

**Southwest Power Pool  
BOARD OF DIRECTORS MEETING  
Embassy Suites Airport – Kansas City, Missouri  
March 12, 2003**

**- Summary of Action Items -**

1. Approved minutes of the November 12, 2002 meeting.
2. Approved the Finance Working Group recommendation that Southwest Power Pool not assess the membership for funding of the principal payment during 2003. Funding for the \$5 million due in March 2004 will be collected in January and February 2004.
3. Approved the Engineering & Operating Committee recommendation to modify language in Southwest Power Pool Criteria 14 to comply with standards, procedures, and terminology per NERC policy.
4. Approved the Nominating Task Force recommendation to fill vacant positions on the Transmission Users sector of the Board with Mr. Walt Yeager of Cinergy Corp. and Mr. Michael Gildea of Duke Energy Trading & Marketing.
5. Approved a resolution authorizing and directing SPP President John Marschewski to pursue mutual termination of the Purchase and Assumption Agreement dated March 4, 2002 related to the merger of SPP and the Midwest ISO.

**Southwest Power Pool  
BOARD OF DIRECTORS MEETING  
Embassy Suites Airport – Kansas City, Missouri  
March 12, 2003**

**Agenda Item 1 - Administrative Items**

SPP Chair Mr. Al Strecker called the meeting to order at 9:59 a.m. The following Board members were in attendance or represented by proxy:

Mr. Gene Argo, Midwest Energy,  
Mr. Ricky Bittle, proxy for Mr. Gary Voigt, Arkansas Electric Cooperative Corp.,  
Mr. David Christiano, City Utilities of Springfield, MO,  
Mr. Harry Dawson, Oklahoma Municipal Power Authority  
Mr. Scott Moore, proxy for Mr. Richard Verret, American Electric Power,  
Mr. Michael Deihl, Southwestern Power Admin.,  
Mr. Dick Dixon, Westar Energy,  
Mr. Jim Eckelberger, independent director,  
Ms. Trudy Harper, Tenaska Power Services Company,  
Mr. Quentin Jackson, independent director,  
Mr. Stephen Parr, Kansas Electric Power Coop.,  
Mr. John Marschewski, Southwest Power Pool,  
Mr. Tom McDaniel, independent director  
J. M. Shafer, Western Farmers Electric Cooperative,  
Mr. Harry Skilton, independent director,  
Mr. Richard Spring, Kansas City Power & Light,  
Mr. Al Strecker, OG+E,  
Mr. Larry Sur, independent director

A quorum was declared with 29 persons in attendance representing 14 members, 1 guest and no regulatory agencies were present (Attendance List - Attachment 1). The Secretary received two proxy statements (Proxies - Attachment 2). Mr. Strecker thanked everyone present for attending and announced a change in the agenda moving Item 2, Nominating Tack Force, to follow the executive session (Agenda – Attachment 3). Mr. Strecker referred to draft minutes of the November 12, 2002 meeting (11/12/02 Meeting Minutes - Attachment 4) and asked for necessary corrections or a motion for approval. Mr. Deihl moved that the minutes be approved as presented. Mr. Shafer seconded this motion, which passed unanimously.

**Agenda Item 3 – LaCygne – Stilwell 345kV Upgrade Project**

Mr. Strecker asked Mr. Spring and Mr. Rew to present a report on the LaCygne – Stilwell 345 kV Upgrade Project (LaCygne – Stilwell – Attachment 5). An agreement was executed between SPP and 11 transmission owners that addresses the relief of the capacity constraint on the SPP transmission system posed by the LaCygne to Stilwell 345 kV transmission line in order to ensure that the circuit would be upgraded for increased transmission capacity. Kansas City Power & Light Company (KCP&L) will be responsible for constructing the upgrade with a target completion date of July 1, 2003. The 30 mile transmission line, located south-southwest of Kansas City, will be re-conducted using new technology that allows the use of existing structures and for the work to be done while the line is “hot” (i. e. energized) resulting in minimal disruption (4 months versus 3 to 5 years at 70% of the cost) to the transmission market. The funding for this project under these unique circumstances results from the agreement among the SPP Transmission Owners who agreed to pool future revenues to pay for the upgrade.

**Agenda Item 4 – Midwest Reliability Organization Effort**

Mr. Strecker asked Mr. Marschewski to report the status of the Midwest Reliability Organization Effort (MRO Effort Attachment 6). Mr. Marschewski solicited members as a step in the transition to common standards, which is expected to take a full year from MRO inception. He reported that 2 SPP and 8 MAPP members have joined and thanked Mr. Christiano and Mr. Bittle for their work on this effort. The MRO Effort was also presented at the Engineering and Operating Meeting on March 10 – 11, 2003.

**Agenda Item 5 – Finance Working Group Recommendation**

Mr. Skilton was asked to present the Finance Working Group recommendation (FWG Recommendation – Attachment 7). The FWG recommends that SPP not assess the membership for funding of the principal payment during 2003. Instead, funding for the \$5 million due in March 2004 should be assessed and collected in January and February 2004. This postponement results in a reduction of \$3.75 million changing the 2003 Budget from \$28,212,681 to \$24,462,681. After Mr. Dunn answered questions, Mr. Skilton moved to approve this recommendation. Mr. Dixon seconded and the motion passed unanimously.

**Agenda Item 6 – Engineering & Operating Committee Report**

Mr. Rew then presented the Engineering & Operating Committee report (EOC Report – Attachment 8). It was determined that Criteria 14, Line Loading Relief, language should be modified to ensure that ratings recognizing weather conditions for operational purposes are appropriately and consistently applied and to comply with current standards, procedures, and terminology per NERC policy. The EOC approved unanimously the rewrite of SPP Criteria 14 with one additional change. To be consistent with NERC policy, the name of Security Coordinator is changed to Reliability Authority throughout. Following questions from Mr. Bittle and Mr. Eckleberger, Mr. Moore moved to approve this recommendation. Mr. Bittle seconded and the motion passed unanimously.

**Agenda Item 7 – SPP/MISO Merger**

Mr. Brown reported on the current status of the SPP/MISO Merger. After a question and answer session, Membership was solicited for comments for Board consideration.

**Agenda Item 2 – Nominating Task Force**

Mr. Bittle expressed concern that the Nominating Task Force report should be presented prior to the executive session and moved to accept the Nominating Task Force recommendation, which was seconded by Ms. Harper. After discussion, this motion was withdrawn. Mr. Bittle then moved to hear the report prior to executive session. Ms. Harper seconded the motion, which passed with one vote in opposition. Mr. Christiano presented the Nominating Task Force report referring to the current roster as voted on at the Meeting of Members on November 13, 2002 and the recommendation to add Mr. Walt Yeager of Cinergy Corp. and Mr. Michael Gildea of Duke Energy Trading & Marketing to fill vacant positions on the Transmission Users sector of the Board (NTF Report – Attachment 9). Mr. Christiano moved to accept the Nominating Task Force recommendation as presented. The motion passed unopposed with one abstention.

**Executive Session**

At 11:10 a.m., Mr. Strecker thanked everyone for their participation and following a lunch break, reconvened in executive session to discuss SPP/MISO merger and personnel matters. During executive session the Board of Directors approved a resolution authorizing and directing SPP President John Marschewski to pursue mutual termination of the Purchase and Assumption Agreement dated March 4, 2002 related to the merger of SPP and the Midwest ISO (Termination Resolution – Attachment 10).

**Adjournment**

With no further business, Mr. Strecker adjourned the meeting at 3:28 p.m.

