnell about relaying training opportunities to parties outside of the SPP purview.
- f. Charles will obtain NERC's schedule for forthcoming fill-in-the-blank standards.

Agenda Item 11 – Future Meeting Dates and Places

Alison Hayes reported that the next scheduled Trustee meeting is January 30, 2009 in Austin, TX. (Attachment 14)

With no further business, the meeting was adjourned to Executive Session where the FERC audit and personnel issues were discussed.

Respectfully submitted,

Alison Hayes
Corporate Secretary



Southwest Power Pool Regional Entity

TRUSTEE MEETING

Pending Action Items Status Report

October 27, 2008 - 8:00 a.m.

	Action Item	Date Originated	Status	Comments
1.	Alison and Michael work with Communications to get RE survey distributed by 8/1/08.	7/21/08	Completed	Results in meeting materials
2.	Michael check with MRO about scheduled Administrative Hearings	7/21/08	Pending	
3.	Alison draft confidentiality agreement for Engineers-in-Training	7/21/08	Pending	Decision not to engage EIT under review.
4.	MD to get with Jim Gunnell re: providing CEH hours for CIP training	7/21/08	Completed	Per JG, not possible at this time.
5.	MD get with JG re: promoting training opp.s outside SPP purview	7/21/08	Completed	Already in process
6.	Charles get NERC schedule of forthcoming fill-in-the-blank standards	7/21/08	Completed	In meeting materials
7.				
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**RE Third Quarter
Training Report
October 21, 2008**

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Third Quarter 2008 Highlights

- Through the regional training events offered YTD in 2008, SPP has awarded an estimated 7,840 continuing education hours (CEH). Approximately 6,222¹ hours of that total have been awarded to SPP registered entities, an additional 1,618 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 24; up 140% 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.
- 52 operations personnel participated in the SPP System Operations Conference on October 6-9, 2008. More than 1,200 CE hours were awarded during the conference.
- Due to the level of participation of registered entities in the SPP System Operations Conferences, SPP will host three Systems Operations Conferences in 2009.
- SPP conducted the North Sub-regional Restoration Drill on September 16-17, 2008 with 9 entities using the dispatch training simulator (DTS). Nearly 800 CEH were awarded to 50 participants.
- There will be 98 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	34	16	5	112	2,688
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	24	2	19	42	704
2008	System Operations Conference	52	24	1	48	1,320
						7,840

¹ 5,700 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	12
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
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		98

SPP 3rd Quarter Regional Entity Budget Variance Update

October 15, 2008

The SPP RE has tracked 15,030 total man-hours, equivalent to 7.23 FTEs from January through the end of September 2008. The 2008 budget provides for 12.4 annual FTEs or an equivalent 9.3 FTEs through the end of the 3rd quarter. The budget variance year-to-date through the end of September is -\$472,258. This is approximately -13.6% under the 2008 budget.

All program areas are tracking man-hours near the budgeted FTEs. The Compliance Enforcement program is above the 3rd quarter amount primarily due to hours logged by one additional staff that was not included in the 2008 Budget. The Training program is the largest variance with only about 2000 man-hours tracked to the RE. To be on target for the 4 FTEs budgeted for 2008, there needs to be an additional 6000 man-hours for the remaining quarter. Not all man-hours may have been recorded into the JourneyX tracking system. Further inquiries are being made.

The SPP RE Trustees approved two out-of-budget staff additions for the SPP RE under the Compliance and Enforcement Program and General and Administrative program areas. These staff additions are reflected in the 2008 full year projections which result in an expected unfavorable variance as compared to the 2008 full year budget. The projected overage to the 2008 RE Budget is \$204,036. SPP RE does not plan to request additional funding for these two positions and will true up the overage in the 2009 Budget year.



