ATTACHMENT 1

Southwest Power Pool
Regional Entity

2010 Business Plan and Budget Presentation to RE Trustees

June 24, 2009

Stacy Dochoda
SPP RE General Manager

ATTACHMENT 1

Significant Drivers for 2010 Budget

CIP Compliance Monitoring and Enforcement

Increase of 4 FTEs compared to 2009 Budget

- **1 FTE 2009 Transfer of Shon Austin from traditional to CIP Compliance**
- **2 additional FTE for 2010 (to create 4 member team)**
- **1 additional FTE for 2010 for CIP Enforcement**

Traditional Compliance Monitoring and Enforcement

Increase of 4 FTEs compared to 2009 Budget

- **1 additional FTE for 2010 for Compliance (to create 4 member team)**
- **1 additional FTE for 2010 for Enforcement**
- **1 FTE 2009 approved unbudgeted for Enforcement (filled – Tasha Ward)**
- **1 FTE 2009 approved unbudgeted for Compliance/Enforcement/procedures (filled – Alice Wright)**

Legal/Administrative

Increase of 1.5 FTEs compared to 2009 Budget

- **0.5 FTE 2009 approved unbudgeted for SPP RE General Manager**
- **1 FTE proposed 2009 unbudgeted for Administrative to support settlements and manage documents**

Reliability Standards

Increase of 0.5 FTE compared to 2009 Budget

- **1 additional FTE for 2010**
- **2008 Actuals 0.2 FTE charged from shared staff; 2009 annualized actuals 0.3 FTE charged from shared staff; 2009 Budget 1.0 FTE**

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SPP 2010 Business Plan and Budget
(thousands of dollars)

	Function	2010	2009	Increase (Decrease)	Driver	Direct Increase (Decrease)	Indirect Increase (Decrease)
1	Compliance Monitoring & Enforcement and Registration	4,432	2,423	2,009	FTE from 6 to 14	1,464	545
2	Administrative (GM,Legal & Trustees)	1,397	1,139	258	FTE from 2.5 to 4	253	6
3	Reliability Assessment	1,005	1,078	(73)	FTE from 3.6 to 4	90	(164)
4	Reliability Standards	383	293	90	FTE from 1 to 1.5	100	(10)
5	Situational Awareness	197	243	(46)		5	(52)
6	Training	25	1,141	(1,116)	Training reclassed out of RE Budget	(546)	(570)
7	Reliability Readiness	0	165	(165)	Discontinued program	(70)	(95)
8	Total	7,439	6,482	957			

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SPP 2010 Business Plan and Budget
Compliance Monitoring Enforcement and Registration
Current 2009 Compared to 2010 Budgeted

	2009 Budgeted	FTE	Current Staffing - 2009	FTE	Proposed Staffing - 2010 Budgeted	FTE
1	Ron Ciesiel	1	Ron Ciesiel	1	Ron Ciesiel	1
	Traditional Compliance		Traditional Compliance		Traditional Compliance	
2	Kevin Goolsby	1	Kevin Goolsby	1	Kevin Goolsby	1
3	Jim Williams	1	Jim Williams	1	Jim Williams	1
4	Shon Austin	1			replacement for Shon Austin	1
					proposed	1
	CIP Compliance		CIP Compliance		CIP Compliance	
5	Kevin Perry	1	Kevin Perry	1	Kevin Perry	1
			Shon Austin	1	Shon Austin	1
					proposed	1
					proposed	1
	Enforcement		Enforcement		Enforcement	
6	Joe Gertsch	1	Joe Gertsch	1	Joe Gertsch	1
7	2009 Budgeted FTEs	6	2009 Budgeted FTEs	6		
8			Tasha Ward (approved unbudgeted)	1	Tasha Ward (approved unbudgeted)	1
					proposed - Traditional	1
					proposed - CIP	1
	-		Generalist (Registration, Policies, Audit, Budget)		Generalist (Registration, Policies, Audit, Budget)	
9			Alice Wright (approved unbudgeted)	1	Alice Wright (approved unbudgeted)	1
10	2009 Budgeted	6	2009 Current	8	2010 Proposed	14

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Manpower Loading Analysis

Function	FTE	Running Total	Total FTE
Compliance Monitoring Activities			
Audits [from 11/08 assessment]	2.42	2.42	
Quarterly Surveys	0.21	2.63	
Annual Survey	0.28	2.91	
Spot Audits/Checks	0.15	3.06	
Workbook Maint./Violation Initiation	0.06	3.12	
NERC Working Groups Liaison	0.29	3.41	
SPP Working Group Liaison	0.16	3.57	
Surveys	0.14	3.71	
Workshops	0.11	3.82	
Complaints	0.02	3.85	
CVI	0.18	4.03	4.03
CIP Activities [from Regional Whitepaper]	4.00	4.00	4.00
Account Maint./Registration changes	0.43	0.43	0.43
Enforcement/Mitigation			
Mitigation Plan Approval	0.23	0.23	
NAVAPS	0.91	1.14	
NOCV	0.46	1.59	
Mitigation Plan Verification	0.46	2.05	
CIP Enforcement/Mitigation	1.00	3.05	
NERC Working Group Liaison	0.15	3.20	
SPP Working Group Liaison	0.11	3.31	
Workshops	0.05	3.36	3.36
Legal			
Settlements	1.68	1.68	
Trustee Meetings	0.14	1.82	
NERC Working Group Liaison	0.11	1.93	1.93
Management	1.00	1.00	1.00
Total			14.74

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Traditional Compliance and Enforcement Additional FTE Justification

Activity	CMEP Time-Line	SPP RE History
Post Non-Public Audit Report to NERC	60 days from last day of audit	152 days
NOCV issued or Settlement Agreement Sent to NERC	100 days after initial notice sent to registered entity	390 days

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Enforcement Program Overview and Budget Justification

1. Violation Level and Sanction Determination – Enforcement Team

Evidence Review

Discovery (Interrogatories, Request for Documents, etc.)

Penalty Determination

Additional Discovery to get factors that would influence the penalty

Information needed to determine the penalty using the penalty tool (All of this information must be complete in order to complete the penalty tool and determine the final penalty.)

Severity level, violation timeframe, Risk Factor
Violation History
Directives
Intentional Violation
Concealment (did the registered entity conceal anything?)

Impediment
Registered Entity's Management
Registered Entity's compliance Program
Cooperation of Registered Entity
Entity's self-report
State of entity's bulk power system

2. Prepare NAVAPS (If NAVAPS rejected by Registered Entity, there could be more discovery.)

•Approximately 32 man-hours per violation. Assume 50 violations in 2010; 1600 man-hours

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Enforcement Program Overview and Budget Justification (cont'd)

3. Settlement or Hearing: Provide information to the RE Counsel to prepare for settlement or hearing. (Evidence, Documents, etc.)

•Approximately 118 man-hours per settlement. Assume 25 settlements in 2010; 2950 man-hours

Send acknowledgement letter

Set up file

Multiple conference calls and meetings

Review information and documentation for penalty calculations

Draft multiple agreements based on length of negotiations

Prepare package and send to NERC

If remanded back. Request supplemental info from entity

Redraft and or restart settlement process

4. Mitigation Plan (Approximately 24 man-hours per violation. Assume 50 violations in 2010; 1200 man-hours)

Review the Mitigation Plan to insure the plan itself is complete.

Accept the Mitigation Plan and send to NERC or reject and send to entity for revision.

Track Mitigation Plan milestones.

Review for completion of plan.

Evidence review to see if plan actually completed.

5. Prepare NOCV (Approximately 16 man-hours per violation. Assume 50 violations; 800 man-hours)

At any point in the process, we could be asked to prepare and submit a Supplemental Record.

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Traditional Compliance Monitoring

Justification for 1 FTE addition above 2009 Business Plan

1. Increase available time to complete reports

Committed Full Days per employee (Assuming 3 FTE team):

On-site Audit		115
Off-site Audit		30
Pre-Audit	20	
Training, Holiday, Vacation		38
Total Committed Full Days:	203 out of 261 work-days	

2. Audit Changes:

a. Increased sampling of data – adds 20 man-hours per audit

b. Increased number of standards – 30 new and 30 revised NERC approved standards awaiting FERC approval

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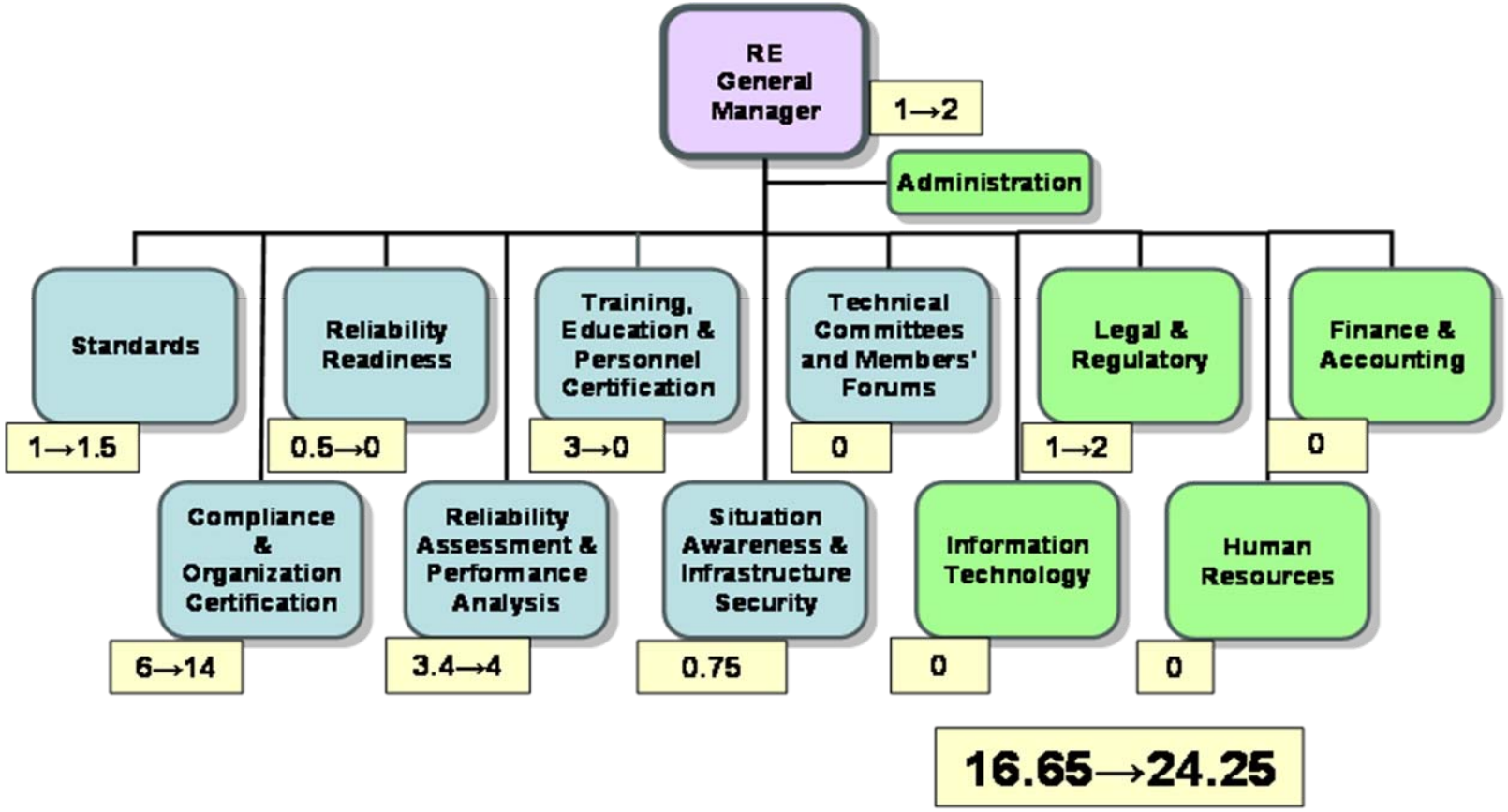
Budgeted 2009 to Proposed 2010 Staffing Level