Nicholas A. Brown, Corporate Secretary

<u>NAME</u>	<u>COMPANY</u>
GERRY BURROWS	KCPL
Bernie Cevera	KC BPU
Mel Perkins	<del>OGTE</del>
Dick Dixon	Western Energy
Bill Dowling	MIDWEST ENERGY
GENE ARGO	" "
Ricky Bittle	Ark Elect Coop. Corp.
WENTIN JACKSON	INDEPENDENT
J. M. Shafer	Western Farmers Elect. Coop.
Al STRECKER	OGTE Elec Service
John Marschewski	Southwest Power Pool
Stephen Parr	Kansas Electric Power Corp.
Richard Spring	Kansas City Power & Light
HARRY SKILTON	INDEPENDENT DIR.
DAVE CHRISTIANO	SPRINGFIELD
Scott Moore	AEP
Jim Eckelberger	Independent Director
Harry Dawson	OMPA
MIKE DEIHL	SWPA
Michael Gildea	DENA
WALTER MAY	WRIGHT, LINDSEY & JENNING
Tom Dunn, Carl Moore, Nick Brown	SPP
Jim McDonald	SWPA
E. Lem Wazett	KC BPU
FRANK ROYSTER, Bruce Rew	SPP
Stacy Duckett	SPP



**Arkansas Electric  
Cooperative Corporation**

Your Touchstone Energy Cooperative



1 Cooperative Way  
P.O. Box 194208  
Little Rock, Arkansas 72219-4208  
(501) 570-2200

March 6, 2003

Mr. John Marschewski, President  
Southwest Power Pool  
415 McKinley  
Suite 700, Plaza West  
Little Rock, Arkansas 72205-3020

Dear John:

The Boards of Arkansas Electric Cooperative Corporation and Arkansas Electric Cooperatives, Inc. are scheduled to meet on Wednesday, March 12. For this reason, I will not be able to attend the SPP Board of Directors meeting in Kansas City, Missouri. By this letter, I assign my proxy to Ricky Bittle. Best wishes for a successful meeting.

Sincerely,

Gary Voigt  
Chief Executive Officer

GV:dh

## Cheryl Robertson

---

**From:** Susan Brown  
**Sent:** Friday, February 21, 2003 8:21 AM  
**To:** John Marschewski; Nick Brown; Cheryl Robertson  
**Subject:** Verret BOD Proxy

FYI

-----Original Message-----

**From:** rpverret@aep.com [mailto:rpverret@aep.com]  
**Sent:** Friday, February 21, 2003 7:06 AM  
**To:** Susan Brown  
**Cc:** Moore, Scott; Desselle, Michael  
**Subject:** Re: Southwest Power Pool - Press Release

Susan, I will be not be able to attend the SPP Board Meeting scheduled for the 12th of March. Scott Moore has agreed to attend in my place and represent AEP.

Thanks, Susan

"Susan Brown"  
<sdbrown@spp.org>  
<NewsReleaseContacts@spp.org>  
<mwebster@midwestiso.org>  
02/20/03 05:24 PM  
Release

**To:** "News Release Contacts"  
**cc:** "Webster, Mary Lynn"  
**Subject:** Southwest Power Pool - Press Release

Southwest Power Pool, Inc. (SPP) has filed with the Federal Energy Regulatory Commission (FERC) an agreement between SPP and its 11 Transmission Owners that addresses the relief of the capacity constraint on the SPP transmission system posed by the LaCygne to Stilwell 345 kV Transmission Line.

Press release attached.

<<LaCygneStillwellPressRelease.doc>>

Susan Brown  
Southwest Power Pool  
Phone: 501-614-3234  
Fax: 501-664-9553  
Email: sdbrown@spp.org

<< Attachment Removed : LaCygneStillwellPressRelease.doc >>

**Southwest Power Pool  
BOARD OF DIRECTORS MEETING  
Wednesday, March 12, 2003  
Embassy Suites Airport – Kansas City, Missouri**

**- A G E N D A -**

**9:00 a.m. – Continental Breakfast**

**10:00 a.m. – 11:00am – Open Meeting**

1. Administrative Items .....Mr. Al Strecker
2. Nominating Task Force.....Mr. Dave Christiano
3. LaCygne - Stilwell 345 kV Upgrade Project..... Mr. Richard Spring / Mr. Bruce Rew
4. Status of Midwest Reliability Organization Effort .....Mr. John Marschewski
5. Finance Working Group Recommendation.....Mr. Harry Skilton
6. Engineering & Operating Committee Report.....Mr. Bruce Rew
7. SPP / MISO Merger Update.....Mr. Nick Brown
  - a) Current Status
  - b) Questions & Answers
  - c) Membership Comments for Board Consideration

**Executive Session**

8. Merger Discussions .....Mr. John Marschewski
9. Personnel Matters.....Mr. John Marschewski

**Southwest Power Pool  
BOARD OF DIRECTORS MEETING  
Le Meridien Hotel – New Orleans, Louisiana  
November 12, 2002**

**- Summary of Action Items -**

1. Approved minutes of the July 16, 2002 meeting with one correction.
2. Approved resolution extending the merger closing date to March 31, 2003.
3. Approved the Employee Benefit Working Group recommendation of a four percent budgeted salary adjustment for the SPP Staff.
4. Approved the 2003 Administrative Budget of \$28,212,681 as presented and recommended by the Finance Working Group.
5. Approved the Joint Resolution of MAPP and SPP regarding the endorsement of bylaws and other measures for the creation of a New Regional Reliability Organization, as presented and recommended by the Reliability Task Force.



**Southwest Power Pool  
BOARD OF DIRECTORS MEETING  
Le Meridien Hotel – New Orleans, Louisiana  
November 12, 2002**

TUESDAY

**Agenda Item 1 - Administrative Items**

SPP Chair Mr. Al Strecker called the regular meeting to order at 1:06 p.m., thanked everyone present for attending and referred to the agenda (Agenda – Attachment 1). Mr. Strecker then called for a round of introductions. Mr. Marschewski specifically introduced Mr. Dan Skaar, MAPP and Mr. Steve Kozey, Midwest ISO. The following Board members were in attendance or represented by proxy:

Mr. Gene Argo, Midwest Energy,  
Mr. Ricky Bittle, proxy for Mr. Gary Voigt, Arkansas Electric Cooperative Corp.,  
Mr. David Christiano, City Utilities of Springfield, MO,  
Mr. Harry Dawson, Oklahoma Municipal Power Authority  
Mr. Michael Desselle, proxy for Mr. Richard Verret, American Electric Power,  
Mr. Michael Deihl, Southwestern Power Admin.,  
Mr. Dick Dixon, Westar Energy,  
Mr. Jim Eckelberger, independent director,  
Ms. Trudy Harper, Tenaska Power Services Company,  
Mr. Quentin Jackson, independent director,  
Mr. Mikel Kline, proxy for Mr. Stephen Parr, Kansas Electric Power Coop.,  
Mr. John Marschewski, Southwest Power Pool,  
Mr. Tom McDaniel, independent director  
Mr. Gary Roulet, proxy for J. M. Shafer, Western Farmers Electric Cooperative,  
Mr. Harry Skilton, independent director,  
Mr. Richard Spring, Kansas City Power & Light,  
Mr. Al Strecker, OG+E,  
Mr. Larry Sur, independent director

There were 31 persons in attendance representing 20 members (Attendance List - Attachment 2). Four proxy statements were received by the Secretary (Proxies - Attachment 3).