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

<i>(In Whole Dollars)</i>	2008 SEPTEMBER YTD ACTUAL	2008 SEPTEMBER YTD BUDGET	VARIANCE	2008 FULL YEAR PROJECTION	2008 FULL YEAR BUDGET	VARIANCE
Funding						
ERO Funding	2,984,555	3,456,813	(472,258)	4,609,084	4,609,084	-
Membership Dues						
Testing Fees						
Services & Software						
Workshops						
Interest			-			-
Miscellaneous						-
Total Funding	2,984,555	3,456,813	(472,258)	4,609,084	4,609,084	-
Expenses						
Personnel Expenses						
Salaries	860,365	862,148	(1,783)	1,223,811	1,149,531	74,280
Payroll Taxes	65,818	72,346	(6,528)	102,694	96,461	6,233
Benefits	109,069	129,722	(20,654)	184,139	172,963	11,176
Continuing Education	1,779	11,250	(9,471)	15,000	15,000	-
Retirement Costs	-	-	-	-	-	-
Total Personnel Expenses	1,037,031	1,075,466	(38,435)	1,525,644	1,433,955	91,689
Meeting Expenses						
Meetings	70,716	48,503	22,213	64,670	64,670	-
Travel	107,149	114,000	(6,851)	148,000	152,000	(4,000)
Conference Calls	-	-	-	-	-	-
Total Meeting Expenses	177,865	162,503	15,362	212,670	216,670	(4,000)
Operating Expenses						
Contracts & Consultants	-	-	-	-	-	-
Office Rent	-	-	-	-	-	-
Office Costs	10,008	4,575	5,433	6,100	6,100	-
Administrative Costs	-	-	-	-	-	-
Professional Services	163,010	344,550	(181,540)	459,400	459,400	-
Regional Entity Trustee Fees	75,500	101,250	(25,750)	135,000	135,000	-
Computer Purchase & Maint.	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Miscellaneous/ Cotigency	-	-	-	-	-	-
Total Operating Expenses	248,518	450,375	(201,857)	600,500	600,500	-
Total Direct Costs	1,463,414	1,688,344	(224,930)	2,338,814	2,251,125	87,689
Total Indirect Costs	1,521,141	1,768,469	(247,329)	2,474,306	2,357,959	116,347
Total Costs	2,984,555	3,456,813	(472,258)	4,813,120	4,609,084	204,036

SEPTEMBER REGIONAL ENTITY REVENUE	
0100-45310-4000-4572-00	(391,284)
0000-25200-2530-0000-00	391,284

**SPP Regional Entity Standard Update
Underfrequency Load Shedding (UFLS)
For the RE Trustees Meeting October 27, 2008**

SPP's Standard Drafting Team (SDT) for UFLS standard had two meetings (August 5 via WebEx and September 22-23 face to face at Tulsa, OK).

On August 5, 2008 SPP SDT discussed the performance characteristics posted for stakeholder comments as a part of NERC's UFLS Continent Wide standard. In general, the SDT agreed with the NERC SDT to not develop a Continent-Wide standard and let each region develop a Regional Standard based on regional performance characteristics. However the SPP SDT had specific comments on some technical requirements and submitted their response to NERC on August 14, 2008

On September 23, SPP SDT met and discussed the SPP UFLS regional standard draft and made modifications so that it is consistent with other Regional Standards in the Eastern Interconnection. SPP SDT will take the necessary actions based on the direction received by NERC SDT any Continent Wide Standard and post a first draft for comments in the First quarter of 2009.

The next SPP SDT is scheduled on November 13, 2008 via WebEx.

Further efforts to develop SPP regional standards are not definitive at this time as NERC's schedule for developing additional Continent-Wide standards is uncertain. NERC currently has a proposal to replace the continent-wide standard for UFLS with a set of criteria or principles for regions to follow in developing their regional UFLS standards. The outcome of this proposal may impact the schedule and approach to future "fill-in-the-blank" regional standards.

ROBERT P. WAX
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EXPERTISE AND EXPERIENCE

Commercial and Energy Arbitrator and Mediator

Mr. Wax is an experienced arbitrator and mediator of commercial, energy, and corporate matters with Charter Resolution LLC, his independent alternative dispute resolution (ADR) firm.

Before he was a full-time neutral, Mr. Wax spent nearly 30 years as a corporate, commercial, regulatory and litigation/appellate attorney with a Fortune 500 corporation as General Counsel and then with a major New York based international law firm.

Over the last five years, he has arbitrated or mediated more than 30 major multi-industry disputes (ranging from \$6 million to \$900 million) in 14 different states and has been selected by his peers for inclusion in *Best Lawyers in America* (ADR category) since 2005. He also has been listed as one of the “New York Area’s Best Lawyers” in the ADR field in *New York* magazine.

In ADR matters, he has served in administered as well as self-administered cases, both as a sole arbitrator or mediator and on tri-partite panels (including as chair), in the electric, defense, waste, telecom, cogeneration, gas, nuclear, coal, legal, restaurant and service industries.

