Southwest Power Pool, Inc

SPP REGIONAL ENTITY TRUSTEE MEETING

January 28, 2009

Marriott Las Colinas – Dallas, TX

• M I N U T E S •

Agenda Item 1 – Administrative Items

SPP RE Trustee Chairman, John Meyer, called the meeting to order at 8:25 a.m. The following Trustees were also in attendance: Gerry Burrows, Dave Christiano. Others at the meeting were: Ron Ciesiel, Michael Desselle, Charles Yeung, Machelle Smith, Scott Smith (via telephone), Alice Druffel (Xcel Energy), Bary Warren (The Empire District Electric Company), Robert Ivanauskas (FERC) and Alison Hayes, Staff Secretary.

Minutes from the October 27, 2008 Trustee meeting were presented for approval. The following changes will be made: Gerry Burrows name will be changed from "Burrow" to "Burrows" under Agenda Item #1 and Agenda Item #3 c. Under Agenda Item #3 d, "resume" will be changed to "re-evaluate." Gerry Burrows made a motion to accept the minutes with these corrections. Dave Christiano seconded the motion, which passed unanimously. (Attachment 1)

Agenda Item 2 – Review of Past Action Items

Alison Hayes reported on past action items in accordance with the Status Report (Attachment 2).

Agenda Item 3 – Quarterly Activity Report – Ron Ciesiel

(Attachment 3)

All 2008 and 2009 major activities were reported in accordance with the attachment. Self-certification response for last quarter 2008 was 100%. 2009 is the first year that NERC will require a mandatory list of spot-check sites. NERC eliminated Readiness Assessments but FERC has asked them to re-evaluate decision. The 2009 SPP RE Implementation Plan is approved (date to be changed on page 8 from 2008 to 2009). Ron Ciesiel reported that the Schedule for Future SPP RE On-Site Audits will be revised and SPP RTO will not be on the list twice.

Post 6/18/07 violations total 75. Forty-two violations are more than 100 days old. Two have been submitted to NERC and 10 are ready to be submitted. The Trustees committed to follow the backlog reduction efforts of SPP RE. Ron Ciesiel is re-filing the RE backlog plan with revisions.

Mr. Ciesiel reported that there are currently 2 open compliance positions in SPP RE plus a General Manager position. Several internal and external candidates have applied.

The Spring SPP RE Compliance Workshop is scheduled for February 24-25, 2009 in Little Rock, AR. The SPP RTO will be sponsoring a Compliance Forum on February 26, 2009 for information sharing purposes between the registered entities.

The first SPP RE newsletter is scheduled for delivery the first quarter 2009. Writing assignments have been made to the staff.

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Agenda Item 4 – Training Report

Charles Yeung reported that 12,000 Continuing Education Hours (CEH) were issued by SPP RE in 2008. Ten percent of those hours were issued to non-registered entities. In 2009, SPP RE will offer 446 individual CEH (Attachment 4).

SPP RE and WECC are the only regions with an actual training program.

Agenda Item 5 – Budget Report

Charles Yeung made a report in accordance with the attached budget materials (Attachment 5). He reported that SPP RE ran approximately $500,000 under budget in 2008. The most significant deficit resulted from the lack of Regional Entity hearings. The SPP "indirect rate" was changed from $110 per man hour, to $101 per man hour and applied to all months in 2008. Training and Education hours were the most significant man hour areas running under budget.

Mr. Yeung pointed out dates of note for 2009 budget filing with NERC (see attachment). The Trustees requested a late February meeting to discuss final true-up numbers for SPP RE before submission to NERC on March 2, 2009. They also requested that Michael Desselle, Charles Yeung and Scott Smith develop an internal process for completing the final RE true-up numbers.

Agenda Item 6 – Standards Development Report

Charles Yeung reported on the current status of the SPP RE Underfrequency Load Shedding Standard (UFLS). NERC has decided to develop a single UFLS standard applicable to all regions (See 4th option, Attachment 6). Currently, a SPP UFLS criterion only applies to SPP members.

The Trustees adopted and approved the following Resolution:

SPP Regional Entity Trustees' Resolution for
Underfrequency Load Shedding Regional Standard
January 28, 2009

WHEREAS, the Southwest Power Pool Regional Entity (SPP RE) Trustees believe an enforceable Underfrequency Load Shedding Standard is essential to maintaining bulk system reliability, and

WHEREAS, the SPP RE Trustees believe that minimal progress has been made in the completion of a NERC and/or SPP RE Underfrequency Load Shedding Regional Standard;

THEREFORE, BE IT RESOLVED, the SPP RE Trustees direct the SPP RE Underfrequency Load Shedding Standards Drafting Team to proceed with all reasonable speed to develop an applicable SPP regional standard that can be approved as a stand alone regional standard, or in concert with a national standard. The SPP RE Underfrequency Load Shedding Standards Drafting Team is directed to arrange work and meeting schedules to accommodate a March 31, 2009 date for a first draft posted for public comment, and report on progress of its work towards this resolution at the April 29, 2009, SPP RE Trustees meeting.

THEREFORE, BE IT FURTHER RESOLVED, the SPP RE Trustees express to NERC the urgency for each region to have an enforceable Underfrequency Load Shedding Standard, and request that NERC expedite all processes to ensure that goal is met in a timely matter.