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Regional Entity Comparison of FTEs for Compliance							
Regional Entity	No. of Registered Entities	Registered Functions	Violations	Budgeted Compliance Enforcement, Registration FTEs		2010 Registered Function/FTE	2010 Violation/FTE
				2009	2010		
SPP RE	111	364	68	6	14	26	5
FRCC	76	145	137	9.26	12.57	12	11
MRO	116	425	63	10	13.6	31	5
NPCC	277	563	42	9	12	47	4
RFC	353	671	109	23	32.5	21	3
SERC	226	611	150	21.5	22	28	7
TRE	212	326	55	14.15	18.74	17	3
					Avg =	26	5

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Impact of Indirect Expense Rate Adjustment

2010 Proposed FTEs	24.25		
Original Indirect Expense Rate	$ 105		
Indirect Expense per FTE		$ 197,400	
Indirect Expense			$ 4,786,950
Adjusted 2010 Indirect Expense Rate	$ 64		
Indirect Expense per FTE		$ 121,241	
Indirect Expense			$ 2,940,099
Difference per FTE		$ 76,159	
Difference in total Indirect expense			$ 1,846,851

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SPP INDIRECT RATE

(Thousands of Dollars)

2008 Actual Indirect Rate

SUPPORT GROUPS	TOTAL EXPENSES	ADJUSTMENTS		INDIRECT COSTS TO ALLOCATE
Administration	$ 43,212	$ (27,571)	a	$ 15,641
Officers	$ 2,517	$ (719)	b	$ 1,798
Accounting	$ 925			$ 925
Human Resources	$ 1,228			$ 1,228
Center of Excellence	$ 269	$ (269)	c	$ -
SPP Compliance	$ 434	$ (434)	d	$ -
Internal Audit	$ 1,033			$ 1,033
Project Management	$ 1,017			$ 1,017
Customer Service	$ 350			$ 350
Legal	$ 556			$ 556
Communications	$ 283			$ 283
Information Technology	$ 17,771			$ 17,771
	$ 69,596	$ (28,993)		$ 40,603 A

a Less: FERC Fees of $9.5MM; Market Depreciation of $14.5; Derivative valuation adjustment of $3.4; RE Trustee expenses of $0.13;

b Less: certain mgmt n/a
c Less: COE does not support the RE
d Less: SPP Compliance does not support the RE

Non-Support Resource Groups	
Ending 2008 Headcount	205
# of Work Hours in 2008	1880
	385400 B

2008 Indirect Rate (A/B)	$ 105

2010 Estimated Rate *

SUPPORT GROUPS	TOTAL EXPENSES	ADJUSTMENTS		INDIRECT COSTS TO ALLOCATE
Administration	$ 45,120	$ (33,279)	a	$ 11,841
Officers	$ 2,517	$ (719)	b	$ 1,798
Accounting	$ 925			$ 925
Human Resources	$ 1,228			$ 1,228
Center of Excellence	$ 269	$ (269)	c	$ -
SPP Compliance	$ 434	$ (434)	d	$ -
Internal Audit	$ 1,033	$ (1,033)	g	$ -
Project Management	$ 1,017	$ (1,017)	e	$ -
Customer Service	$ 350			$ 350
Legal	$ 556			$ 556
Communications	$ 283			$ 283
Information Technology	$ 17,771	$ (9,897)	f	$ 7,874
	$ 71,504	$ (46,648)		$ 24,856

a Less: Administrative Overhead

RT & MO Depreciation	$ 14,481
FERC Assessments	$ 9,525
Interest Exp & Derivative Adjust	$ 5,489
FAS 158 Adjustment	$ 3,912
Working Capital Refund	$ 396
RE Trustee Expense	$ 125
Interest Income	$ (648)
	$ 33,279

b Less: cetain mgmt n/a
c Less: COE does not support the RE
d Less: SPP Compliance does not support the RE
e Less: Project Management per Desselle/Dochoda
f Less: IT costs not supporting RE or Corporate Activities
g Less: Internal Audit per Desselle/Dochoda

Non-Support Resource Groups	
Ending 2008 Headcount	205
# of Work Hours in 2008	1880
	385400

2010 Estimated Indirect Rate (C/B)	$ 64

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2009 Projected Budget Variance
(thousands of dollars)

	Description	June 18 Draft		Excluding Proposed Unbudgeted 2009 FTEs	
1	2009 Projected Budget Variance	526	favorable	745	favorable
2	Explanatory Items				
3	Reduced Indirect	737		737	
4	Misc (e.g. GM, undbudged hires)	(169)		(169)	
5	Proposed CIP FTE	(131)		0	
6	Proposed Admin	(88)		0	
7	Discontinued program	105		105	
8	Travel	72		72	
9	Total	526		745	

2010 Business Plan and Budget

DRAFT

Regional Entity

Southwest Power Pool Regional Entity

DRAFT DATE: June 24 2009

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DRAFT

Introduction

Total RE Resources (in whole dollars)				
	2010 Budget	U.S.	Canada	Mexico
Statutory FTEs	24.25			
Non-statutory FTEs	0			
Total FTEs	24.25			
Statutory Expenses	$ $7,438,783	$ $7,438,783		
Non-statutory Expenses	$0	$0		
Total Expenses	$ 7,438,783	$ 7,438,783		
Statutory Funding	$ 6,055,854	$ 6,055,854		
Non-Statutory(Member) Funding	$0	$0		
Total Funding	$ $6,055,854	$ 6,055,854		
NEL	207,575,000	207,575,000		
NEL %	100%	100%		

Organizational Overview

Southwest Power Pool, Inc. (SPP) operates as the NERC Regional Entity (RE) over an eight state area within the Eastern Interconnection. In response to the Energy Policy Act of 2005, SPP, Inc. created a new department to perform all compliance activities over SPP registered entities. SPP RE began engaging NERC to lead SPP, Inc. audits in 2007. In April 2007, FERC approved changes to the SPP, Inc. Bylaws creating three independent trustees to manage all SPP RE delegated activities. These trustees, initially elected in June 2007, are required to be independent of SPP, Inc. Members, customers of services provided by SPP Inc., and registered entities in the SPP RE footprint. In March 2009, SPP RE hired a General Manager oversee the execution of the regional entity strategic direction and direct the day-to-day operations, including all compliance and enforcement activities. All reporting relationships between SPP RE employees and SPP, Inc. employees have been terminated.

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 Agreement[1]. SPP, Inc. also provides non-RE related functions for entities operating within

[1] FERC Order R07-6-000 - April 19, 2007

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

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
- Compliance Training and Education Programs
- Reliability Assessment and Performance Analysis Program
- Situation Awareness and Infrastructure Security Program

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 July 9 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.

2010 Key Assumptions

In developing the 2010 business plan, SPP has assumed:

1. The international, industry-based Self Regulatory Organization (SRO) model continues to be used and no material changes to the SRO model impacting 2010 emerge from the ERO 3-year assessment.
2. The framework for delegation remains constant. The scope of delegated authorities and responsibilities remains relatively constant, with incremental improvements according to recommendations developed in the ERO 3-year assessment.
3. NERC and regions are not budgeted in 2010 for unknown material changes to scope and are unable to undertake unfunded mandates, such as new initiatives stemming from the U.S. federal stimulus package on energy.
4. The current economic downturn continues into 2010, resulting in cost pressures on NERC and regional entities to do more with less. The industry experiences lower electricity demand and may defer capital projects in some areas and may reduce or hold O&M budgets flat. Cost pressures result in less travel and strain stakeholder participation in NERC and regional entity activities.
5. Regional entities are audited by FERC and NERC by yearend 2010 and the audits of any region by NERC and FERC are not concurrent. NERC is required to audit each regional entity by yearend 2010.
6. This draft business plan assumes that the SPP, Inc. indirect costs for administrative and general functions such as Human Resources, Information Technology and Accounting continue to be charged to SPP RE consistent with previous years. This method is under review by the new SPP RE General Manager.

2010 Goals and Key Deliverables

- Implement the recommendations contained in FERC's Order on the Audit ("FERC Audit") of SPP consistent with SPP's compliance filing with FERC on March 16, 2009 Meet the compliance audit schedule for 2010 in a manner consistent with the CMEP and FERC directives
- Develop any SPP Regional Reliability Standards to meet NERC continent-wide requirements
- Provide compliance training for registered entities in the SPP RE footprint
- Perform 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

2010 Overview of Cost Impacts

SPP proposes to increase its operating budget from $6.5 million to $ 7.4 million in 2010, an increase of $ 0.9 million or 14%. The FERC Audit of SPP, published in January 2009, recommended a review of SPP RE resource requirements and consideration of hiring additional staff to perform the delegated functions of the SPP RE. The resource review resulted in the proposal to increase FTEs associated with compliance monitoring and enforcement activities by 8 FTEs compared to the 2009 Business Plan. Partially,

offsetting these increases is a decrease of $1 million reflecting the decision not to include operator type training in the 2010 SPP RE budget. This training will be included in the SPP, Inc. budget. Specifically, the 2010 cost increases are driven by:

Additional FTEs

- **Non-CIP Compliance and Enforcement Functions:** Four additional FTEs compared to the 2009 Budget to enable organization registration, compliance monitoring, reporting and enforcement activities to reach a level of performance consistent with the CMEP and the NERC Rules of Procedure for non-CIP standards;
    - One of these FTEs was added mid-year 2009 as an unbudgeted addition with SPP RE Trustee approval to begin to address workload exceeding existing staff capacity;

- **CIP Compliance and Enforcement Functions:** Four additional FTEs compared to the 2009 Budget to enable SPP RE to carry out increased compliance monitoring, reporting and enforcement activities related to CIP standards;
    - The number of CIP audits will increase substantially to complete the required CIP audits of all "Table 1" entities by 2010 yearend. Also, "Table 2" entities begin to become CIP auditable in the second half of 2010;
    - 2010 is expected to see a substantial upswing in the number of CIP related violations, as CIP audits continue to ramp up;
    - One of these FTEs was added mid-year 2009 as an unbudgeted addition with SPPRE Trustee approval.