Mr. Strecker referred to draft minutes of the July 16, 2002 meeting (7/16/02 Meeting Minutes - Attachment 4) and asked for necessary corrections or a motion for approval. Mr. Jackson noted a correction to be made under Agenda Item 4 - Reliability Task Force Report, referring to the next *EBWG* meeting; this should read the next *RTF* meeting. The minutes will be corrected to reflect this change. Mr. Dixon referred to Agenda Item 6-SPP/MISO Integration Report where it's stated that should Transmission Owners not reach an agreement by November 1, 2002 the filing will be made with consensus items, noting disagreements, and staff will make a recommendation of dissented issues. Mr. Dixon questioned whether or not this occurred. Mr. Brown and Mr. Kozey both responded in the affirmative that in fact this had occurred. Mr. Argo motioned that the minutes be approved as modified. Mr. Spring seconded this motion, which passed unopposed.

**Agenda Item 2 – SPP/MISO Merger Report & Recommendations**

Mr. Strecker asked Mr. Marschewski to give the SPP/MISO Merger Report. Mr. Marschewski referred to the background material, noting the attachments contained in the electronic distribution were inadvertently left out of the hard copies distributed (SPP/MISO Merger Report & Recommendation – Attachment 5). Mr. Marschewski went through the steps SPP & MISO staffs have been pursuing at the direction of both Boards of Directors. The Purchase and Assumption Agreement specifies that SPP members representing at least 174,000 GWh join the new company. To date, the required SPP members have not joined, nor does it appear that this condition will be met before December 31. Nonetheless, SPP's Transmission Owners have said they would prefer to see how FERC rules on the SPP/MISO combined tariff filing (made November 1, 2002) before executing the documentation necessary to join. Mr. Desselle stated that AEP-West had executed a Memorandum of Understanding reflecting its intent to join. This represents 22.09% of the load required. Mr. Marschewski presented a resolution, extending the closing date to March 31, 2003 and moved the Board's approval. Mr. Dixon

seconded the motion. Following much discussion, mostly focused on quantification and handling of member equity at closing, the motion was approved unopposed.

**Agenda Item 3 – Employee Benefits Working Group Recommendations**

Mr. Strecker then asked Mr. Eckelberger to present the Employee Benefits Working Group recommendations (EBWG Recommendation – Attachment 6) Mr. Eckelberger stated that the SPP and MISO staffs have worked jointly developing a 2003 budget for the combined entity. The officers support an average merit increase for the company equivalent to four (4%) of total salaries. SPP management reviewed the merit increase for the employees of the new company and agreed the average merit increase for SPP employees should also be four percent. This action will maintain a competitive compensation structure for SPP employees and allow the salaries to merge into the salary structure of the new company with a minimum of adjustment when the merger is completed. The financial impact of a four percent merit increase for the Staff in 2003 is \$328,000. In 2002, the approved merit increase was 4.5%. Mr. Eckelberger moved that the SPP Board of Directors approve a four percent salary adjustment for SPP staff. Mr. Sur seconded and the motion passed with Mr. Dixon opposing.

**Agenda Item 4 – Finance Working Group - 2003 Administrative Budget**

Mr. Strecker then asked Mr. Skilton and Mr. Dunn to present the Finance Working Group report (FWG Report – Attachment 7). Mr. Dunn went through the Executive Summary (Executive Summary – Attachment 8) and stated the Finance Working Group recommends approval of the 2003 budget of as follows:

- |                |              |
|----------------|--------------|
| • Operating    | \$22,256,281 |
| • Capital      | \$1,071,400  |
| • Debt Service | \$5,625,000  |

The recommended 2003 budget is approximately equal to SPP's 2002 budget. The Executive Summary details significant assumptions used in developing the budget and items included in the budget. Included in the debt service category of the 2003 budget is money to fund the first installment on SPP's \$25 million debt issue, which is due in March 2004. SPP proposes collecting funds for this payment monthly beginning in April 2003.

Mr. Dixon questioned paying \$1.4 million to Accenture to continue supporting the customer service portal for the kind of customer service he's received from this organization. Ms. Harper stated that SPP was one of the top two out of 6 organizations in customer service. She stated it could be better, but was better than most. After much discussion, Mr. Skilton moved that the 2003 SPP Administrative Budget be approved as presented. Mr. Sur seconded and the motion passed with Mr. Dixon and Mr. Spring opposing.

**Agenda Item 5 – SPP/MAPP RRO Consolidation Recommendations**

Mr. Strecker then asked Mr. Christiano to present the SPP Reliability Task Force recommendation (RTF Recommendation & Supporting Documents – Attachment 9). Mr. Christiano stated that in May of this year the Board approved new bylaws and membership agreement (as amended) for SPP, Inc. operating solely as a regional reliability organization with the provision that the RTF continue to work with its MAPP counterparts to reach a mutually beneficial merger of the two RRO's if possible. A joint task force of MAPP and SPP representatives was created and has been working since May to draft a set of bylaws for a single new regional reliability organization that would encompass at least the areas of the current MAPP and SPP reliability organizations. Mr. Christiano presented the Joint Resolution of MAPP and SPP Regarding the Endorsement of Bylaws and Other Measures for the Creation of a New Regional Reliability Organization and moved that the Board of Directors approve the resolution. Harry Dawson seconded and the motion passed unopposed.

SPP Board of Directors Minutes  
November 12, 2002

**Agenda Item 5 – Nominating Task Force**

Mr. Strecker then asked Mr. Christiano to give the Nominating Task Force report. Mr. Christiano referred to the current board roster (NTF Report – Attachment 10). The Nominating Task Force nominated the five persons with expiring terms for consideration of the membership for the 2005 class of the SPP Board of Directors. These nominations are shown on the election ballot (Ballot – Attachment 11). The Nominating Task Force also recommended that the membership leave open the three vacant positions on the current Board of Directors due to the pending merger between SPP and the Midwest ISO. Ms. Harper expressed concern in leaving the current vacant positions open in that there would be an imbalance of users to owners represented. After further discussions, it was decided to not to make any changes to the recommendations and ballot before going to the Members for voting. If the open stakeholder board positions remain open following the Meeting of Members on November 13, 2002, staff will solicit nominations from the membership for consideration by the Board.

**Adjournment**

The Board of Directors agreed to a next meeting on Wednesday, March 12, 2003 in Kansas City, MO at a place to be determined from 10 a.m. until 3 p.m. With no further business, Mr. Strecker thanked everyone for their participation and adjourned the meeting at 4:20 p.m.

Nicholas A. Brown, Corporate Secretary



**FOR IMMEDIATE RELEASE**  
**February 20, 2003**

**CONTACT:** Stacy Duckett  
Manager, Communications  
501-614-3296

## **Southwest Power Pool Transmission Owners Propose Creative Solution for LaCygne-Stilwell Capacity Issue**

Little Rock, AR – February 20, 2003 - Southwest Power Pool, Inc. (SPP) has filed with the Federal Energy Regulatory Commission (FERC) an agreement between SPP and its 11 Transmission Owners that addresses the relief of the capacity constraint on the SPP transmission system posed by the LaCygne to Stilwell 345 kV Transmission Line. Under the Agreement, the LaCygne to Stilwell 345 kV circuit will be upgraded and its capacity increased from 1,251 MVA to 1,793 MVA. Kansas City Power & Light Company (KCP&L) will be responsible for constructing the upgrade with a target completion date of July 1, 2003.