As a domestic United States and international ADR provider, he is:

- A member of the Large Complex Case Panel, as well as the National Energy Panel, of the American Arbitration Association (AAA), and an approved commercial mediator for AAA
- A member of the General Counsel and the Energy, Oil & Gas Panels, as well as the Panel of Distinguished Neutrals for Connecticut, for the CPR International Institute for Conflict Prevention & Resolution

- A member of the Energy Arbitrators' List, administered by the International Centre for Dispute Resolution (Dublin, Ireland)
- An Independent Hearing Officer for the SERC Electric Reliability Corporation; the Midwest Reliability Organization; the Florida Reliability Coordinating Council, Inc.; ReliabilityFirst Corporation and the Northeast Power Coordinating Council, Inc. (as a quasi-judicial official electric reliability standards hearings)
- On the approved list of mediators and arbitrators for the Midwest Independent System Operator) and the PJM Interconnection LLC, as well as the Western Systems Power Pool, and has arbitrated and mediated disputes involving the California Independent System Operator
- A registered mediator/arbitrator with the United States Council of International Business (for the International Court of Arbitration)

Prior to 1998, he was Senior Vice President, Secretary and General Counsel of Northeast Utilities (NU), New England's largest combination electric/gas utility system and one of the nation's largest operators of nuclear generating facilities. There, he directed the legal, corporate governance, compliance, and insurance functions, managing 25 lawyers in three states.

From 1998 to 2003, he headed the energy/utilities practice in the Connecticut office of LeBoeuf, Lamb, Greene & MacRae, L.L.P (now Dewey & LeBoeuf LLP). As part of LeBoeuf's worldwide law practice, he advised energy companies (including utilities, IPPs and cogenerators), as well as companies in other industries on corporate, regulatory, transactional, nuclear, energy trading, renewable energy, environmental, transmission, and alternative dispute matters.

Active in professional and civic activities, he is a frequent speaker and moderator, as well as a participant, at industry, bar association and ADR programs (e.g. Energy Bar Association; AAA, American Bar Association ADR Committee; Edison Electric Institute; American Gas Association;; ICC Court of Arbitration and CPR). He is the 2008-2009 Vice Chair of the ADR Section of the Energy Bar Association and has been Adjunct Faculty at University of Connecticut School of Law.

EDUCATION

- | | |
|------|--|
| B.A. | Tufts University, 1971, Phi Beta Kappa |
| J.D. | University of Virginia School of Law, 1974 |

FORMAL ARBITRATION/MEDIATION TRAINING

- Florida Supreme Court Approved Training for Certification as Circuit Civil Mediator, Mediation Training Group Inc, 2008
- CPR European Congress 2007
- ICC International Dispute Resolution Programs, 2004 and 2005
- Center for Dispute Settlement, Mediation Course, 2002
- AAA Neutrals Conferences, 2003, 2005, and 2006
- AAA Arbitrator I, II Training and Annual Updates, 2000-2008

ADMITTED TO PRACTICE AND COURT APPEARANCES

- Connecticut, 1974; United States District Court, Connecticut, 1975
- United States Courts of Appeals, DC Cir. 1978 and 1st Cir. 1983

**REPRESENTATIVE MAJOR ARBITRATION AND MEDIATION MATTERS
AND
RECENT PRESENTATIONS AND ACTIVITIES ON ADR TOPICS OF R. P. WAX
(AS OF OCTOBER 2008)**

PRESENTATIONS AND ACTIVITIES

- *Speaker*, Energy Bar Association: “NERC and Regional Entity Hearing and Appeal Processes”, Washington, DC, October 2008
- *Speaker*, Energy Bar Association Mid-Year Meeting: “ADR Ethics”, Washington, DC, November 2008
- *Presenter/Speaker*, ReliabilityFirst Corporation, Compliance Committee/Hearing Body Training Session, Washington, DC, August 2008
- *Panelist*, Energy Bar Association: “Alternate Dispute Resolution in the Nuclear Industry and at the NRC”, Washington, DC, April 2008
- *Panelist*, Edison Electric Institute Legal Committee, “Electric Reliability Compliance and Enforcement-Now is the Time”, Santa Barbara, CA, March 2008
- *Panelist*, CPR International Institute Distinguished Neutrals Series, San Francisco, 2007
- *Hearing Officer/Judge*, Mock Hearing at Workshop: Implementation of 2008 Northeast Power Coordinating Council, Inc. Compliance Program, Washington, DC, 2007
- *Program Chair and Moderator*, Energy Bar Association: “ADR at RTOs, ISOs and Power Pools”, Washington, DC, May 2007 (Program transcript published in Energy Law Journal, December 2007)
- *Panelist*, American Bar Association Section of Dispute Resolution Conference: “ADR on my Mind in Georgia”, Atlanta, 2006
- *Participant*, Center for Advancement of Energy Markets ADR Project (2004-2006)

- *Member*, CPR International Institute Ad Hoc Mediation Ethics Committee (2005) and Energy Committee (2005-present)
- *Co-Author*, “Staying Out of Court; Alternative Dispute Resolution Can Save Your Company Money and Time”, Electric Perspectives, May/June 2006