- **General and Administrative:** One and a half additional FTEs compared to the 2009 Budget;
    - The addition 0.5 FTE due to the hiring of a full-time SPP RE General Manager position as recommended by the FERC Audit to provide independence and separation from non-statutory duties
        - This FTE was added at the end of the first quarter of 2009 but was not included in the 2009 budget;
        - The 2009 Budget included 0.5 FTEs for shared executive support from SPP, Inc.;
    - One additional FTE compared to the 2009 Budget to provide legal administrative support for settlements and document management;
    -
- An additional 0.5 FTE needed to address a significant increase in Regional standards activities in 2010.

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 — 2010 Business Plan

Reliability Standards Program

Reliability Standards Program Resources (in whole dollars)			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	1.0	1.5	0.5
Total Direct Expenses	Salary $103,400	Salary $163,950 Travel $15,000 Outside Services $24,000 Total $ 202,950	$ 99,550
Total Indirect Expenses	$189,880	$ SPP Inc. $180,480 SPP RE $88,649 Total $269,129	$ 79,249
Inc(Dec) in Fixed Assets	$0	$0	$0
Total Expenses & Fixed Assets	$293,280	$ 472,079	$ 178,799

Program Scope and Functional Description

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 with a notification to SPP RE Standards Development Exploder.

In addition, SPP shared staff will coordinate any regional reliability standards work through the corresponding working groups such as the Transmission Working Group for TPL standards, System Protection and Control Working Group for PRC standards, or any appropriate working group as identified per the SPP Regional Entity Standards Procedure.

2010 Key Assumptions

SPP RE continues to utilize shared staff to facilitate the development of standards to implement the SPP RE Standards Procedure. For 2010, the standard development

activities are expected to surge both in SPP (Regional Standards) and NERC (Continent wide standards).

2010 Goals and Key Deliverables

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
- Participate and represent SPP region in NERC's Standard Drafting Teams that may have significant influence on SPP planning and business practices

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 of existing regional standards. 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 industry representation. The SPP Standards Process will provide an open, balanced, and inclusive stakeholder process in which any interested party, regardless of membership status with SPP, Inc., may provide input and vote on any proposed regional reliability standard. No entity may have more than one vote. SPP Regional Entity Trustees have ultimate authority to recommend NERC to approve a regional standard, remand it to the Standard Drafting Team through MOPC, or determine there is no need for the 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.

Funding Requirements — Explanation of Increase (Decrease)

The funding requirement is expected to increase from 1 to 1.5 FTE for 2010 Budget. Increased activities for the development of regional standards are anticipated for 2010 as well as more SPP participation is expected in NERC's Continent Wide Stand Drafting Teams.

Reliability Standards Program

Funding sources and related expenses for the reliability standards section of the 2010 business plan are shown in the table below.

Statement of Activities
2009 Budget & Projection, and 2010 Budget
Reliability Standards

	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 293,280	$ 293,280	$ -	$ 472,079	$ 178,799
Penalty Sanctions					-
Total ERO Funding	**$ 293,280**	**$ 293,280**	**$ -**	**$ 472,079**	**$ 178,799**
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	**$ 293,280**	**$ 293,280**	**$ -**	**$ 472,079**	**$ 178,799**
Expenses					
Personnel Expenses					
Salaries	$ 85,339	$ 85,339	$ -	$ 135,300	$ 49,961
Payroll Taxes	6,528	6,528	-	10,350	3,822
Benefits	8,118	8,118	-	12,900	4,782
Retirement Costs	3,414	3,414	-	5,400	1,986
Total Personnel Expenses	**$ 103,400**	**$ 103,400**	**$ -**	**$ 163,950**	**$ 60,550**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	-	-	-	15,000	15,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ -**	**$ -**	**$ -**	**$ 15,000**	**$ 15,000**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ 24,000	$ 24,000
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ -**	**$ -**	**$ -**	**$ 24,000**	**$ 24,000**
Total Direct Expenses	**$ 103,400**	**$ 103,400**	**$ -**	**$ 202,950**	**$ 99,550**
SPP Inc. Indirect Expenses	**$ 189,880**	**$ 120,320**	**$ (69,560)**	**$ 180,480**	**$ (9,400)**
SPP RE Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ 88,649**	**$ 88,649**
Total Expenses	**$ 293,280**	**$ 223,720**	**$ (69,560)**	**$ 472,079**	**$ 178,799**
Change in Assets	**$ -**	**$ 69,560**	**$ 69,560**	**$ -**	**$ -**
Fixed Assets					
Depreciation			$ -		$ -
Computer & Software CapEx			-		-
Furniture & Fixtures CapEx			-		-
Equipment CapEx			-		-
Leasehold Improvements			-		-
(Incr)Dec in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Allocation of Fixed Assets					
Change in Fixed Assets	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN ASSETS	**$ -**	**$ 69,560**	**$ 69,560**	**$ -**	**$ -**

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- An increase of 0.5 FTE over the 2009 amount for increased activity to accommodate the planned increased activity in development of regional reliability standards.
  Hiring Plans
  SPP RE plans to hire 1 additional dedicated SPP RE Staff in 2010 to support Reliability Standards. Historically, SPP RE has relied entirely on SPPShared staff for this function. In 2008, SPP RE was able to use 0.2 FTE shared staff and in 2009 projects availability of .5 FTE. The addition of 1 direct FTE is expected to result in 1.5 FTE total for 2010.

Meeting Expenses

- No meeting expenses were budgeted for 2009. The proposed budget to support this function in 2010 includes $15,000 for travel.

Operating Expenses

- No operating expenses are projected for 2009 or budgeted to support this function in 2010.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources (in whole dollars)	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	6.0	14.0	8.0
Total Direct Expenses	Salary $834,653 Travel $94,000 Training $25,000 Consulting $330,000 Total $1,283,653	Salary $2,097,900 Travel $225,000 Training $30,000 Consulting $395,000 Total $2,747,900	$1,464,247
Total Indirect Expenses	$1,139,280	$ SPP Inc. $1,684,480 SPP RE $1,024,760 Total $2,709,240	$ 1,569,960
Inc(Dec) in Fixed Assets	$0	$0	$0
Total Expenses & Fixed Assets	$2,422,933	$ 5,457,140	$ 3,034,207

Program Scope and Functional Description

2010 Key Assumptions

- The number of registered entities in the SPP RE footprint remains relatively stable
- The number of non-CIP enforceable standards remain relatively stable
- The number of non-CIP violations processed remains relatively stable compared to the 2007-2008 timeframe.
- The number of CIP audits will increase substantially to complete CIP audits of all "Table 1" entities by 2010 yearend. Also, "Table 2" entities begin to become CIP auditable in the second half of 2010.
- 2010 is expected to see a substantial upswing in the number of CIP possible violations, as CIP audits continue to ramp up.

2010 Goals and Key Deliverables

- Implement FERC Audit recommendation to review staffing to ensure adequate resources to fulfill delegated duties.

- Implement FERC Audit recommendation to ensure RE staff obtain corroborating evidence to verify a registered entity's compliance following a self report.

- Six to eight on-site compliance audits of registered RC, BA, and TOP entities
- Fifteen to eighteen on-site (or other approved methods) of compliance audits of other registered entities [6-year cycle entities]
- Six to eight spot audits of CIP Standards for RC, BA, and TOP entities not previously scheduled of on-site compliance audits
- Spot check/audits of specified standards as dictated by NERC 2010 Business Plan
- 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
- Semi-annual self-certification program for CIP standards
- Monitoring of periodic data submittals
- Compliance Violation 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 general compliance workshops for registered entities
- One CIP workshop for registered entities

Funding Requirements — Explanation of Increase (Decrease)

The expansion of the SPP RE Compliance and Enforcement group is driven by several factors, including:

- The Regional Entities have produced an internal whitepaper, discussing the evolution of the compliance monitoring of the CIP standards, recommending that the on-site audit teams include 4 team members beginning in July 2010 for required on-site audits of the 41 enforceable requirements contained in the CIP standards. The SPP RE is required to either spot audit or fully audit all Balancing Authorities, Transmission Operators, and Reliability Coordinators between July 2009 and December 2010. The 2009 Budget included one FTE for CIP Compliance work. Three additional FTEs compared to the 2009 Budget will be required to create a 4 member team. One of these FTEs was reassigned

to CIP Compliance work from the Compliance and Registration function during 2009 and an unbudgeted addition was authorized by the RE Trustees during 2009 to backfill the Registration function.

- One additional FTE compared to the 2009 Budget is proposed for Enforcement to handled the expected substantial upswing in the number of CIP possible violations, as CIP audits continue to ramp up.

- A workload analysis of the 2009/2010 CMEP program for non-CIP work has determined that the SPP RE Compliance staff is approximately 2 FTE short and that the Enforcement staff is approximately 2 FTE short of full staff requirements to maintain an ongoing effective regional program compared to the 2009 Budget. One of the Enforcement FTEs was hired as an unbudgeted additional FTE during 2009 with RE Trustee approval.

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 2010 business plan are shown in the table below.

Statement of Activities
2009 Budget & Projection, and 2010 Budget
Compliance and Organization Registration and Certification

	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 2,422,933	$ 2,422,933	$ -	$ 5,457,140	$ 3,034,208
Penalty Sanctions					-
Total ERO Funding	**$ 2,422,933**	**$ 2,422,933**	**$ -**	**$ 5,457,140**	**$ 3,034,208**
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	**$ 2,422,933**	**$ 2,422,933**	**$ -**	**$ 5,457,140**	**$ 3,034,208**
Expenses					
Personnel Expenses					
Salaries	$ 698,218	$ 900,000	$ 201,782	$ 1,794,100	$ 1,095,882
Payroll Taxes	53,414	68,900	15,486	117,600	64,186
Benefits	80,092	103,200	23,108	146,200	66,108
Retirement Costs	27,929	36,000	8,071	70,000	42,071
Total Personnel Expenses	**$ 859,653**	**$ 1,108,100**	**$ 248,447**	**$ 2,127,900**	**$ 1,268,247**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	94,000	104,000	10,000	225,000	131,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 94,000**	**$ 104,000**	**$ 10,000**	**$ 225,000**	**$ 131,000**
Operating Expenses					
Consultants & Contracts	$ 330,000	$ 350,000	$ 20,000	$ 395,000	$ 65,000
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 330,000**	**$ 350,000**	**$ 20,000**	**$ 395,000**	**$ 65,000**
Total Direct Expenses	**$ 1,283,653**	**$ 1,562,100**	**$ 278,447**	**$ 2,747,900**	**$ 1,464,247**
SPP Inc. Indirect Expenses	**$ 1,139,280**	**$ 962,560**	**$ (176,720)**	**$ 1,684,480**	**$ 545,200**
SPP RE Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ 1,024,760**	**$ 1,024,760**
Total Expenses	**$ 2,422,933**	**$ 2,524,660**	**$ 101,727**	**$ 5,457,140**	**$ 3,034,208**
Change in Assets	**$ -**	**$ (101,727)**	**$ (101,727)**	**$ -**	**$ -**
Fixed Assets					
Depreciation			$ -		$ -
Computer & Software CapEx			-		-
Furniture & Fixtures CapEx			-		-
Equipment CapEx			-		-
Leasehold Improvements			-		-
(Incr)Dec in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Allocation of Fixed Assets					
Change in Fixed Assets	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN ASSETS	**$ -**	**$ (101,727)**	**$ (101,727)**	**$ -**	**$ -**

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- The dedicated personnel expenses have increased due to due a projected increase in staffing requirements [see explanation above] and related personnel expenses.