The Agreement was executed between the Parties in order to ensure that the circuit would be upgraded for increased transmission capacity. SPP did not anticipate that it would have to renew several Firm Point-to-Point transmission reservations that were previously granted under the SPP Open Access Transmission Tariff (SPP OATT). However, a recent FERC order concerning Section 2.2 of the SPP OATT requires SPP to renew those transmission reservations at the end of their term. Due to limitations posed by the circuit, SPP does not currently have sufficient Available Transfer Capability (ATC) to renew those requests.

The 30 mile transmission line, located south-southwest of Kansas City, will be re-conducted using new technology that allows the use of existing structures and for the work to be done while the line is “hot” (i. e. energized) resulting in minimal disruption to the transmission market. The funding for this project under these unique circumstances results from the agreement among the SPP Transmission Owners.

“This is a very innovative way of addressing the issue we were facing,” said Richard Spring, Vice President, Transmission Services, KCP&L. “Normally, this type of upgrade would require another line taking as long as three to five years to complete. This upgrade is expected to cost approximately 70% less and can be done in approximately 4 months. Normally, the cost of a new facility of this nature would have been borne solely by KCP&L. In this instance the SPP Transmission Owners recognized the regional benefit of this upgrade and agreed to pool future revenues to pay for the upgrade. This approach results in no rate impact to our retail and wholesale power customers as it will be paid for out of future transactional revenues that will be realized due to the increased transmission service allowed by the upgrade.”

The LaCygne to Stilwell line is a critical outlet for large base-load generating units owned by Westar Energy and KCP&L. It is also heavily impacted by merchant activity in the SPP region, as well as in the Southeastern Electric Reliability Council (SERC) and the Mid-Continent Area Power Pool (MAPP) regions. The transmission line has been a constraint in the region in recent time.

“Up to now, KCP&L has done considerable work to alleviate the limitations caused by the congestion on this line, including changing terminal equipment at stations on either end to increase capability, and adding weather instrumentation to dynamically rate the line recognizing real time climatic conditions. However, our assessment of current and longer term needs of the region concluded that this would not be sufficient,” according to Pat Bourne, Manager of Transmission Policy for SPP.

“This project is an example of the kind of benefits that regional transmission organizations can bring to the general public through the regional approach to transmission planning and coordination,” said Nick Brown, Senior Vice President, SPP. “We had a regional problem that required a regional solution. The benefits of this solution transcend many state boundaries and regions.”

Transmission Owners participating in the SPP OATT are: American Electric Power; City Utilities, Springfield, Missouri; The Empire District Electric Company; Grand River Dam Authority; KCP&L; Midwest Energy, Inc.; OG+E Electric Services; Southwestern Power Administration; Southwestern Public Service Company; Westar Energy; and Western Farmers Electric Cooperative.


Southwest Power Pool, Inc. currently consists of 50 members serving more than 4 million customers across all or parts of eight southwestern states. This membership is comprised of investor-owned utilities, municipal systems, generation and transmission cooperatives, state authorities, federal agencies, wholesale generators, and power marketers. SPP coordinates, promotes, and communicates about reliability in all aspects of the electric energy business and is in the process of merging with the Midwest Independent Transmission System Operator, Inc.

###





# Midwest Reliability Organization

Update For SPP Board of Directors  
March 12, 2003  
Kansas City, Missouri


## Introduction - Initial Principles

- ❖ In May 2002, MAPP and SPP began joint discussions
- ❖ Desire to create single reliability organization
- ❖ Mission and goals consistent with NERC
- ❖ Replaces reliability functions of MAPP & SPP


## Introduction - Current Organization

- **Balanced and inclusive stakeholder board**
- **No reserve sharing functions**
- **Flexible and cost-effective**
- **End state – at least same footprint as MISO**





## Introduction - Recent Actions

- ❖ **Unanimously endorsed by MAPP Executive Committee (11/05/02) & SPP Board of Directors (11/12/02)**
- ❖ **Incorporated in Delaware (December 2002)**
- ❖ **Currently 2 Directors – Dan Skaar and John Marschewski**
- ❖ **Membership solicitation on-going**

## Key Features of MRO


- ❖ **Logical transition using existing standards**
- ❖ **Utilize existing resources**
- ❖ **Efficient and more effective**
  - ◆ **Ultimately unified standards over larger footprint**
  - ◆ **Focus on development, implementation, and enforcement of reliability standards**





## Major Activities


- ❖ **Adopt NERC reliability standards**
- ❖ **Establish and revise regional standards**
- ❖ **Monitor and enforce compliance under NERC, FERC, and/or regulatory agency with jurisdiction**
- ❖ **Provide education and training**
- ❖ **Assess adequacy and performance**
- ❖ **Collect reliability information and data**
- ❖ **Provide an appeals and dispute resolution process**
- ❖ **Participate in NERC as regional reliability organization**




 **Members and Membership**

- ❖ Simple membership application – designate sector
- ❖ Members can withdraw with 30 days notice, but obligated for any costs or violation while a member; if notice received after October 1<sup>st</sup> of the year, member is obligated for fee's in subsequent budget year as well
- ❖ Dues and fees will be assessed based on 20% per member basis and 80% on net energy to load
- ❖ Penalties may be assessed by the Corporation




 **Member Meetings**


- ❖ Voting by sector – same as # Directors
- ❖ Majority of those in the sector constitutes quorum – including electronic participation
- ❖ Affirmative vote of sector casts all votes of sector
- ❖ A two-thirds exception is reserved for member votes to amend the by-laws, modify a budget approved by the board, terminate the corporation, or to change the dues structure.
- ❖ Proxies are permitted
- ❖ Approved member expenses may be reimbursed




 **Board of Directors**

- ❖ 16 Board members having one vote each in the following sectors:
  - (3) Transmission system operators, (2) Generators and power marketers, (5) Investor owned utilities (2 with less than 3,000 Mw and 3 with more than 3,000 Mw), (2) Cooperatives, (2) Municipal utilities, (1) Federal power marketing agencies, (1) Canadian utilities



 **Organizational Groups and Committees**


- ❖ Board has authority to establish committee's, sub committee's, and working groups
- ❖ Board must conduct an annual review of all organization groups for efficiency and effectiveness
- ❖ Initially, a Reliability Committee and a Compliance Working Group will be set-up, both reporting to the Board of Directors




 **More on the Board**


- ❖ Sector have no more Directors than members
- ❖ Director candidates should be policy level
- ❖ Board have geographic representation
- ❖ No two Directors from same organization
- ❖ Alternate Director - no proxies
- ❖ Directors are reimbursed for expenses
- ❖ Board meeting quorum is 2/3 and action by majority
- ❖ Board meetings / action may be via electronic means



 **Reliability Standards Transition**

- ❖ Eventually MRO assumes MAPP and SPP reliability functions - and other rro's.
- ❖ Existing reliability standards from MAPP and SPP will apply to each respective member until MRO adopts its own.
- ❖ During transition, existing committees, subcommittees and working groups will continue (one year maximum time limit) and previous funding mechanisms remain during the transition period






## Other Provisions

- ❖ Regulatory participation – non voting
- ❖ Dispute resolution – Use NERC dispute resolution process - Board has final interpretation on scope of standard
- ❖ Board has authority to amend by-laws with a 2/3 majority to comply with legislation or adopting related requirements and procedures by NERC or its successor

mapp

13




## Organizational Dimensions

- ❖ Approximately 107 members
- ❖ Staffing of 15 full-time equivalents
- ❖ Estimated budget of \$4.0m
  - ◆ Savings from two standalone organizations from \$1.0m to \$1.5m or about 20% to 30%

mapp

14



## Next Steps

January 2003	April 2003	June 2003	September 2003	April 2004
Membership solicitation	Initial members meeting	NERC Acceptance	MAPP EC & SPP Board Approval	MRC and RRC and subcommittees 'sunset'
	Board Selection			
	MRO Reliability Committee Selection MRO Compliance Working Group Selection			

Note: Timing could change, the transition to common standards for the MRO could be shorter, in this timeline we assume the transition takes the full year from MRO inception

mapp

15





**Southwest Power Pool  
Finance Working Group Recommendation  
To the Board of Directors  
March 12, 2003**

**2003 Budget Revision**

The 2003 Southwest Power Pool (SPP) approved administrative budget contains a line item for collection of \$3.75 million to fund 75% of SPP's initial principal payment on its \$25 million notes. The first payment is due in March 2004. The approved budget shows SPP accumulating funds for this payment beginning in April 2003.