REPRESENTATIVE MAJOR PROCEEDINGS

- *Mediator*, Vermont Transmission Line Loss Mediation (Private Case, Burlington, Vermont)-Dispute involving the billing of transmission line load losses and related issues among seven parties (sole mediator)
- *Arbitrator*, Indiantown Cogeneration LP v. Century Coal Company (AAA Case, Charlotte, NC)-dispute involving coal supply to cogeneration plant (member of arbitration panel)
- *Arbitrator*, Dow Chemical Company v. Midland Cogeneration Venture (Private Case, Michigan)-dispute over steam sales contract from merchant electric generating plant (member of arbitration panel)
- *Arbitrator*, Colonial Coal Company v. CAM Mining LLC (AAA Case, Lexington, KY)-dispute involving royalties for coal arising from asset purchase agreement (chair of tri-partite panel)
- *Arbitrator*, Hunter Defense Industries, Inc. v. Lou Zack (CPR International Institute Case, New York)-dispute arising out of acquisition of defense industry supplier (sole arbitrator)
- *Mediator*, Dominion Energy Kewaunee and Wisconsin Public Service/Wisconsin Power & Light, (Private Case, Chicago, Illinois)-dispute involving treatment of spent nuclear fuel cost allocation in nuclear plant sale vis-à-vis Department of Energy litigation (sole mediator)
- *Arbitrator*, Metal Management, Inc. v. Schiavone (AAA Proceeding, New Haven, Connecticut)- dispute over post corporate acquisition environmental issues in the waste management industry (chair of tri-partite arbitration panel)

- *Arbitrator, Midland Cogeneration Venture v. Dow Corning (Private Case, Michigan)-dispute over steam sales contract from merchant electric generating plant (member of arbitration panel, case settled immediately after appointment)*
- *Arbitrator, Solutia Inc. v. Decatur Energy Center (CPR International Institute Case, Houston, Texas)- dispute over valuation of cogeneration energy contracts rejected in Chapter 11 reorganization (member of arbitration panel)*
- *Arbitrator, NorthWestern Corp. and SGE (New York) Associates (AAA Proceeding, Montana)-dispute involving valuation and appraisal of a purchase option for a lease interest in a coal electric generating plant (sole arbitrator/appraiser-appointed by AAA under contract, matter terminated by party action immediately after commencement)*
- *Mediator, TellImagine Inc. v. Sprint Corp. (CPR International Institute Case, Tampa, FL and Kansas City, MO)- mediation ordered in AAA arbitration case concerning an operating agreement in the telecommunications industry (sole mediator)*
- *Arbitrator, Confidential AAA Case, (Hartford, CT)-dispute involving audit/accounting issue between restaurant franchisor and franchisees (sole arbitrator)*
- *Arbitrator, AMP-Ohio v. The Dayton Power & Light Company (Private Case, Ohio/Washington, DC)-dispute concerning electric transmission rates and RTO/ISO rules (member of arbitration panel)*
- *Arbitrator, Nevada Power Company v. Reliant Energy (AAA Proceeding, Las Vegas, NV)- dispute concerning gas marketing during California energy crisis of 2001 (member of arbitration panel)*
- *Arbitrator, Constellation Energy Commodities Group v. Exelon Generation Company (AAA Proceeding, Chicago, IL)-dispute concerning coal services and supply contract for two Midwest U. S. electric generating stations (member of arbitration panel)*

- *Mediator, TransCanada Energy Ltd. v. Niagara Mohawk Power Company* (CPR International Institute Case, New York, NY)-dispute in Federal Court in Northern District of New York between Canadian supplier and utility concerning billing under gas supply contract (sole mediator)
- *Arbitrator, Pacific Gas & Electric et al. v. California ISO and Southern California Edison* (AAA Proceeding, San Francisco, CA)-multiple party dispute between investor owned and municipal/cooperative utilities and ISO on billing for electric transmission transactions (sole arbitrator)
- *Mediator, Confidential AAA Case* (Hartford, CT)-dispute between restaurant industry franchisor and franchisee (sole mediator)
- *Arbitrator, American Transmission Company LLC et al. v. Midwest ISO et al.* (Midwest ISO Case, Chicago, IL)- multiple party dispute on electric transmission revenue billing (sole arbitrator)
- *Mediator, Confidential International Private Case* (Washington, DC)- dispute between Canadian electric power trader and Midwest transmission owner (sole mediator)
- *Mediator, Sacramento Municipal Utility District and California ISO* (Private Case, Sacramento, CA)-contract formation and billing dispute between municipal utility and ISO arising from California energy crisis (sole mediator)
- *Arbitrator, FirstEnergy (Ohio) v. NRG Energy (Minnesota)* (Private Case, inside NRG Energy Chapter 11 Reorganization, Cleveland, OH)- failed multi-billion dollar asset sale transaction (member of arbitration panel)
- *Arbitrator, Town of Belleair, Florida v. Progress Energy Florida* (Court ordered arbitration, Tampa, FL)- statutory valuation of municipal electric system for potential buyout of investor owned distribution and related transmission and generation assets (member of arbitration panel)
- *Arbitrator, Confidential AAA Case* (Hartford, CT)- billing dispute between a Midwest energy company and a regional ISO (member of arbitration panel)