Meeting Expenses

- Travel expenses increase associated with additional FTEs. Travel expenses are based on the historical average travel expenditure per employee adjusted for the change in the number of employees for 2010.

Operating Expenses

- Outside contractor costs have been increased due to expanded requirements of compliance monitoring in the CIP area plus a general increase in the cost per hour of these services.

Indirect Expenses

- The indirect expenses increased due to the increased FTEs. The indirect expenses are assessed to the SPP RE based on a fixed rate per hour charged by the SPP RE dedicated staff.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Reliability Improvement Program

Reliability Readiness Evaluation and Improvement Program Resources (in whole dollars)			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	0.5		(0.5)
Total Direct Expenses	Salary $51,700 Travel $18,000 Total $69,700		($69,700)
Total Indirect Expenses	$94,940		($94,940)
Inc(Dec) in Fixed Assets	$0	$0	$0
Total Expenses & Fixed Assets	$164,640		($164,640)

Program Scope and Functional Description

2010 Key Assumptions

- The SPP RE anticipates that this program will not be active in 2010.

2010 Goals and Key Deliverables

- The SPP RE anticipates that there will be only nominal activity in 2010 in order to close out any outstanding recommendations from previous Reliability Readiness Evaluations

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Requirements — Explanation of Increase (Decrease)

- The SPP RE anticipates that this program will not be active in 2010.

Personnel Expenses

- The SPP RE anticipates that this program will not be active in 2010.

Meeting Expenses

- The SPP RE anticipates that this program will not be active in 2010.

Operating Expenses

- The SPP RE anticipates that this program will not be active in 2010.

Indirect Expenses

- The SPP RE anticipates that this program will not be active in 2010.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Reliability Improvement Program

Funding sources and related expenses for the reliability standards section of the 2010 business plan are shown in the table below.

Statement of Activities
2009 Budget & Projection, and 2010 Budget
Reliability Readiness Evaluation and Improvement

	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 164,640	$ 164,640	$ -	$ -	$ (164,640)
Penalty Sanctions					-
Total ERO Funding	**$ 164,640**	**$ 164,640**	**$ -**	**$ -**	**$ (164,640)**
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	**$ 164,640**	**$ 164,640**	**$ -**	**$ -**	**$ (164,640)**
Expenses					
Personnel Expenses					
Salaries	$ 42,670	$ -	$ (42,670)	$ -	$ (42,670)
Payroll Taxes	3,264	-	(3,264)	-	(3,264)
Benefits	4,059	-	(4,059)	-	(4,059)
Retirement Costs	1,707	-	(1,707)	-	(1,707)
Total Personnel Expenses	**$ 51,700**	**$ -**	**$ (51,700)**	**$ -**	**$ (51,700)**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	18,000	-	(18,000)	-	(18,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 18,000**	**$ -**	**$ (18,000)**	**$ -**	**$ (18,000)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Direct Expenses	**$ 69,700**	**$ -**	**$ (69,700)**	**$ -**	**$ (69,700)**
SPP Inc. Indirect Expenses	**$ 94,940**	**$ 60,160**	**$ (34,780)**	**$ -**	**$ (94,940)**
SPP RE Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 164,640**	**$ 60,160**	**$ (104,480)**	**$ -**	**$ (164,640)**
Change in Assets	**$ -**	**$ 104,480**	**$ 104,480**	**$ -**	**$ -**
Fixed Assets					
Depreciation			$ -		$ -
Computer & Software CapEx			-		-
Furniture & Fixtures CapEx			-		-
Equipment CapEx			-		-
Leasehold Improvements			-		-
(Incr)Dec in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Allocation of Fixed Assets					
Change in Fixed Assets	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN ASSETS	**$ -**	**$ 104,480**	**$ 104,480**	**$ -**	**$ -**

Training, Education, and Operator Certification Program

Training, Education, and Operator Certification Program Resources (in whole dollars)			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	3.0	0	(3.0)
Total Direct Expenses	Salary $361,712 Travel $21,000 Meetings $153,800 Outside Svcs $9,660 Total $546,172	Meetings $25,000	$ (521,172)
Total Indirect Expenses	$569,640	$ SPP RE $5,780	$ (563,860)
Inc(Dec) in Fixed Assets	$0	$0	$0
Total Expenses & Fixed Assets	$1,115,812	$ 30,780	$ (1,085,032)

Program Scope and Functional Description
Compliance training is included in the Compliance Monitoring and Enforcement and Organization Registration and Certification Program section.

Overarching Training Goals

Key Assumptions

2010 Goals and Key Deliverables

Funding Requirements — Explanation of Increase (Decrease)

Personnel Expenses

Meeting Expenses

Travel Expenses

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2010 business plan are shown in the table below.

Statement of Activities
2009 Budget & Projection, and 2010 Budget
Training and Education

	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 1,115,812	$ 1,115,812	$ -	$ 30,780	$ (1,085,032)
Penalty Sanctions					-
Total ERO Funding	**$ 1,115,812**	**$ 1,115,812**	**$ -**	**$ 30,780**	**$ (1,085,032)**
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	**$ 1,115,812**	**$ 1,115,812**	**$ -**	**$ 30,780**	**$ (1,085,032)**
Expenses					
Personnel Expenses					
Salaries	$ 299,694	$ 299,694	$ -	$ -	$ (299,694)
Payroll Taxes	22,927	22,927	-	-	(22,927)
Benefits	27,104	27,104	-	-	(27,104)
Retirement Costs	11,988	11,988	-	-	(11,988)
Total Personnel Expenses	**$ 361,712**	**$ 361,712**	**$ -**	**$ -**	**$ (361,712)**
Meeting Expenses					
Meetings	$ 153,800	$ 115,000	$ (38,800)	$ 25,000	$ (128,800)
Travel	21,000	21,000	-	-	(21,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 174,800**	**$ 136,000**	**$ (38,800)**	**$ 25,000**	**$ (149,800)**
Operating Expenses					
Consultants & Contracts	$ 9,660	$ 9,660	$ -	$ -	$ (9,660)
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 9,660**	**$ 9,660**	**$ -**	**$ -**	**$ (9,660)**
Total Direct Expenses	**$ 546,172**	**$ 507,372**	**$ (38,800)**	**$ 25,000**	**$ (521,172)**
SPP Inc. Indirect Expenses	**$ 569,640**	**$ 360,960**	**$ (208,680)**	**$ -**	**$ (569,640)**
SPP RE Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ 5,780**	**$ 5,780**
Total Expenses	**$ 1,115,812**	**$ 868,332**	**$ (247,480)**	**$ 30,780**	**$ (1,085,032)**
Change in Assets	**$ -**	**$ 247,480**	**$ 247,480**	**$ -**	**$ -**
Fixed Assets					
Depreciation			$ -		$ -
Computer & Software CapEx			-		-
Furniture & Fixtures CapEx			-		-
Equipment CapEx			-		-
Leasehold Improvements			-		-
(Incr)Dec in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Allocation of Fixed Assets					
Change in Fixed Assets	**-**	**-**	**-**	**-**	**-**

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Requirements — Explanation of Increase (Decrease)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Hiring Plans

- N/A

Personnel Expenses

- There is a decrease of 3 FTEs from the 2009 budget to reflect the decision not to include operator type training in the RE budget.

Meeting and Travel Expenses

- There is a decrease of $153,800 from the 2009 budget to reflect the decision not to include operator type training in the RE budget.

Operating Expenses

- There is a decrease of $9,660 from the 2009 budget to reflect the decision not to include operator type training in the RE budget.

Indirect Expenses

- The indirect expensed decreased $569,640 from the 2009 budget to reflect the decision not to include operator type training in the RE budget.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program Resources (in whole dollars)			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	3.4	4.0	0.6
Total Direct Expenses	Salary $351,558 Travel $25,000 Consulting $56,000 Total $432,558	Salary $437,200 Travel $30,000 Consulting $56,000 Total $523,200	$90,642
Total Indirect Expenses	$645,592	$ SPP Inc. $481,280 SPP RE $232,234 Total $713,514	$ 67,922
Inc(Dec) in Fixed Assets	$0	$0	$0
Total Expenses & Fixed Assets	$1,078,150	$ 1,236,714	$ 158,564

Program Scope and Functional Description

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 Scope and Functional Description

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 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.

2010 Key Assumptions

2010 Goals and Key Deliverables

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
- Participate actively in new committees/task formed recently formed at NERC level
    - Reliability Metrics Working Group (RMWG)
    - Resource Issues Subcommittee (RIS)
    - Loss of Load Expectation Group (LOLE)

- Demand Response Data Task Force (DRDTF)
- Reliability Assessment Guidebook Task Force (RAGTF)

Funding Requirements — Explanation of Increase (Decrease)

SPP staff continues to remain active in 2010 to perform Reliability Assessment and Performance Analysis functions. In addition, SPP staff is planning to get actively engaged into several working groups recently formed at NERC level. These groups are predominantly formed to ensure the consistency across the NERC footprint in defining Reliability, Resource Adequacy and achieving effective Demand Response programs.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2010 business plan are shown in the table below.