During the budget approval process at the November 2002 Board meeting the staff was asked to review the assessment of the \$5 million principal payment, based on the timing of the proposed merger with Midwest ISO. Staff analyzed several scenarios and presented the analysis to the Finance Working Group for consideration. The Finance Working Group subsequently recommends to the SPP Board that SPP not assess the membership for funding of the principal payment during 2003. Instead, funding for the \$5 million due in March 2004 should be assessed and collected in January and February 2004. This postponement results in a reduction of \$3.75 million changing the 2003 Budget from \$28,212,681 to \$24,462,681.

The Finance Working Group consisting of Harry Skilton (Chair), Gene Argo, Dick Dixon, Jim Eckelberger, Trudy Harper, and John Marschewski met by email and approved the presentation.

**Recommendation**

The Finance Working Group recommends the approval of amended 2003 Administrative Budget.

**Approved:** Finance Working Group

February 28, 2003

**Action Requested:** Approve Recommendation

# Southwest Power Pool

## 2003 Proposed Administrative Budget


<u>Category</u>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>2003 Total</u>	<u>2002 Budget</u>
1 Salaries / Benefits						
Salaries	2,152,716	2,227,716	2,222,741	2,735,631	9,338,804	10,122,670
Payroll Taxes	178,256	166,944	172,300	175,027	692,527	618,745
Benefits	697,111	697,111	712,167	712,167	2,818,557	2,900,520
Relocation/Training	112,000	75,000	75,000	75,000	337,000	378,000
Subtotal	3,140,083	3,166,771	3,182,208	3,697,825	13,186,887	14,019,935
2 Employee Travel Expenses	208,395	208,895	208,395	210,095	835,780	593,520
3 Administrative	543,825	256,225	76,225	64,225	940,500	726,400
4 NERC Assessment	185,600	185,600	185,600	185,600	742,400	900,000
5 SPP/NERC Meetings	38,380	34,470	35,195	35,605	143,650	231,600
6 Communications	398,480	379,980	376,980	376,980	1,532,420	1,396,230
7 Capital/Operating Leases & Maint.	1,418,576	704,076	668,576	651,076	3,442,304	4,087,200
8 Capital Expenditures	723,025	260,125	45,125	43,125	1,071,400	2,022,500
9 Outside Services	963,585	790,585	776,585	776,585	3,307,340	6,081,100
10 Misc Income	305,000	185,000	125,000	125,000	740,000	1,569,700
<b>Net Expenses</b>	<b>7,314,949</b>	<b>5,801,727</b>	<b>5,429,889</b>	<b>5,916,116</b>	<b>24,462,681</b>	<b>28,488,785</b>
11 Tariff Income	3,600,000	3,900,000	4,800,000	3,800,000	16,100,000	7,500,000
12 Assessments	3,714,949	1,901,727	629,889	2,116,116	8,362,681	20,988,785
<b>Net Income</b>	<b>7,314,949</b>	<b>5,801,727</b>	<b>5,429,889</b>	<b>5,916,116</b>	<b>24,462,681</b>	<b>28,488,785</b>

	<b>ASSESSMENT</b>	<b>ASSESSMENT</b>
	<b>PERCENTAGE</b>	<b>IMPACT</b>
<b>MEMBER</b>	<b>(%)</b>	<b>JAN 2004 AND FEB 2004</b>
Oklahoma Gas & Electric Company	11.036	\$275,900
Southwestern Public Service Company	9.417	\$235,425
Central & Southwest Corp. - SWEPCO	9.196	\$229,900
Central & Southwest Corp. - PSO	7.564	\$189,100
Kansas City Power & Light Company	6.291	\$157,275
Arkansas Electric Cooperative Corporation	4.749	\$118,725
Western Resources - KPL	4.570	\$114,250
Western Resources - KGE	4.141	\$103,525
Central Louisiana Electric Company, Inc	4.033	\$100,825
Western Farmers Electric Cooperative	2.736	\$68,400
Utilicorp United Inc. - Missouri Public Service	2.638	\$65,950
Empire District Electric Company	2.383	\$59,575
Southwestern Power Administration	2.265	\$56,625
Grand River Dam Authority	1.999	\$49,975
City Utilities, Springfield, Missouri	1.631	\$40,775
Utilicorp United Inc. - West Plains Energy	1.593	\$39,825
Board of Public Util., Kansas City, KS	1.456	\$36,400
Oklahoma Municipal Power Authority	1.366	\$34,150
City of Lafayette, Louisiana	1.293	\$32,325
Utilicorp United St. Joseph Light & Power	1.238	\$30,950
Sunflower Electric Power Corp.	1.179	\$29,475
Northeast Texas Electric Cooperative	1.160	\$29,000
Kansas Electric Power Coop.	1.120	\$28,000
City Power & Light, Independence, Missouri	0.912	\$22,800
Midwest Energy, Inc.	0.893	\$22,325
East Texas Elec Coop.	0.715	\$17,875
City of Clarksdale, Mississippi	0.570	\$14,250
Tex-La Electric Coop.	0.537	\$13,425
Public Service Comm. Of Yazoo City, MS	0.535	\$13,375
All Other Members (each)	0.490	\$12,250




# Accounting for Debt Payments and Merger

Tom Dunn  
February 24, 2003



## Situation


- SPP issued \$25 million in senior unsecured notes in March 2001 to fund development of an energy market within SPP
- These notes require annual principal reductions of \$5 million beginning in March 2004
- Tariff revenues continue to be inadequate to support repayment of this obligation; therefore SPP must assess its membership for repayment
- SPP will fund via assessment of membership
- Timing of SPP/MISO transaction is unknown



## Situation (cont'd)


SPP executed a Purchase & Assumption Agreement with MISO in March 2002 to facilitate the sale of virtually all SPP's assets and assumption of SPP's liabilities to/by MISO

- Section 2.3(a)(iii) – Assumption of Liabilities: any obligation of SPP to repay certain SPP Members funds advanced by such SPP Members in excess of the amounts scheduled to be paid as the regional transmission service administrative fee, pursuant to the terms of the SPP Bylaws, all as more specifically addressed in the Conditional Withdrawal Agreement.
- Schedule 2.2 – Excluded Assets: Cash in an amount equal to the value of the Southwest Power Pool, Inc. Member Equity as shown on the unaudited balance sheet of Southwest Power Pool, Inc. as of the end of the month immediately prior to the Closing Date.