- *Arbitrator, Madison Gas and Electric v. Wisconsin Power and Light (Private Case, Madison, WI)- multiple party contract dispute over joint ownership agreement for electric generating plant (member of arbitration panel)*

Hearing Officer Agreement

This Agreement is entered into this 1st day of November, 2008 (“Effective Date”), by and between Southwest Power Pool Regional Entity (“SPP”) and Robert P. Wax (hereinafter, the “Hearing Officer”).

WHEREAS, SPP wishes to retain Hearing Officer for compliance hearings being conducted under SPP’s Compliance Monitoring and Enforcement Program (as amended from time to time, the “CMEP”), and the SPP Hearing Procedure appearing as Attachment 2 thereof (the “Hearing Procedure”);

WHEREAS, Hearing Officer is an independent expert knowledgeable about issues typically faced by entities engaged in energy production, transmission, distribution and sales under federal and state regulation;

WHEREAS, SPP and Hearing Officer are entering into this Agreement with the mutual goal of creating an independent, neutral, and objective hearing officer position to conduct SPP compliance proceedings in accord with the CMEP; and

WHEREAS, SPP and Hearing Officer mutually desire the satisfaction of the Standards for Discretion embodied in the Hearing Procedure (*i.e.*, integrity, fairness, independence, balanced decision-making, impartiality, and expedition);

NOW, THEREFORE, in consideration of the premises and the covenants in this Agreement, SPP and Hearing Officer hereby agree as follows:

1. Retention of Hearing Officer; Scope of Services.
 - (a) Incorporation by Reference. The CMEP and Hearing Procedures are incorporated herein by reference and shall form part of this Agreement as if specifically set forth herein. Hearing Officer represents and warrants that prior to the date hereof he has received and reviewed the CMEP and Hearing Procedures.
 - (b) Retention of Hearing Officer. SPP hereby engages Hearing Officer to perform the Services (defined in Section 1(c) below) in accordance with the terms and conditions set forth in this Agreement. Hearing Officer hereby accepts such engagement and agrees to provide the Services in accordance with the terms and conditions set forth in this Agreement.
 - (c) Scope of Services. Hearing Officer agrees to perform the Services when assigned to a compliance proceeding. Each compliance proceeding for which Hearing Officer shall provide the Services shall be described in a Case Specific Assignment Addendum in the form of Addendum A hereto, which when executed by SPP and the Hearing Officer shall be incorporated into and become part of this Agreement. Hearing Officer may not subcontract or reassign any of the Services without the prior written consent of SPP.

“Services” shall consist of the duties and powers of a hearing officer as are set forth in Section 1.4.3 of the Hearing Procedure.

- (d) Location of Services. Hearing Officer understands and acknowledges that hearings conducted in person are intended in the first instance (unless Section 1.2.10 of the Hearing Procedure applies) to be held at the principal offices of SPP and that the Hearing Officer will be required to travel to the principal offices of SPP to conduct in person hearings .

2. Independent Contractor Status.

1. Relationship of the Parties. Hearing Officer shall perform and execute the provisions of this Agreement as an independent contractor and shall not be deemed to be an employee or agent of SPP in any manner. As an independent contractor, Hearing Officer shall not have any authority, express or implied, to commit or obligate SPP in any manner whatsoever, except as specifically authorized by the Hearing Procedure. This Agreement is not intended to, and the parties agree, that nothing contained herein shall be construed to create (a) any employment relationship or any agency, association, joint venture, trust, partnership or other relationship creating fiduciary, quasi-fiduciary or similar duties and obligations at law or (b) an arrangement subjecting the parties to joint and several or vicarious liability or (c) an attorney-client relationship between Hearing Officer and SPP. Without limiting the generality of the foregoing, Hearing Officer acknowledges and agrees that he shall not file any action against SPP with respect to any claim of right, privilege or benefit that would accrue to an employee under any federal or state law.
2. Compliance with Law and Regulation; Responsibility for Taxes, Etc. During the term of this Agreement, Hearing Officer shall comply with all applicable licensing requirements, laws, statutes, rules, regulations and ordinances, including, without limitation, those governing labor and employment, unemployment compensation, social security, income tax withholding, insurance, medical aid, safety, health, welfare, retirement benefits and workers’ compensation. Hearing Officer shall be responsible for all federal and state income taxes, and FICA, FUTA, state unemployment taxes and workers’ compensation payments arising out of payments received for the Services performed by Hearing Officer under this Agreement. The Tax ID of Hearing Officer that will appear on the Form 1099 issued by SPP will be EIN # 30-0172515. SPP shall have no obligation to Hearing Officer to maintain insurance to cover the risks, if any, that Hearing Officer may create in performing the Services under this Agreement.
3. Hold Harmless. Section 1.2.15 of the Hearing Procedure, or as superseded, shall apply to Hearing Officer. In addition to the foregoing, SPP shall hold the Hearing Officer harmless against the consequences of, or any action or inaction arising out of, the hearing process, or of any agreement reached in resolution of a dispute or any failure to reach agreement as a result of a proceeding. The foregoing sentence does not extend to matters constituting gross negligence, intentional misconduct or breach of confidentiality.