Statement of Activities
2009 Budget & Projection, and 2010 Budget
Reliability Assessment and Performance Analysis

	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 1,078,150	$ 1,078,150	$ -	$ 1,236,714	$ 158,564
Penalty Sanctions					-
Total ERO Funding	**$ 1,078,150**	**$ 1,078,150**	**$ -**	**$ 1,236,714**	**$ 158,564**
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	**$ 1,078,150**	**$ 1,078,150**	**$ -**	**$ 1,236,714**	**$ 158,564**
Expenses					
Personnel Expenses					
Salaries	$ 290,153	$ 290,153	$ -	$ 360,800	$ 70,647
Payroll Taxes	22,197	22,197	-	27,600	5,403
Benefits	27,602	27,602	-	34,400	6,798
Retirement Costs	11,606	11,606	-	14,400	2,794
Total Personnel Expenses	**$ 351,558**	**$ 351,558**	**$ -**	**$ 437,200**	**$ 85,642**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	25,000	25,000	-	30,000	5,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 25,000**	**$ 25,000**	**$ -**	**$ 30,000**	**$ 5,000**
Operating Expenses					
Consultants & Contracts	$ 56,000	$ 56,000	$ -	$ 56,000	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 56,000**	**$ 56,000**	**$ -**	**$ 56,000**	**$ -**
Total Direct Expenses	**$ 432,558**	**$ 432,558**	**$ -**	**$ 523,200**	**$ 90,642**
SPP Inc. Indirect Expenses	**$ 645,592**	**$ 409,088**	**$ (236,504)**	**$ 481,280**	**$ (164,312)**
SPP RE Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ 232,234**	**$ 232,234**
Total Expenses	**$ 1,078,150**	**$ 841,646**	**$ (236,504)**	**$ 1,236,714**	**$ 158,564**
Change in Assets	**$ -**	**$ 236,504**	**$ 236,504**	**$ -**	**$ -**
Fixed Assets					
Depreciation			$ -		$ -
Computer & Software CapEx			-		-
Furniture & Fixtures CapEx			-		-
Equipment CapEx			-		-
Leasehold Improvements			-		-
(Incr)Dec in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Allocation of Fixed Assets					
Change in Fixed Assets	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN ASSETS	**$ -**	**$ 236,504**	**$ 236,504**	**$ -**	**$ -**

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- SPP RE changes include moderate changes to salaries and benefits of the 1 FTE assigned to the SPP RE.

Meeting Expenses

- There are no specific meeting expenses associated with this activity from the dedicated SPP RE staff.

Operating Expenses

- The SPP RE anticipates a modest increase to the cost per unit for its contractors.
- Travel expenses have been adjusted to reflect the average cost of travel per employee plus a modest increase in the cost of travel.

Indirect Expenses

- The indirect expenses are assessed to the SPP RE based on a fixed rate per hour charged by the SPP RE dedicated staff.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Situational Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program Resources (in whole dollars)			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	0.75	0.75	0.00
Total Direct Expenses	Salary $82,893 Travel $18,000 Total $100,893	Salary $88,373 Travel $18,000 Total $106,373	$5,480
Total Indirect Expenses	$142,410	$ SPP Inc. $90,240 SPP RE $45,457 Total $135,697	$ ($6,713)
Inc(Dec) in Fixed Assets	$0	$0	$0
Total Expenses & Fixed Assets	$243,303	$ 242,070	$ ($1,233)

Program Scope and Functional Description

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 actively participates in NERC critical infrastructure protection activities and serves as an information conduit between NERC and SPP members.

SPP sponsors a Critical Infrastructure Protection Working Group (CIPWG). The CIPWG:

- Serves as an expert advisory panel to the SPP Board of Directors, committees, and members
- Provides a forum for discussion of physical and cyber security issues within the SPP Region
- Serves as the interface between the NERC Critical Information Protection Committee (CIPC) and the SPP membership, including:

  - Serving as a conduit for information flow between the CIPC and SPP members
  - Developing guidance and recommendations to CIPC members representing the SPP
- Provides general guidance to SPP members on CIP Standards and related compliance efforts
- Assists the SPP Compliance Manager with the conduct and evaluation of compliance self-certification and field audits of NERC security standards

The CIPWG consists of SPP members who are subject to the NERC CIP Cyber Security Standards (CIP-002-1 through CIP-009-1) and is facilitated by an SPP staff member. The working group meets quarterly at a member location. Additional meetings and conference calls are scheduled as required.

SPP is represented on the CIPC by three SPP member company representatives who represent the physical, cyber, and operations disciplines. Per the SPP Bylaws, SPP reimburses the member representatives for travel expenses incurred while performing CIPC responsibilities.

2010 Key Assumptions

The primary assumptions for 2010 are the continued financial and personnel support of the SPP Critical Infrastructure Protection Working Group (CIPWG), and continued support for CIPC participation from designated SPP member representatives.

CIP compliance monitoring and enforcement is included in Compliance Monitoring and Enforcement.

2010 Goals and Key Deliverables

- Continue sponsoring the Critical Infrastructure Protection Working Group (CIPWG)
  - Continue quarterly meetings
  - Maintain and Increase CIPWG membership
  - Provide progress updates on CIP standards drafting
  - Provide a discussion forum for NERC-requested comments and ballot issues
  - Provide support to the RE-sponsored CIP “How-To” Workshop
- Provide enhanced support to SPP members about CIP Standards
  - Provide general recommendations on appropriate security best practices
  - Provide opportunities for technical and compliance-related training
  - Provide Members Only discussion periods regarding CIP compliance progress
  - Maintain the CIPWG electronic mail lists for group discussion of CIP-related issues
- Continue supporting CIPC attendance by CIPWG representatives
  - Reimburse expenses for Physical, Cyber, and Operations representatives (or designated alternates)

Funding Requirements — Explanation of Increase (Decrease)

Staffing Needs

- N/A

Hiring Plans

- N/A

Shared Employees

- The acting SPP CIPWG Secretary, Philip Propes, will assist with the coordination and setup for CIPWG meetings throughout 2010.

Contractors

- N/A

Situational Awareness and Infrastructure Security Program

Funding sources and related expenses for the situational awareness and infrastructure security section of the 2010 business plan are shown in the table below.

Statement of Activities
2009 Budget & Projection, and 2010 Budget
Situational Awareness and Infrastructure Security

	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 243,303	$ 243,303	$ -	$ 242,069	$ (1,234)
Penalty Sanctions					-
Total ERO Funding	**$ 243,303**	**$ 243,303**	**$ -**	**$ 242,069**	**$ (1,234)**
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	**$ 243,303**	**$ 243,303**	**$ -**	**$ 242,069**	**$ (1,234)**
Expenses					
Personnel Expenses					
Salaries	$ 69,508	$ 69,508	$ -	$ 72,623	$ 3,115
Payroll Taxes	5,317	5,317	-	5,550	233
Benefits	5,287	5,287	-	7,275	1,988
Retirement Costs	2,780	2,780	-	2,925	145
Total Personnel Expenses	**$ 82,893**	**$ 82,893**	**$ -**	**$ 88,373**	**$ 5,480**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	18,000	18,000	-	18,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 18,000**	**$ 18,000**	**$ -**	**$ 18,000**	**$ -**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Direct Expenses	**$ 100,893**	**$ 100,893**	**$ -**	**$ 106,373**	**$ 5,480**
SPP Inc. Indirect Expenses	**$ 142,410**	**$ 90,240**	**$ (52,170)**	**$ 90,240**	**$ (52,170)**
SPP RE Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ 45,457**	**$ 45,457**
Total Expenses	**$ 243,303**	**$ 191,133**	**$ (52,170)**	**$ 242,069**	**$ (1,234)**
Change in Assets	**$ -**	**$ 52,170**	**$ 52,170**	**$ -**	**$ (0)**
Fixed Assets					
Depreciation			$ -		$ -
Computer & Software CapEx			-		-
Furniture & Fixtures CapEx			-		-
Equipment CapEx			-		-
Leasehold Improvements			-		-
(Incr)Dec in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Allocation of Fixed Assets					
Change in Fixed Assets	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN ASSETS	**$ -**	**$ 52,170**	**$ 52,170**	**$ -**	**$ (0)**

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

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. These expenses are included in the Training Statement of Activities for the 2010 Business Plan and Budget.

Program Description and Functions Performed

2010 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)

Staffing Needs

Hiring Plans

- No additional staff is planned for 2010. SPP plans to use existing shared staff 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 2010.

Contractors

- No contractors are expected for 2010 to support this function.

Technical Committees and Member Forums

Funding sources and related expenses for the Members' Forums section of the 2010 business plan are shown in the table below.

Statement of Activities
2009 Budget & Projection, and 2010 Budget
Technical Committees and Member Forums

	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 25,000	$ 25,000	$ -	$ -	$ (25,000)
Penalty Sanctions					
Total ERO Funding	**$ 25,000**	**$ 25,000**	**$ -**	**$ -**	**$ (25,000)**
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	**$ 25,000**	**$ 25,000**	**$ -**	**$ -**	**$ (25,000)**
Expenses					
Personnel Expenses					
Salaries	$ -	$ -	$ -	$ -	$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Meeting Expenses					
Meetings	$ 25,000	$ -	$ (25,000)	$ -	$ (25,000)
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 25,000**	**$ -**	**$ (25,000)**	**$ -**	**$ (25,000)**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Direct Expenses	**$ 25,000**	**$ -**	**$ (25,000)**	**$ -**	**$ (25,000)**
SPP Inc. Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
SPP RE Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 25,000**	**$ -**	**$ (25,000)**	**$ -**	**$ (25,000)**
Change in Assets	**$ -**	**$ 25,000**	**$ 25,000**	**$ -**	**$ -**
Fixed Assets					
Depreciation			$ -		$ -
Computer & Software CapEx			-		-
Furniture & Fixtures CapEx			-		-
Equipment CapEx			-		-
Leasehold Improvements			-		-
(Incr)Dec in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Allocation of Fixed Assets					
Change in Fixed Assets	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN ASSETS	**$ -**	**$ 25,000**	**$ 25,000**	**$ -**	**$ -**

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Administrative Services

Administrative Services (in whole dollars)	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	2.5	4.0	1.5
Total Direct Expenses	Salary $348,219 Travel $55,000 Trustee Fees $135,000 Hearings $150,000 Total $688,219	Salary $595,600 Travel $30,000 Trustee Fees $140,000 Hearings $150,000 Total $ 915,600	$ 227,381
Total Indirect Expenses	$474,700	$ SPP Inc. $481,280 SPP RE ($1,396,880) Total ($915,600)	$ ($1,390,300)
Inc(Dec) in Fixed Assets	$0	$0	$0
Total Expenses & Fixed Assets	$1,162,919	$ 0	$ ($1,162,919)

General and Administrative

Program Scope and Functional Description

The General and Administrative function consists of the RE General Manager, the SPP RE Counsel and three independent Regional Entity Trustees.

The RE General Manager provides executive level support through participation in meetings and conference calls with other Regional Entities and Senior NERC staff . The RE General Manager reports directly to the three independent RE Trustees.

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.