## Options

- Collect throughout 12 months leading up to payment date:
  - More predictable, smaller monthly assessments
  - Guarantee majority of funds on hand on payment date
- Defer funding of payment until later date:
  - SPP/MISO transaction closes prior to funding date, no need for SPP members to specifically fund this payment
  - Membership able to maintain control of their funds until payment is required (time value of money)
  - Potential for larger assessments as payment date approaches



## Conclusion

- Financial impact if SPP/MISO transaction closes prior to payment date: None
  - Early collection results in higher assessment of SPP members, higher member equity which is returned to members at closing
  - “Member Overpayment” is unchanged by decision as expense not recognized by SPP until payment is made
- Financial impact if SPP/MISO transaction closes after payment date: \$1 million



## Recommendation

**Defer beginning collection until January 2004, assessments in January and February would include \$2.5 million to fund required principal payment.**

Benefits:

- Allows greater clarity in forecast timing of SPP/MISO transaction
- Members better able to manage their individual liquidity needs

**SPP**

### Beginning Balance Sheet

(\$000)	
Cash	\$7,267
Other Assets	\$18,831
Fixed Assets (net)	\$23,769
<b>Total Assets</b>	<b>\$49,867</b>
Current Liabilities	\$24,195
CMLTD	\$5,000
LTD	\$20,000
Member Equity	\$672
<b>Total Liab. &amp; M.E.</b>	<b>\$49,867</b>

**SPP**

### Pro Forma Income Statement

Merger Effective Date  
(One Day Before Payment Due Date)

(\$000)	12 months w/o collections for principal payment	12 months w/ collections for principal payment
Assessments	\$11,044	\$16,044
Other Income	\$16,840	\$16,840
<b>Total Income</b>	<b>\$27,884</b>	<b>\$32,884</b>
SG&A (incl. Interest)	\$26,813	\$26,813
Depreciation	\$3,450	\$3,450
<b>Net Income</b>	<b>(\$2,379)</b>	<b>\$2,621</b>

• Only difference between the two income statements is the collection of \$5 million to fund the principal payment.

**SPP**

### Pro Forma Balance Sheet

Merger Effective Date  
(One Day Before Payment Due Date)

(\$000)	No collection for principal payment	Assessment fully funds principal payment
Cash	\$7,267	\$12,267
Other Assets	\$18,831	\$18,831
Fixed Assets (net)	\$21,390	\$21,390
<b>Total Assets</b>	<b>\$47,488</b>	<b>\$52,488</b>
Current Liabilities	\$24,195	\$24,195
CMLTD	\$5,000	\$5,000
LTD	\$20,000	\$20,000
Member Equity	(\$1,707)	\$3,293
<b>Total Liab. &amp; Equity</b>	<b>\$47,488</b>	<b>\$52,488</b>

**SPP**

### Cash Flow Impact to Members

Assume no collection scenario as base case:

- Member assessments are increased to fund payment **(\$5,000,000)**
- Member equity increased by amount collected to fund payment **\$5,000,000**
- No change in amount of member overpayment as principal payment is not made prior to merger date **\$0**

**SPP**

### Pro Forma Balance Sheet

Merger Effective Date  
(One Day After Payment Due Date)

	Immediately Prior to Making Principal Payment	Immediately After Making Principal Payment
Cash	\$12,267	\$7,267
Other Assets	\$18,831	\$18,831
Fixed Assets (net)	\$21,390	\$21,390
<b>Total Assets</b>	<b>\$52,488</b>	<b>\$47,488</b>
Current Liabilities	\$24,195	\$24,195
CMLTD	\$5,000	\$5,000
LTD	\$20,000	\$15,000
Member's Equity	\$3,293	\$3,293
<b>Total Liab. &amp; Equity</b>	<b>\$52,488</b>	<b>\$47,488</b>

**SPP**

### Cash Flow Impact to Members

Assume no collection scenario as base case:

- Member assessments are increased to fund payment **(\$5,000,000)**
- Member equity increased by amount funding payment **\$5,000,000**
- Member overpayment increased by 80% of payment amount **\$4,000,000**
- MISO now assumes a \$20 million debt obligation **(\$5,000,000)**

**Southwest Power Pool  
Engineering and Operating Committee  
Recommendation to the SPP Board of Directors  
March 12, 2003**

**SPP CRITERIA 14 REWRITE**

**Background**

SPP Criteria 14.0, Line Loading Relief, was first approved in May 1996 in preparation for SPP's assumption of the Security Coordination function. The Line Loading Relief Criteria has not undergone a major revision since this time. Since then, the NERC IDC and Operating Policy 9 were implemented introducing new concepts, standards, and procedures. NERC has also recently changed the name of the Security Coordinator to the Reliability Authority.

Some historically constrained flowgates in SPP have static seasonal ratings that are determined using certain pre-determined weather condition assumptions. Increased loading on the SPP transmission network over the last several years has resulted in dramatically increased Transmission Loading Relief (TLR) activity. Since 1997, TLR events in SPP have caused thousands of MW to be curtailed annually.

**Recent Activity**

At the January 16-17, 2002 ORWG meeting, SPP Staff proposed that the Reliability Authority use temperature-varying operating limits during heavy flow conditions to prevent or delay TLR. The ORWG agreed with the concept and discussed the need to include this concept in Criteria 14 to ensure consistent application by all members. The ORWG also recognized that Criteria 14 needed to be updated with current standards, procedures, and terminology and asked Staff to do this. Staff revised Criteria 14 as charged and presented it to the ORWG at its March 13 meeting. The ORWG made further changes to the proposed revisions. This final set of proposed revisions was redistributed to the ORWG and was approved via e-mail vote on April 3.

**Analysis**

29 TLR events occurred in 2001 due to heavy loading on flowgates that are or will be subject to static seasonal conductor ratings. These events caused approximately 19,000 MW of interchange transactions to be curtailed. Significant redispatch costs due to network service and native load impacts were borne during firm curtailments necessary in six of those events. Criteria 12.2.10.1 allows the use of ratings that exceed the static seasonal ratings for operational purposes. Operational limits developed based on actual weather conditions would maintain an appropriate level of reliability per SPP Criteria and minimize increased costs and lost revenues due to interrupted business.

**Conclusion**

To ensure that ratings recognizing weather conditions for operational purposes are appropriately and consistently applied, appropriate language should be codified in SPP

Criteria 14. To comply with current standards, procedures, and terminology per NERC policy, Criteria 14 should be modified.

**Recommendation**

The EOC recommends that SPP Criteria 14 be accepted as rewritten and attached.

**Action Requested**

The BOD is requested to approve the ORWG's recommendation as approved by EOC 3/11/03.

**Attachment:**

1. SPP Criteria 14 (Revised)

## 14.0 LINE TRANSMISSION LOADING RELIEF

### 14.1 Purpose

In the continuous operation of the bulk electric power network, ~~Line Loading Relief~~ certain procedures ~~are necessary shall to~~ involve those operating entities that impact overloaded facilities. ~~This Criteria establishes standard terminology and requirements for all transmission providers and users. Control Areas continue to be responsible for directing reliable operation of system facilities.~~ Procedures are included for corrective action and mutual assistance during periods for which ~~transmission Line Transmission~~ Loading Relief is necessary. ~~A purpose of these~~ These Criteria ~~is to~~ ensure SPP maintains a high level of reliability using standard procedures to relieve overloaded transmission ~~facilities~~ circuits. The rating of transmission ~~elements~~ circuits is described elsewhere in ~~this SPP~~ Criteria.

### 14.2 Definitions

#### 14.2.1 ~~Transmission Element~~ Flowgate

A flowgate is a pre-defined proxy for network limitations representing thermal, voltage, and stability constraints of power transfer. Transmission Elements Flowgates consist of one or more transmission circuits line or lines and their series elements to establish a flow of power rated at 69-60 kV or above.

#### 14.2.2 Transmission Circuit

A transmission circuit shall consist of all load-carrying elements between circuit breakers or comparable switching devices. Transmission circuit rating criteria is described in Criteria 12.