3. Compensation for Services.
 - (a) Compensation. Unless otherwise agreed between the parties, SPP shall pay to Hearing Officer a fee of \$450.00 per hour as compensation for the Services to be provided under this Agreement. Such compensation shall include the time spent traveling to and from any compliance proceedings, at a reduced rate not exceeding \$200.00 per hour. Hearing Officer shall not, however, receive both compensation for travel at the reduced rate and compensation for performing any Service while traveling to and from any compliance proceeding.
 - (b) Expenses. SPP shall reimburse Hearing Officer for all reasonable travel and other out-of-pocket expenses incurred by Hearing Officer in performing the Services hereunder. Travel by personal vehicle shall be reimbursed at the per mileage rate in effect at the time of travel as established by the Internal Revenue Service for business travel, which rate is currently \$0.550.
4. Billing. Hearing Officer shall prepare and submit invoices to SPP monthly for the Services (if any) performed and the expenses incurred in the previous month on a particular enforcement proceeding case, to the extent an Appendix A – Case Specific Addendum has been executed. Each invoice shall provide a detailed description of the Services rendered and the expenses incurred by Hearing Officer, without disclosing any specific information about the deliberative process undertaken by Hearing Officer. Each invoice shall include receipts for expenses incurred with the exception of travel by personal vehicle which mileage shall be estimated and shall be reimbursed at the rate allowed by the Internal Revenue Service for business expenses. Invoices so provided shall be due and payable within 30 days of the date on which SPP receives such invoice.
5. Assignment to Specific Proceedings; Disclosures, Disqualification and Execution of Case Specific Assignment Addendum
 - (a) Assignment of Hearing Officer to Specific Enforcement Cases. Pursuant to the SPP Hearing Procedure, Hearing Officer shall be initially appointed to a specific enforcement case by the Hearing Body, once a Registered Entity has requested a hearing under the Hearing Procedure to support the speedy commencement of, and notice of the proceedings, whether under the shortened process or the general hearing process. In order to expedite the assignment process, notice of the initial appointment shall be provided by SPP to Hearing Officer by electronic transmission and telephone. At the time of initial appointment, Hearing Officer will be informed of the names, as then known, of all potential parties and counsel to the specific hearing matter (by provision of a partially completed Appendix A – Case Specific Assignment Addendum). The Assignment of Hearing Officer will occur on a purely rotational basis, to the extent of a Hearing Officer's availability, from the list of hearing officer maintained by SPP. Prior to the commencement of a proceeding, Hearing Officer will be required to execute an Appendix A – Case Specific Assignment Addendum.