2010 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 RE General Manager ensures that the SPP RE fulfills the responsibilities of the RE Delegation Agreement and provides these resources in a manner that is independent and separate from other non-RE SPP responsibilities.[2]

Funding Requirements — Explanation of Increase (Decrease)

- The Administrative costs are allocated to the functions in the 2010 Business Plan & Budget resulting in zero funding requirements. Prior to allocation, the funding requirements are expected to increase with the addition of the RE General Manager in mid-year 2009 and an additional administrative support in 2009. The RE General Manager was added to implement the recommendation from the FERC Audit. Due to a significant increase in administrative work including the need to implement a document management system an additional administrative assistant is required. Travel expense is increased due to the increased FTEs needed to support this function.

[2] 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.

Administrative Services

Funding sources and related expenses for the Administrative Services section of the 2010 Business Plan are shown in the table below.

Statement of Activities
2009 Budget & Projection, and 2010 Budget
General and Administrative

	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 1,630,710	$ 1,630,710	$ -	$ -	$ (1,630,710)
Penalty Sanctions					
Total ERO Funding	**$ 1,630,710**	**$ 1,630,710**	**$ -**	**$ -**	**$ (1,630,710)**
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	**$ 1,630,710**	**$ 1,630,710**	**$ -**	**$ -**	**$ (1,630,710)**
Expenses					
Personnel Expenses					
Salaries	$ 289,435	$ 365,200	$ 75,765	$ 498,800	$ 209,365
Payroll Taxes	22,142	27,900	5,758	33,600	11,458
Benefits	25,065	41,900	16,835	43,200	18,135
Retirement Costs	11,577	14,600	3,023	20,000	8,423
Total Personnel Expenses	**$ 348,219**	**$ 449,600**	**$ 101,381**	**$ 595,600**	**$ 247,381**
Meeting Expenses					
Meetings	$ -	$ -	$ -	$ -	$ -
Travel	30,000	30,000	-	30,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 30,000**	**$ 30,000**	**$ -**	**$ 30,000**	**$ -**
Operating Expenses					
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	135,000	135,000	-	140,000	5,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 135,000**	**$ 135,000**	**$ -**	**$ 140,000**	**$ 5,000**
Total Direct Expenses	**$ 513,219**	**$ 614,600**	**$ 101,381**	**$ 765,600**	**$ 252,381**
SPP Inc. Indirect Expenses	**$ 474,700**	**$ 481,280**	**$ 6,580**	**$ 481,280**	**$ 6,580**
SPP RE Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ (1,246,880)**	**$ (1,246,880)**
Total Expenses	**$ 987,919**	**$ 1,095,880**	**$ 107,961**	**$ -**	**$ (987,919)**
Change in Assets	**$ 642,791**	**$ 534,830**	**$ (107,961)**	**$ -**	**$ (642,791)**
Fixed Assets					
Depreciation			$ -		$ -
Computer & Software CapEx			-		-
Furniture & Fixtures CapEx			-		-
Equipment CapEx			-		-
Leasehold Improvements			-		-
(Incr)Dec in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Allocation of Fixed Assets					
Change in Fixed Assets	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN ASSETS	**$ 642,791**	**$ 534,830**	**$ (107,961)**	**$ -**	**$ (642,791)**

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

Hiring Plans

- SPP RE plans to hire 1 additional dedicated SPP RE staff in 2009 to provide sufficient administrative resources to implement a document management process and augment provision of 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 midyear 2009 as an out of budget expense). The mid-year 2009 hire of the SPP RE General Manager accounts for the remaining 0.5 FTE increase in 2010 above the 2009 Business Plan.

Shared Employees

- SPP shared staff are budgeted for through the SPP Indirect Costs. Shared staff provides 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 2010 to support this activity.

Meeting Expenses

- N/A

Operating Expenses

- The increase in operating expenses is due to increased Trustees Expenses resulting from a small increase to payments for certain meetings.

Indirect Expenses

- The indirect expenses increased due to the increased FTEs. The indirect expenses are assessed to the SPP RE based on a fixed rate per hour charged by the SPP RE dedicated staff.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

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 2020.

Staffing Needs

Hiring Plans

Shared Employees

- SPP shared staff are budgeted for through the SPP Indirect Costs. These shared staff provides 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

Legal and Regulatory

Functional Description

- The SPP RE has a General Counsel that provides exclusive legal support to the SPP RE.[3] 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. Estimated hearing costs are included to support 3 hearings in 2010

2010 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)

- The costs for Legal and Regulatory FTEs to support all RE program areas are accounted for within the Administrative and General section. Estimated hearing costs are included to support 3 hearings in 2010.

Staffing Needs

Hiring Plans

- No additional staff is planned for this area in 2010.

Shared Employees

- The SPP RE may require shared staff resources in 2010 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.

[3] SPP RE General Counsel is accounted for in the general and administrative budget for confidentiality

Legal and Regulatory

Funding sources and related expenses for the Legal and Regulatory section of the 2010 Business Plan are shown in the table below.

Statement of Activities
2009 Budget & Projection, and 2010 Budget
Legal and Regulatory

	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 150,000	$ 150,000	$ -	$ -	$ (150,000)
Penalty Sanctions					
Total ERO Funding	**$ 150,000**	**$ 150,000**	**$ -**	**$ -**	**$ (150,000)**
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	**$ 150,000**	**$ 150,000**	**$ -**	**$ -**	**$ (150,000)**
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	150,000	150,000	-	150,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 150,000**	**$ 150,000**	**$ -**	**$ 150,000**	**$ -**
Total Direct Expenses	**$ 150,000**	**$ 150,000**	**$ -**	**$ 150,000**	**$ -**
SPP Inc. Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
SPP RE Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ (150,000)**	**$ (150,000)**
Total Expenses	**$ 150,000**	**$ 150,000**	**$ -**	**$ -**	**$ (150,000)**
Change in Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets					
Depreciation			$ -		$ -
Computer & Software CapEx			-		-
Furniture & Fixtures CapEx			-		-
Equipment CapEx			-		-
Leasehold Improvements			-		-
(Incr)Dec in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Allocation of Fixed Assets					
Change in Fixed Assets	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN ASSETS	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Information Technology

Functional Description

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

2010 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 2010.

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

Section B — 2010 Budget

2009 Budget and Projection and 2010 Budget Comparisons

Table 1

Statement of Activities
2009 Budget & Projection, and 2010 Budget

STATUTORY

	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	$ 7,123,827	$ 7,123,827	$ -	$ 7,438,783	$ 314,955
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	**$ 7,123,827**	**$ 7,123,827**	**$ -**	**$ 7,438,783**	**$ 314,955**
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	**$ 7,123,827**	**$ 7,123,827**	**$ -**	**$ 7,438,783**	**$ 314,955**
Expenses					
Personnel Expenses					
Salaries	$ 1,775,017	$ 2,009,894	$ 234,877	$ 2,861,623	$ 1,086,606
Payroll Taxes	135,789	153,769	17,980	194,700	58,911
Benefits	177,328	213,212	35,884	243,975	66,647
Retirement Costs	71,001	80,388	9,387	112,725	41,724
Total Personnel Expenses	**$ 2,159,134**	**$ 2,457,263**	**$ 298,129**	**$ 3,413,023**	**$ 1,253,888**
Meeting Expenses					
Meetings	$ 178,800	$ 115,000	$ (63,800)	$ 25,000	$ (153,800)
Travel	206,000	198,000	(8,000)	318,000	112,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	**$ 384,800**	**$ 313,000**	**$ (71,800)**	**$ 343,000**	**$ (41,800)**
Operating Expenses					
Consultants & Contracts	$ 395,660	$ 415,660	$ 20,000	$ 475,000	$ 79,340
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	285,000	285,000	-	290,000	5,000
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	**$ 680,660**	**$ 700,660**	**$ 20,000**	**$ 765,000**	**$ 84,340**
Total Direct Expenses	**$ 3,224,594**	**$ 3,470,923**	**$ 246,329**	**$ 4,521,023**	**$ 1,296,428**
SPP Inc. Indirect Expenses	**$ 3,256,442**	**$ 2,484,608**	**$ (771,834)**	**$ 2,917,760**	**$ (338,682)**
SPP RE Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses	**$ 6,481,036**	**$ 5,955,531**	**$ (525,505)**	**$ 7,438,783**	**$ 957,746**
Change in Assets	**$ 642,791**	**$ 1,168,296**	**$ 525,505**	**$ -**	**$ (642,791)**
Fixed Assets					
Depreciation	$ -	$ -	$ -	$ -	$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Allocation of Fixed Assets	-	-	-	-	-
Change in Fixed Assets	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN ASSETS	**$ 642,791**	**$ 1,168,296**	**$ 525,505**	**$ -**	**$ (642,791)**

Personnel Analysis

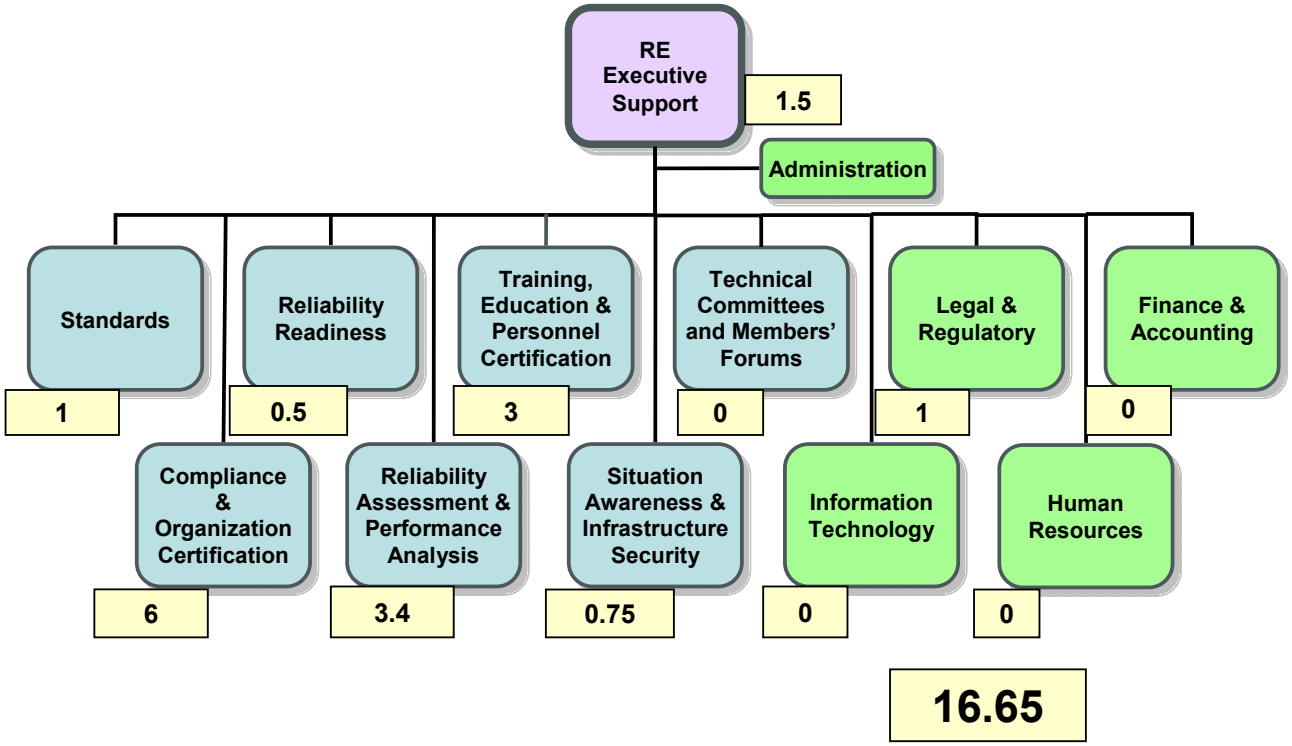
FTEs are defined as full-time employees only. Fractional FTEs reflect part-time employees, shared employees or employees who worked in fewer than all four quarters of the year.