#### 14.2.3 Operating Reliability Limit

An Operating Reliability Limit for a thermally limited transmission circuit or flowgate is the lesser of the amount of power that can flow over that circuit pre-contingency without exceeding its normal rating or the amount of power that can flow over the circuit pre-contingency and not exceed its emergency rating following the worst single contingency occurring. Similarly, an Operating Reliability Limit for stability or voltage limited circuits is the amount of power that can flow over those circuits without violating defined voltage or stability limits.



### **~~14.2.2 Non-Emergency Condition~~**

~~A Non-Emergency Condition exists when a transmission overload condition is imminent, transmission loading approaches the interface transfer capability or would result from a contingency. Transmission Element flows its normal rating under projected first contingency conditions or the interface transfer capability are considered non-emergency unless otherwise declared by the transmission system operator. Non-Emergency Conditions may also be caused by low voltages, stability, or potential cascading of Transmission Elements with flows less than the normal rating.~~

### **~~14.2.3 Emergency Condition~~**

~~A Transmission Element is considered in an Emergency Condition when the flow through it approaches its emergency rating or would approach its emergency rating under projected first contingency conditions or its interface transfer capability. An Emergency Condition can be declared if the transmission system operator desires immediate relief to maintain reliability of the system. The declaration of an Emergency Condition is at the discretion of the transmission system operator. Emergency Conditions may also be caused due to low voltages, stability, or potential cascading on Transmission Elements with flows less than the emergency rating.~~

## **14.3 Daily ~~Procedures~~ Reliability Assessment**

### **14.3.1 Control Area Data Reporting**

Control Areas shall comply with SPP Criteria and North American Electric Reliability Council Operating Policies regarding data reporting.

### **14.3.2 Overload Evaluation**

Information collected shall be used by the ~~Security Coordinator~~ Reliability Authority to evaluate transmission conditions for the current and next day. Single contingency analysis as well as other reviews shall be made daily. ~~Control Area transfer impact matrix calculation shall also be made for use during emergency relief.~~ The ~~Security Coordinator~~ Reliability Authority shall report the daily results to SPP Control Areas.

### **14.3.3 Control Area ~~Relief Determination~~ Planning**

Control Areas shall review the ~~daily transmission evaluation~~ reliability assessment daily report. If the report indicates that anticipated conditions ~~exist due to internal generation~~

~~patterns which would require Line Loading Relief could result in excessive loading on a transmission circuit, Control Areas shall implement consider and plan for internal procedures that can be taken to prevent degradation of system reliability. Control Areas can call for Line Loading Relief caused by loop flows from external transactions prior to redispatching their own generation from economic merit order. Control Areas shall notify the Security Coordinator whenever internal procedures are implemented to relieve overloading believed to be caused externally.~~

#### **14.4 Line-Transmission Loading Relief Procedures Mitigation**

##### **14.4.1 Reliability Authority Responsibilities**

###### **14.4.1.1 Monitoring**

~~The Reliability Authority will monitor the transmission system. Monitoring and appropriate control action will be performed to ensure the transmission system is operated so that instability, uncontrolled separation, cascading outages, or equipment damage will not occur as a result of the most severe single contingency. Flowgate flows will be closely monitored and compared to applicable Operating Reliability Limits.~~

###### **14.4.1.2 Weather Adjustment of Limits**

~~Some flowgates or transmission circuits have static seasonal ratings that are developed using certain pre-determined weather condition assumptions (see Criteria 12). To the extent that certain weather conditions such as ambient temperature, wind speed, or wind direction are available, the Reliability Authority will coordinate with the transmission owner to appropriately adjust the Operating Reliability Limits for those flowgates during heavy loading conditions.~~

##### **14.4.2 Control Area Responsibilities**

~~Control Areas will monitor their own transmission systems for system reliability. They are responsible for identifying and addressing reliability problems and shall work with the Reliability Authority, as appropriate, to correct those problems. Control Areas can call for Transmission Loading Relief to relieve excessive transmission loading. Control Areas shall notify the Reliability Authority whenever internal procedures are implemented to relieve overloading. During Non-Emergency Line Loading Relief periods Control Areas will be encouraged to take voluntary actions to eliminate conditions. If voluntary measures fail to achieve desired results the Security Coordinator will dictate relief~~

~~actions. During Emergency conditions voluntary measures will not be requested because of time constraints. The Security Coordinator will dictate relief actions during Emergency Conditions.~~

#### **14.4.13 Non-Emergency Line Transmission Loading Relief**

##### **Procedures**

These procedures shall be implemented whenever the Reliability Authority or a Control Area ~~experiences the need for a Non-Emergency Condition Line Loading Relief~~ observes excessive flows on a flowgate or other transmission circuit.

- a. a. ~~The Reliability Authority will verify actual real-time flow readings with the Control Area and compare against the applicable Operating Reliability Limit for the flowgate or circuit.~~
- b. ~~The Reliability Authority will determine the contribution of transactions to the excessive loading and will convey the results of this assessment to the Control Area. This information will be used to determine if transaction curtailments or local control actions are necessary to relieve the excessive loading.~~
- c. ~~Upon request by the Control Area, the Reliability Authority will initiate a request for Transmission Loading Relief pursuant to North American Electric Reliability Council Operating Policies.~~

~~Control Areas shall report the need for Non-Emergency Condition assistance via the SPP Computer Communication System. This report shall contain the facility or facilities for which relief is required, the amount of relief desired, and the anticipated time period for which the relief is needed.~~

- ~~b. A request for scheduled interchange transactions occurring over the relief period will be issued by the Security Coordinator. Control Areas will ensure all scheduled interchange transactions reported to the Security Coordinator are current.~~
- ~~c. The Security Coordinator shall update the transfer impact matrix with the latest scheduled interchange transactions to determine relief on the impacted facilities. Security Coordinator shall determine which existing non-firm transactions will provide the requested relief. The Security Coordinator shall also determine if relief can be achieved by shifting generation between Control Areas. This could be accomplished with a "counter schedule."~~

- d. e. ~~The Security Coordinators~~ Reliability Authority shall notify Control Areas and other Reliability Authorities of which ~~non-firm~~ scheduled interchange transactions,

network service, and native load impacts are to be curtailed during the relief period.

~~Assisting~~ Control Areas shall acknowledge receipt of scheduled interchange transaction curtailment, curtail the transactions and/or redispatch generation, as appropriate, for the line loading problems.

~~e. f.~~—~~The Reliability Authority shall~~ Continuous-continuously ~~monitoring flows, dispatch, and transactions~~ throughout the ~~requesting~~ period of excessive loading shall be done by the requesting Control Area and the Security Coordinator. The requesting Control Area shall cancel relief Any request for Transmission Loading Relief will be canceled when the condition of excessive loading no longer exists and termination of Line-Transmission Loading Relief is not anticipated to cause renewed line loading problems.