- (b) Disclosures by Hearing Officer. Prior to the date hereof, Hearing Officer acknowledges that he has submitted to SPP in writing his employment history and professional affiliations. Hearing Officer represents and warrants that such information is true and correct and complete and agrees to update such information as necessary and appropriate during the term of this Agreement. Hearing Officer consents to the use of such information by the Hearing Body in accordance with Section 1.4.2 of the Hearing Procedure. Upon execution of a Case Specific Assignment Addendum, the Hearing Officer shall be deemed to represent and warrant to SPP that he has the time available to devote to the compliance proceeding; that he believes he has the necessary expertise to handle the matter; and that he does not have a conflict of interest under SPP's conflict of interest policy included in SPP's Code of Conduct or otherwise. In the Case Specific Assignment Addendum under "Statement of Additional Information from Hearing Officer," Hearing Officer shall disclose any circumstances that might give rise to a justifiable doubt regarding Hearing Officer's independence, impartiality and objectivity to conduct the particular case to which he has been appointed.
- (c) Recusal and Disqualification. When initially assigned to a compliance proceeding or at any time during a compliance proceeding, if Hearing Officer believes there is any reason that he cannot faithfully satisfy the standards of availability, experience, independence and objectivity described and/or reflected in the SPP conflict of interest policy within SPP's Code of Conduct or otherwise with respect to any case assigned to him, he shall promptly recuse or disqualify himself, and so inform the Hearing Body. Hearing Officer acknowledges that any Participant (as defined in the Hearing Procedure) may seek to disqualify the Hearing Officer pursuant to Section 1.4.5 of the Hearing Procedure.
6. Nondisclosure and Confidentiality. Hearing Officer agrees to and shall at all times abide by the nondisclosure and confidentiality provisions set forth in Section 9.3 of the CMEP. In addition to the foregoing, Hearing Offering agrees as follows:
- (a) Confidential Information. During the term of this Agreement, Hearing Officer may receive and otherwise be exposed to SPP's confidential and proprietary information including, but not limited to, information relating to either SPP, its members or Registered Entities or their customers' business practices, strategies, and marketing and other information, contractual agreements, concepts, ideas and/or information related to the business or activities of SPP or its members, or Registered Entities or others which are not generally known to others engaged in similar, related, or competing businesses or activities (collectively, "Confidential Information").
- (b) Nondisclosure. Hearing Officer acknowledges the confidential and secret character of such Confidential Information, and agrees that such information is the sole, exclusive and extremely valuable property of SPP, or its members, or its Registered Entities, or others. Accordingly, with respect to any Confidential Information to which the Hearing Officer first becomes exposed during the

performance of the Services, Hearing Officer agrees to not reproduce any Confidential Information without such SPP's or appropriate entities' prior written consent, directly or indirectly use any Confidential Information for any purpose other than in the performance of this Agreement, or divulge all or any part of Confidential Information in any form to any third party, either during or within five years after the term of this Agreement. Immediately upon either receipt of written notice from SPP or upon termination of this Agreement for any reason, whichever occurs first, Hearing Officer agrees that, subject to the provisions of this Agreement, he shall cease using and shall return to SPP all whole and partial copies, and derivatives of such Confidential Information.

- (c) The obligations of Paragraph (b) shall apply to any Confidential Information which:
- i. is or becomes available to the public through no breach of this agreement; or
 - ii. was previously disclosed or known by Hearing Officer without any obligation to hold it in confidence; or
 - iii. is approved for release by written authorization of SPP, but only to the extent of and subject to such conditions as may be imposed in such written authorization; or
 - iv. is disclosed in response to a valid order of a court or other governmental body of the United States, any state or any political subdivisions thereof, but only to the extent of and for the purposes of such order, provided, however that Hearing Officer shall first notify SPP of the order and permit SPP to seek an appropriate protective order.
- (d) Third Parties. Hearing Officer shall not disclose or otherwise make available to SPP in any manner any confidential information received by Hearing Officer from third parties, unless Hearing Officer has the express right to make such disclosure.

If Hearing Officer discloses any information in violation of this section of the Agreement, it shall immediately notify SPP of such disclosure. In the event of any violation of this section of the Agreement, SPP may terminate this Agreement subject to Section 9.

7. Confidentiality After Termination. The confidentiality provisions of this Agreement shall remain in full force and effect after the termination of this Agreement for a period of five years.
8. Standard of Conduct. Hearing Officer agrees to (i) use his best efforts in the performance of the Services, (ii) comply with all applicable federal, state and local laws in effect during the term of this Agreement, (iii) use sound professional principles and customary practices in accordance with existing industry and professional standards in the performance of the services and (iv) perform the Services in a timely manner. Hearing Officer hereby represents and warrants to SPP that he (i) is professionally trained and

qualified, and has the capability and expertise required to perform the Services, and (ii) has sufficient time to dedicate to the provision of the Services.

9. Term. This Agreement shall commence as of the Effective Date and shall continue until December 31, 2010. At their discretion, the parties may elect to extend the term of this Agreement in a writing signed by both parties. This Agreement may be terminated at any time by written mutual agreement of the parties, provided however, if the parties cannot agree, either party may terminate this Agreement on not less than 60 days written notice; provided however, that neither party may terminate this Agreement if Hearing Officer is currently presiding over a compliance proceeding.

10. Miscellaneous Provisions.

(a) Governing Law; Disputes. This Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of Arkansas without regard to principles of conflicts of law.