Table 2

Total FTE's by Program Area	Budget 2009	Projection 2009	Budget 2010	Change from 2009 Budget
STATUTORY				
Operational Programs				
Reliability Standards	1.0	1.0	1.5	0.5
Compliance and Organization Registration and Certification	6.0	8.0	14.0	8.0
Reliability Readiness Evaluation and Improvement	0.5	0.5	0.0	-0.5
Training and Education	3.0	3.0	0.0	-3.0
Reliability Assessment and Performance Analysis	3.4	3.4	4.0	0.6
Situational Awareness and Infrastructure Security	0.8	0.8	0.8	0.0
Total FTEs Operational Programs	**14.7**	**16.7**	**20.3**	**5.6**
Administrative Programs				
Member Forums	0.0	0.0	0.0	0.0
General & Administrative	2.5	4.0	4.0	1.5
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	**2.5**	**4.0**	**4.0**	**1.5**
Total FTEs	**17.2**	**20.7**	**24.3**	**7.1**

2009 Organizational Chart

Table 3



2010 Organizational Chart

Table 4

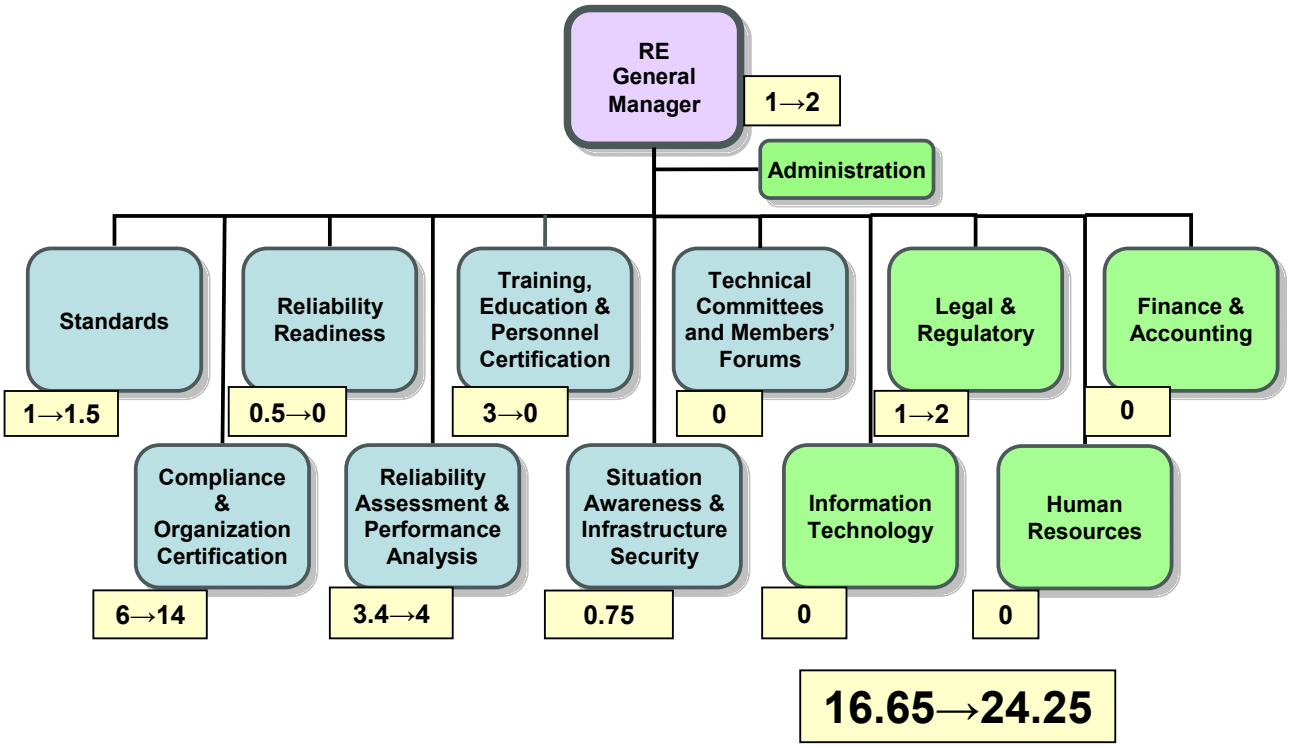


Table 5

Working Capital Reserve Analysis 2009-2010	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2008	214,632
Less: Penalty sanctions to be used as offset to 2010 assessments [1]	0
Plus: 2009 ERO Funding (from LSEs or designees)	7,123,827
Plus: 2009 Other funding sources	0
Less: '2009 Projected expenses & capital expenditures	(5,955,531)
Projected Working Capital Reserve (Deficit), December 31, 2009	**1,382,928**
Desired Working Capital Reserve, December 31, 2009 [2]	0
Less: Projected Working Capital Reserve, December 31, 2009	(1,382,928)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	(1,382,928)
2010 Assessment for Expenses and Capital Expenditures	7,438,783
Less: Penalty Sanctions [1]	0
Less: Other Funding Sources	0
Adjustment to achieve desired Working Capital Reserve	(1,382,928)
2010 Assessment	6,055,854

SPP RE does not require a working capital reserve in that on a cash basis, SPP is able to fund shortfalls in its statutory (Regional Entity) funding through its operating cash balances, and also has access to liquidity through a SPP bank credit facility.

Regional Entity Assessment Analysis

Assessments by Country

Table 6

Data Year	Regional Entity	Total NEL	U.S. NEL	Canada NEL	Mexico NEL	% of RE Total	US Total	Canada Total	Mexico Total
Summary by Regional Entity									
2008	FRCC	-							
2008	MRO	-							
2008	NPCC	-							
2008	RFC	-							
2008	SERC	-							
2008	SPP	207,575,000	207,575,000				100.000%		
2008	TRE	-							
2008	WECC	-							
TOTAL		207,575,000	207,575,000	-	-	0%	100.000%	0.000%	0.000%

Table 7

Statement of Activities
2011 and 2012 Projections

	2010 Budget	2011 Projection	$ Change 10 v 11	% Change 10 v 11	2012 Projection	$ Change 11 v 12	% Change 11 v 12
Funding							
ERO Funding							
ERO Assessments	$ 7,438,783	$ -	$ (7,438,783)	0.00%	$ -	$ -	
Penalty Sanctions	-	-	-		-	-	
Total ERO Funding	**$ 7,438,783**	**$ -**	**$ (7,438,783)**	**0.0%**	**$ -**	**$ -**	
Membership Dues	-	-	-		-	-	
Testing Fees	-	-	-		-		
Services & Software	-	-	-		-		
Workshops	-	-	-		-		
Interest	-	-	-		-		
Miscellaneous	-	-	-		-		
Total Funding	**$ 7,438,783**	**$ -**	**$ (7,438,783)**	**0.0%**	**$ -**	**$ -**	
Expenses							
Personnel Expenses							
Salaries	2,861,623	-	(2,861,623)	0.0%	-	-	
Payroll Taxes	194,700	-	(194,700)	0.0%	-	-	
Benefits	243,975	-	(243,975)	0.0%	-		
Retirement Costs	112,725	-	(112,725)	0.0%	-	-	
Total Personnel Expenses	**$ 3,413,023**	**$ -**	**$ (3,413,023)**	**0.0%**	**$ -**	**$ -**	
Meeting Expenses							
Meetings	$ 25,000	$ -	$ (25,000)	0.0%	-	-	
Travel	318,000	-	(318,000)	0.0%	-	-	
Conference Calls	-	-	-		-	-	
Total Meeting Expenses	**$ 343,000**	**$ -**	**$ (343,000)**	**0.0%**	**$ -**	**$ -**	
Operating Expenses							
Consultants & Contracts	$ 475,000	$ -	(475,000)	0.0%	-	-	
Office Rent	-	-	-		-	-	
Office Costs	-	-	-		-	-	
Professional Services	290,000	-	(290,000)	0.0%	-	-	
Miscellaneous	-	-	-		-	-	
Depreciation	-	-	-		-	-	
Total Operating Expenses	**765,000**	**-**	**(765,000)**	**0.0%**	**-**	**-**	
SPP Inc. Indirect Expenses	**$ 2,917,760**	**$ -**	**$ (2,917,760)**	0.0%	**-**	**-**	
SPP RE Indirect Expenses	**$ -**	**$ -**	**$ -**		**-**	**-**	
Total Expenses	**$ 7,438,783**	**$ -**	**$ (7,438,783)**	**0.0%**	**$ -**	**$ -**	0.0%
Change in Assets	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	
Fixed Assets					-		
Depreciation	$ -	0			0	0	
Computer & Software CapEx	-	0			0	0	
Furniture & Fixtures CapEx	-	0			0	0	
Equipment CapEx	-	0			0	0	
Leasehold Improvements	-	0			0	0	
Change in Fixed Assets	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	
TOTAL CHANGE IN ASSETS	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	

Penalty Sanctions Received Prior to June 30, 2009	Date Receive	Amount Received
Name of Entity		
Total Penalties Received		$ -

No Penalties were received prior to June 30, 2009.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of Table 1, page xxx, of the 2010 RE business Plan and budget. All significant variances have been disclosed by program area in the preceding pages