Charles Yeung and Michael Desselle will discuss the above concerns with Rick Sergel, President of NERC. They are also directed to discuss SPP monitoring of UFLS Criteria with David Hodges, SPP, and present the Resolution to the System Protection and Control Working Group (SPCWG), which is the assigned standard drafting team (SDT).

Agenda Item 7 – ERO/RE Three Year Assessment Survey

Charles Yeung reported that NERC, as the Electric Reliability Organization (ERO), is scheduled for a 3 year self-assessment, which also includes all RE's, by July 20, 2009. The NERC survey is posted on their website for public comment. Charles Yeung will send notification of the ERO assessment process through the RE email exploder.

Agenda Item 8– Nebraska Update

Michael Desselle reported that 7 Nebraska entities are moving to SPP Regional Transmission Organization (RTO) from Midwest Reliability Organization (MRO). SPP and the Nebraska entities are currently in discussion with NERC and MRO regarding the transfer of the Nebraska entities to SPP RE. MRO does not want the entities moving to SPP RE until their delegation agreement expires July 1, 2010. The projected date for transfer to the RTO is April 1, 2009. The preferred date for transfer to the RE is the same.

Agenda Item 9– 2008 Strategic Plan

The SPP 2008 Strategic Plan was approved by the SPP Board of Directors on January 27, 2009 (Attachment 7). An RE section was added which includes mention of the new User Forums provided for SPP members. The Trustees requested more communication and participation in the development of future SPP Strategic Plans. Following is a list of the major sections of the Strategic Plan and how each directly affects the RE:

- The *Communication and Education* element of the Plan consists of a systematic program to communicate with and educate the region's federal/state regulatory and legislative constituencies on SPP. The RE General Manager will be expected to participate on behalf of the RE.
- The *Membership Development and Expansion* element of the Plan may occasionally involve the RE to accommodate the provision of delegated responsibilities from NERC for the addition of new members in the SPP RTO. For example, the Nebraska entities joining the SPP RTO has necessitated their registration under the RE and the RE will now oversee compliance elements for these entities. The RE might potentially be the entity to perform other delegated responsibilities for contract service customers of the RTO.
- The *Transmission Expansion* element of the Plan involves the RE independent oversight of the SPP, and its members, performance of regional reliability assessments and reliability-related transmission expansion in the SPP footprint.
- The *Market Development and Design* element of the Plan will impact the RE when SPP consolidates Balancing Authorities (BA) into one single BA for the SPP region. Registration and certification of the consolidated BA will be required and the current shared staff performance of monitoring current Balancing Authority compliance with DCS and CPS standards will shift solely to the RE.
- The *Reliability Compliance* element of the Plan obviously involves the RE as it performs it compliance with FERC's Order mandating greater functional separation from the RTO.

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Agenda Item 10– FERC Audit Report

The SPP RE portion of the FERC Audit has been concluded and the final report filed with FERC (Attachment 8). Twenty recommendations were accepted by SPP. A Compliance Plan must be filed with FERC within 60 days. Staff assignments for all recommendations have been made. The Trustees want to review draft responses and requested a teleconference prior to filing the compliance plan with FERC. The meeting will be a publicly posted meeting.

Agenda Item 11 – Legal Report

Alison Hayes reported that an agreement has been signed between SPP RE and Mr. Robert Wax, identifying him as a qualified candidate to preside over potential SPP RE hearings as an Administrative Law Judge (ALJ). She stated that she signed the agreement on behalf of SPP RE. She reported that she also has a list of several additional names that she will contact for entry on the official SPP RE ALJ roster.

She reported that Mr. Wax has offered to provide a training presentation to SPP RE staff pertaining to the Regional Entity Hearing Process. He has made this presentation at other RE's and NERC events. The Trustees requested that Alison look into scheduling a session in May or June, 2009 (Attachment 9).

Agenda Item 12 – New Action Items

Alison Hayes reported the following new action items resulting from the day's meeting:

1. Ron Ciesiel will expand the "Violated Standards" chart to reflect high risk violations, in future reports.
2. Charles Yeung, Michael Desselle and Scott Smith will develop an internal process for determining final true-up numbers for RE budget and provide to the Trustees.
3. Charles Yeung, Michael Desselle and Scott Smith will provide a complete true-up report to the Trustees in late February, prior to the March 2nd NERC deadline.
4. Alison Hayes will schedule a conference call with Trustees in late February to discuss final RE budget true-up numbers.
5. Charles Yeung and/or Michael Desselle will speak with Rick Sergel about the Trustees concerns regarding Regional UFLS Standards and present the above Resolution.
6. Charles Yeung or Michael Desselle will present the UFLS Trustee Resolution to the SPCWG.
7. Charles Yeung and/or Michael Desselle will discuss monitoring SPP UFLS Criteria with David Hodges.
8. Charles Yeung will post NERC 3-year Assessment information on the RE email exploder.
9. Alison Hayes will publicly post and coordinate a teleconference with Trustees to discuss the final FERC audit compliance report.

Agenda Item 13 – Future Meetings

The next quarterly Trustee meeting is scheduled on April 29, 2009 in Oklahoma City, OK. All other significant meeting dates are attached (Attachment 10).

With no further business, Dave Christiano made a Motion to Adjourn, seconded by Gerry Burrows. The Motion passed unanimously and the meeting was adjourned at 2:25 p.m. to Executive Session where the Trustees discussed personnel issues, compliance violations and settlements and other topics. They also approved an unbudgeted compliance staff position for 2009.

Respectfully Submitted,

Alison Hayes
Secretary