(b) Notices. All notices must be in writing and shall be delivered by personal delivery, facsimile, certified or registered mail or overnight courier, all charges prepaid, to the address of either party set forth below:

To Hearing Officer: Robert P. Wax
Charter Resolution LLC
14 Stratford Road
West Hartford, CT 06117
E-Mail: waxadr@yahoo.com
Tel. No. 860-543-0588
Facsimile Nos: (April 15 to December 1-
860-523-8649) and (December 1 to April 15-
561-776-3704)

To SPP: Southwest Power Pool Regional
415 North McKinley St.
#140 Plaza West
Little Rock, AR 72205-3020
Fax: 501-664-9553
Attn: Allison Hayes
Regional Entity Counsel

Such notices shall be deemed given (a) when hand delivered, if by personal delivery; (b) on the date of delivery, if delivered by facsimile and the sender received confirmation of such delivery; or (c) when delivered, if sent by certified or registered mail or overnight courier.

(c) Entire Agreement. This Agreement (including all executed Appendix A – Case Specific Assignment Addenda (attached hereto) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all

prior agreements and understandings, oral or written, between the parties with respect to the subject matter hereof.

- (d) Severability. If any provision of this Agreement is for any reason declared to be invalid or unenforceable, in whole or in part, the validity and enforceability of the remaining provisions (or the remaining parts of such provision, as the case may be) shall not be affected thereby and shall remain in full force and effect. In such event, the parties shall attempt in good faith to modify the Agreement in such a way as to make such invalid or unenforceable provision valid and enforceable, and if the parties are unable to agree on such modification, this Agreement shall be construed as if not containing such provision and the rights and obligations of the parties shall be construed and enforced accordingly.
- (e) Amendment. No amendment or modification of this Agreement shall be binding unless in writing and signed by both Hearing Officer and SPP.
- (f) Benefit of Agreement; Assignment, Beneficiary. This Agreement shall be binding upon and inure to the benefit of SPP and its successors and permitted assigns, including, without limitation, any corporation or person which may acquire all or substantially all of SPP's assets or business, or with or into which SPP may be consolidated or merged. This Agreement shall also inure to the benefit of, and be enforceable by, Hearing Officer and his personal or legal representatives, executors, successors, heirs, distributes and legatees.
- (g) Waiver. Any waiver by either party of a breach or default of any provision of this Agreement shall not operate or be construed as a continuing waiver or a consent to or waiver of any subsequent breach or default hereof.
- (h) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, SPP and Hearing Officer have executed this Agreement as of and on the date first written above.

HEARING OFFICER

By: _____
Name: Robert P. Wax

Southwest Power Pool Regional Entity

By: _____
Name: John Meyer
Title: Chairman-Regional Entity Trustees

Appendix A

Case Specific Assignment Addendum for Hearing Officer

Pursuant to the Hearing Officer Agreement dated as of June 1, 2008, between Southwest Power Pool Regional Entity (“SPP”) and Robert P. Wax (“Hearing Officer”), the following specific compliance hearing case assignment will become fully effective upon execution of the Hearing Officer and SPP.

SPP Regional Entity Case No.:

Names of All Known Parties Involved:

Names of All Known Counsel Involved:

Shortened or Normal Hearing:

Description of Proceeding (including summary of facts and nature of alleged violation):

Accepted,

Robert P. Wax

Date: _____

Southwest Power Pool Regional Entity

Alison Hayes, Regional Entity Counsel

Date: _____

Statement of Additional Information from Hearing Officer, if any (set forth below or attach):



**Southwest Power Pool
Regional Entity
Compliance Workshops
Future Meeting Dates & Locations**

2009

Spring Workshop	Feb 24-26	Little Rock
Fall Workshop	November 17-19	Kansas City



Southwest Power Pool
Regional State Committee, Board of Directors/Members Committee &
Regional Entity Trustees
Future Meeting Dates & Locations

2008

RSC/BOD/RET	January 28-30	Austin
RSC/BOD/RET	April 21-23	Oklahoma City
*BOD	June 9-10	Little Rock
RSC/BOD/RET	July 28-30	Kansas City
RSC/BOD/RET (Annual Meeting of Members)	October 27-29	Tulsa
**BOD	December 9	Dallas

2009

RSC/BOD/RET	January 26-28	Dallas
RSC/BOD/RET	April 27-29	Oklahoma City
*BOD	June 8-9	Little Rock
RSC/BOD/RET	July 27-29	Kansas City
RSC/BOD/RET (Annual Meeting of Members)	October 26-28	Tulsa
**BOD	December 8	Dallas

The RSC/BOD meetings are Mon/Tues with the RSC held on Monday afternoon and the BOD/Members Committee meeting on Tuesday.

* The June BOD meetings are for educational purposes. There will be no RSC/RET meetings in conjunction with these meetings.

** The December BOD meetings are intended to be one day in and out meetings for administrative purposes. There will be no RSC/RET meetings in conjunction with these meetings.