Supplemental Funding

N/A

Personnel Expenses

Table B-2

Personnel Expenses	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Salaries					
Salary	$ 1,775,018	$ 2,009,894	$ 2,861,623	$ 1,086,605	61.2%
Employment Agency Fees				-	
Temporary Office Services				-	
Total Salaries	$ 1,775,018	$ 2,009,894	$ 2,861,623	$ 1,086,605	61.2%
Total Payroll Taxes	$ 135,789	$ 153,769	$ 194,700	$ 58,911	43.4%
Benefits					
Workers Compensation	$ -	$ -	$ -	$ -	
Medical Insurance	141,570	177,420	202,075	60,505	42.7%
Life-LTD-LTC Insurance	10,758	10,792	11,900	1,142	10.6%
Education	25,000	25,000	30,000	5,000	20.0%
Relocation				-	
Total Benefits	$ 177,328	$ 213,212	$ 243,975	$ 66,647	37.6%
Retirement					
Discretionary 401k Cont.	$ 71,000	80,388	$ 112,725	$ 41,725	58.8%
Savings Plan				-	
Total Retirement	$ 71,000	$ 80,388	$ 112,725	$ 41,725	58.8%
Total Personnel Costs	$ 2,159,134	$ 2,457,263	$ 3,413,023	$ 1,253,888	58.1%
FTEs	17.2	20.7	24.3	7.1	41.4%
Cost per FTE					
Salaries	$ 103,500	$ 97,331	$ 118,005	14,505	14.0%
Payroll Taxes	7,918	7,446	8,029	111	1.4%
Benefits	10,340	10,325	10,061	(279)	-2.7%
Retirement	4,140	3,893	4,648	509	12.3%
Total Cost per FTE	**$ 125,897**	**$ 118,996**	**$ 140,743**	**$ 14,846**	**11.8%**

Consultants and Contracts

Table B-3

Consultants	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Consultants					
Reliability Standards				$ -	
Compliance and Organization Registration and Certification	260,000	280,000	325,000	65,000	16.07%
Reliability Readiness Evaluation and Improvement-instead of FTE				-	
Reliability Assessment and Performance Analysis	56,000	56,000	56,000	-	0.00%
Training and Education				-	
Situational Awareness and Infrastructure Security-NASPI				-	
Committee and Member Forums				-	
General and Administrative				-	
Legal and Regulatory-Self Assessment				-	
Information Technology				-	
Human Resources-Executive Search				-	
Accounting and Finance				-	
Consultants Total	$ 316,000	$ 336,000	$ 381,000	$ 65,000	13.39%
				-	

Contracts	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Contracts					
CDMS Software Costs	$ 70,000	$ 70,000	$ 70,000	$ -	
Reliability Standards Voting Tool Software			24,000	24,000	
Assessment Studies				-	
TADS Development				-	
Subtotal - Compliance and Reliability Assessment Contracts	**$ 70,000**	**$ 70,000**	**$ 94,000**	**$ 24,000**	**34.29%**
RCIS Support				-	
Resource Adequacy Tool (Srv Agreement)				-	
Inadvertent Interchange				-	
AIE Monitoring				-	
CPS1-Balancing Authority ACE Limit Monitoring				-	
Frequency Monitoring				-	
Intelligent Alarms/DARA (Srv Agreement)				-	
Resources Subcommittee Maintenance				-	
Subtotal -Situational Awareness Contracts	**$ -**	**$ -**	**$ -**	**$ -**	
Frame Relay	**$ -**	**$ -**	**$ -**	**$ -**	
Contract - IDC					
SDX Support				$ -	
SDX Maintenance				-	
IDC Maintenance				-	
DF Support Services Contract				-	
IDC Client Contracts				-	
IDC Client Billing				-	
IDC Base Contract				-	
NERC Factor Viewer (NFV)				-	
Book of Flowgate Database				-	
Book of Flowgate Database Maintenance				-	
E-Tag Maintenance				-	
Contracts - IDC Total	**$ -**	**$ -**	**$ -**	**$ -**	
Education and Training					
System Operator Testing Expenses	$ 9,660	$ 9,660		$ (9,660)	
System Operator Job Analysis				-	
System Operator Examination Development				-	
Database Development				-	
Course Development-Compliance, Standards				-	
NERC Staff Training				-	
Design a Course				-	
Education and Training Total	**$ 9,660**	**$ 9,660**	**$ -**	**$ (9,660)**	**-100.00%**
Canadian Affairs Representative	**$ -**	**$ -**	**$ -**	**$ -**	
Contracts Total	**$ 79,660**	**$ 79,660**	**$ 94,000**	**$ 14,340**	**18.00%**
				-	
Total Consulting and Contracts	**$ 395,660**	**$ 415,660**	**$ 475,000**	**$ 79,340**	**14.28%**

Table B-4

Office Rent	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Office Rent	$ -	$ -	$ -	$ -	
Utilities	-	-	-	-	
Maintenance	-	-	-	-	
Security	-	-	-	-	
Total Office Rent	**$ -**	**$ -**	**$ -**	**$ -**	

This is a cost included in the SPP Indirect Expense Rate. Overhead costs for services provided by SPP, Inc. such as payroll, human resources, information technology, executive leadership, communications, office costs and other support services are included in the SPP Indirect Expense Rate.

Table B-5

Office Costs	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	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	**$ -**	**$ -**	**$ -**	**$ -**	

This is a cost included in the SPP Indirect Expense Rate. Overhead costs for services provided by SPP, Inc. such as payroll, human resources, information technology, executive leadership, communications, office costs and other support services are included in the SPP Indirect Expense Rate.

Table B-6

Professional Services	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Independent Trustee Fees	$ 135,000	$ 135,000	$ 140,000	$ 5,000	3.70%
Outside Legal	150,000	150,000	150,000	-	0.00%
Accounting & Auditing Fees				-	
Other Legal Fees				-	
Insurance Commercial				-	
Total Services	**$ 285,000**	**$ 285,000**	**$ 290,000**	**$ 5,000**	**1.75%**

Table B-7

Other Non-Operating Expenses	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Interest Expense				$ -	
Office Relocation				-	
Total Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	

Section C — 2010 RE Non-Statutory Business Plan and Budget

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 5 million customers across nine states: Arkansas, Kansas, Louisiana, Mississippi, Missouri, Nebraska, 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. [4]

[4] 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).

Schedule for Preparation and Approval of SPP Inc.'s Overall Annual Budget

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 2010 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.

SOUTHWEST POWER POOL
2009 BUDGET & 2008 FORECAST

(000's)	2009 Budget	2008 Forecast
Tariff Administration Service	56,601	56,536
Fees and Assessments	18,227	11,491
Contract Services Revenue	21,538	18,526
Study Revenue	4,911	3,359
Other Income	325	753
Total Revenue	**101,602**	**90,664**
Salary & Benefits	48,659	40,757
Employee Travel	1,504	1,417
Administrative	2,821	2,354
Assessments and Fees	11,103	7,551
Meetings	644	555
Communications	2,805	2,181
Maintenance	4,893	4,332
Leases	1,090	983
Outside Services	16,552	13,548
Regional State Committee	699	757
Depreciation & Amortization	20,709	17,212
Interest Expense	3,524	2,579
Interest Income	(750)	(942)
Total Expenses	**114,253**	**93,285**
Net Income	**(12,651)**	**(2,620)**
Debt Repayment	8,206	12,206
MW/h Forecast	331,360	296,135
Net Revenue Requirement	56,478	53,879
Calculated Admin Fee / MWh	$0.170	$0.182
Recommended Admin Fee / MWh	$0.170	$0.190
Capital Expense	29,637	
Headcount	417	

Section D

2010 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Section D – Additional Financial Data

				Functions in Delagation Agreement												Non-Statutory Functions
Statement of Activities 2010 Budget	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situational Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	Non-Statutory Total
Funding																
ERO Funding																
ERO Assessments	7,438,783	7,438,783	-	7,438,783	472,079	5,457,140	1,236,714	30,780	242,069	-	-	-	-	-	-	-
Penalty Sanctions	-	-	-	-												-
Total ERO Funding	**7,438,783**	**7,438,783**	**-**	**7,438,783**	**472,079**	**5,457,140**	**1,236,714**	**30,780**	**242,069**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Membership Dues	-	-	-	-												-
Testing Fees	-	-	-	-												-
Services & Software	-	-	-	-												-
Workshops	-	-	-	-												-
Interest	-	-	-	-												-
Miscellaneous	-	-	-	-												-
Total Funding	**7,438,783**	**7,438,783**	**-**	**7,438,783**	**472,079**	**5,457,140**	**1,236,714**	**30,780**	**242,069**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses																
Personnel Expenses																
Salaries	2,861,623	2,861,623	-	2,861,623	135,300	1,794,100	360,800	-	72,623	-	498,800	-	-	-	-	-
Payroll Taxes	194,700	194,700	-	194,700	10,350	117,600	27,600	-	5,550	-	33,600	-	-	-	-	-
Benefits	243,975	243,975	-	243,975	12,900	146,200	34,400	-	7,275	-	43,200	-	-	-	-	-
Retirement Costs	112,725	112,725	-	112,725	5,400	70,000	14,400	-	2,925	-	20,000	-	-	-	-	-
Total Personnel Expenses	3,413,023	3,413,023	-	3,413,023	163,950	2,127,900	437,200	-	88,373	-	595,600	-	-	-	-	-
Meeting Expenses																
Meetings	25,000	25,000	-	25,000	-	-	-	25,000	-	-	-	-	-	-	-	-
Travel	318,000	318,000	-	318,000	15,000	225,000	30,000	-	18,000	-	30,000	-	-	-	-	-
Conference Calls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meeting Expenses	343,000	343,000	-	343,000	15,000	225,000	30,000	25,000	18,000	-	30,000	-	-	-	-	-
Operating Expenses																
Consultants & Contracts	475,000	475,000	-	475,000	24,000	395,000	56,000	-	-	-	-	-	-	-	-	-
Office Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services	290,000	290,000	-	290,000	-	-	-	-	-	-	140,000	150,000	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	765,000	765,000	-	765,000	24,000	395,000	56,000	-	-	-	140,000	150,000	-	-	-	-
Total Direct Expenses	**4,521,023**	**4,521,023**	**-**	**4,521,023**	**202,950**	**2,747,900**	**523,200**	**25,000**	**106,373**	**-**	**765,600**	**150,000**	**-**	**-**	**-**	**-**
SPP Inc. Indirect Expenses	2,917,760	2,917,760	-	2,917,760	180,480	1,684,480	481,280	-	90,240	-	481,280	-	-	-	-	
SPP RE Indirect Expenses	-	-	-	-	88,649	1,024,760	232,234	5,780	45,457	-	(1,246,880)	(150,000)	-	-	-	-
Total Expenses	**7,438,783**	**7,438,783**	**-**	**7,438,783**	**472,079**	**5,457,140**	**1,236,714**	**30,780**	**242,069**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Change in Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fixed Assets																
Depreciation	-	-	-	-												-
Computer & Software CapEx	-	-	-	-												-
Furniture & Fixtures CapEx	-	-	-	-												-
Equipment CapEx	-	-	-	-												-
Leasehold Improvements	-	-	-	-												-
Inc)Dec in Fixed Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Allocation of Fixed Assets																-
Change in Fixed Assets					**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL CHANGE IN ASSETS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
FTE's	**24.3**	**24.3**	**-**	**24.3**	**1.5**	**14.0**	**4.0**	**-**	**0.8**	**-**	**4.0**	**-**	**-**	**-**	**-**	**-**