~~f. g.~~—Rerouting curtailed schedules through another path is prohibited. ~~The Security Coordinator will monitor and review schedule changes during Line Loading Relief.~~

#### ~~14.4.2 Emergency Line Loading Relief~~

~~Emergency Line Loading Relief procedures are implemented when a Transmission Element overload is imminent or has already occurred.~~

- ~~a.~~—Control Areas shall immediately report the need for Emergency Condition assistance via the SPP Computer Communication System. This report shall identify the facility or facilities for which relief is required, the amount of relief desired and the anticipated time period for which the relief is needed.
- ~~b.~~—A request for scheduled interchange transactions occurring over the relief period will be issued by the Security Coordinator. Control Areas will report all scheduled interchange transactions for the period to the Security Coordinator.
- ~~c.~~—The Security Coordinator shall update the transfer impact matrix with the latest scheduled interchange transactions to determine relief on the impacted facilities.
- ~~d.~~—Security Coordinator shall determine which non-firm transactions will provide the requested relief. Security Coordinator shall also determine if relief can be achieved by shifting generation between Control Areas. This could be accomplished with a “counter schedule.”
- ~~e.~~—SPP shall notify Control Areas which scheduled interchange transactions are to be curtailed during the relief period. Assisting Control Areas shall immediately acknowledge receipt of scheduled interchange transactions curtailment. The determination of schedule curtailment is based on the transfer impact matrix

- ~~updated daily. Rerouting curtailed schedules through another path is prohibited.~~
- ~~f. Continuous monitoring throughout the requesting period shall be done by the requesting Control Area and the Security Coordinator. The requesting Control Area shall cancel relief request when condition no longer exists and termination is not anticipated to cause renewed line loading problems.~~
- ~~g. Rerouting curtailed schedules through another path is prohibited. The Security Coordinator will monitor and review schedule changes during Line Loading Relief.~~

#### **14.5 Subsequent Overload Conditions**

In the event of simultaneous or concurrent requests for Transmission Loading Relief, the same procedures will be used with due consideration being given to all existing conditions.

#### **14.6 ~~Assistance~~ Curtailment Reports**

Reports shall be posted ~~distributed via the SPP Computer Communication System~~ on an hourly basis during any period of Transmission Loading Relief. Daily and monthly summary reports shall also be distributed. These reports shall be used as verification of associated energy schedules.

#### **14.7 Compensation for Assistance**

This procedure contains no compensation provision for any party, but compensation is not precluded.

#### **14.8 Responsibilities**

##### **14.8.1 Control Areas**

It shall be the responsibility of each Control Area to follow policies and procedures contained herein; reporting daily information, identifying potential and actual transmission overloads and supplying assistance to members when directed.

##### **14.8.2 ~~Security~~ Operating Reliability Working Group**

The Security Operating Reliability Working Group shall receive periodic reports of any implementation of Transmission Loading Relief. ~~These reports shall consist of requesting member, amount of request, members participating in assistance as well as~~

~~other pertinent information.~~ The ~~Security Operating Reliability~~ Working Group shall make a report of this information to the ~~Operating Subcommittee and the~~ Engineering & Operating Committee at each regular meeting.

#### **14.8.3 ~~Security Coordinator~~Reliability Authority**

It shall be the responsibility of the ~~Security Coordinator~~Reliability Authority to provide daily analysis and monitor and evaluate real-time flows and voltages against appropriate Operating Reliability Limits~~determination of the transfer relief matrix.~~ The ~~Security Coordinator~~Reliability Authority shall be responsible for providing timely 24 hour coordinating and implementing during ~~Transmission Line~~ Loading Relief periods and provide periodic reports to the ~~Security Operating Reliability~~ Working Group.

**Southwest Power Pool  
NOMINATING TASK FORCE  
Report to the Membership  
March 12, 2003**

**Background**

Per SPP's Bylaws, the Nominating Task Force is responsible for nominating to the Board of Directors candidates to fill vacant director terms on an interim basis until a special election can be held at the next meeting of Members. Transmission Owners are to nominate Owners, Transmission Users are to nominate Users and all representatives on the Nominating Task Force are to nominate the non-stakeholders. The Nominating Task Force consists of David Christiano (Chair), Gary Voigt, Stephen Parr, Michael Deihl, J. M. Shafer and Al Strecker. The current roster with terms is as follows:

Transmission Owners (IOU)

Dick Dixon (WESTAR) – 1 year

Richard Verret (AEP) – 1 year

Al Strecker (OGE) – 2 year

Richard Spring (KCPL) – 3 year

(Non-IOU)

J. M. Shafer (WEFA) – 2 year

Gene Argo (MIDW) – 2 year

Mike Deihl (SWPA) – 3 year

Transmission Users (Cooperative)

Gary Voigt (AREC) – 1 year

Stephen Parr (KEPCO) – 2 year

(Municipal)

Harry Dawson (OMPA) – 1 year

David Christiano (SPRM) – 3 year

(IPP/Marketer/Other)

Trudy Harper (Tenaska) – 2 year

Vacant – 3 year

Vacant – 3 year

Non-Stakeholders

Vacant – 3 year

Tom McDaniel – 3 year

Jim Eckelberger – 2 year

Quinten Jackson – 2 year

Harry Skilton – 1 year

Larry Sur – 1 year

Transmission Owners are to nominate Owners, Transmission Users are to nominate Users and all representatives on the Nominating Task Force are to nominate the non-stakeholders. The Nominating Task Force consists of David Christiano (Chair), Gary Voigt, Stephen Parr, Michael Deihl, J. M. Shafer and Al Strecker.

**Recommendations**

The Nominating Task Force nominates Mr. Walt Yeager of Cinergy Corp. and Mr. Michael Gildea of Duke Energy Trading & Marketing to fill the vacant positions on the Transmission Users sector of the Board.

**Approved:** Nominating Task Force

January 2003

**Action Requested:** Approve Recommendation



**RESOLUTION OF  
THE BOARD OF DIRECTORS OF  
SOUTHWEST POWER POOL, INC.**

WHEREAS, Southwest Power Pool, Inc. ("SPP") and Midwest Independent Transmission System Operator, Inc. ("MISO") have, at the direction of their respective Boards of Directors, entered into a Purchase and Assumption Agreement (the "Agreement") effective March 4, 2002 which provides for SPP to convey to MISO substantially all of the assets of SPP and for MISO to assume substantially all of the liabilities of SPP, excluding certain assets and liabilities relating to SPP's NERC-related reliability council functions; and

WHEREAS, despite the best efforts of the Parties, the Conditions to the Closing of the transaction have not been fully met for reasons beyond the control of the Parties, and indications are that those Conditions cannot be met in the foreseeable future; and

WHEREAS, the parties have discussed a mutual termination of the Agreement pursuant to Section 8.5(a);

NOW THEREFORE, it is hereby:

RESOLVED, that the president of SPP be and hereby is authorized and directed to pursue mutual termination of the Purchase and Assumption Agreement dated as of March 4, 2002 pursuant to Section 8.5(a) of the Agreement; and


FURTHER RESOLVED, that subject to the approval by the MISO Board of Directors, at their March 20, 2003 meeting, of termination of the Agreement pursuant to Section 8.5(a), the president, any vice president and the secretary of SPP be directed to complete, execute and deliver, for and on behalf of SPP, all documents, instruments, certificates and schedules required or necessary to terminate the Agreement as contemplated by this Resolution, and to do or take, or cause to be done or taken, all other acts and actions required and necessary in the judgment of the officer so acting to carry out the purposes of this Resolution; and

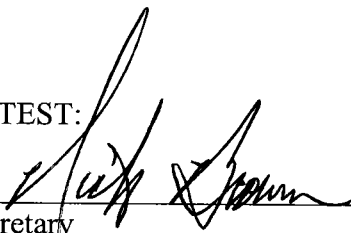
FURTHER, RESOLVED, that the president, any vice president and the secretary of SPP be and hereby are authorized and directed to continue the responsibilities and functions of SPP, and facilitate SPP organizational groups in the development and implementation of SPP initiatives.

APPROVED as of March 12, 2003.

ATTEST:

Secretary

  
Chair

  
Secretary

