

**Southwest Power Pool  
CORPORATE GOVERNANCE COMMITTEE MEETING  
OMPA Offices, Edmond, OK**

**March 1, 2012**

**• M I N U T E S •**

**Agenda Item 1 – Administrative Items**

Nick Brown called the meeting to order at 9:00 a.m. Other members in attendance or represented by proxy were: Cindy Holman (OMPA), Rob Janssen (Dogwood), Jim Eckelberger (Director), Steve Parr (KEPCo), and Mel Perkins (OG&E). SPP Staff included Stacy Duckett. Others attending were Tom Hestermann (Sunflower), Bruce Cude (Xcel), Steve Gaw (Wind Coalition), Dennis Reed (Westar); Harold Hadland (NPPD), Charles Locke (KDPL), and Matt Binette (Wright & Talisman),

Mr. Brown referred to draft minutes for October 25 and December 7, 2011 (10/25/11 and 12/7/11 Minutes – Attachment 1). Steve Parr moved to approve the minutes as presented; Cindy Holman seconded. The motion was approved.

**Agenda Item 2 – 2013 Nominations**

Nick Brown initiated the discussion regarding 2013 nominations in preparation for the ballot to be recommended in October 2012. To date incumbents have expressed an interest in serving new terms. Jim Eckelberger excused himself from the meeting during the discussion regarding the directors. Steve Parr moved to nominate Jim Eckelberger and Harry Skilton for the Board of Directors and Dave Christiano for the Regional Entity Trustees; Mel Perkins seconded the motion. Following discussion, the Committee voted unanimously to approve nominations. No action is required for the Members Committee at this time. Stacy Duckett will send out a notice to the Membership to solicit other candidates for the Members Committee. Nominees will be determined at the August meeting.

**Agenda Item 3 – Vacancies**

Nick Brown noted a vacancy for a Transmission User (TU) on the Human Resources Committee due to Darrell Dorsey's retirement. Duane Highley (AECC) has expressed interest in serving. Steve Parr moved to appoint Mr. Highley; Rob Janssen seconded the motion. The motion passed unanimously.

**Agenda Item 4 – Rosters Update**

Stacy Duckett updated the group on the process for addressing attendance matters on some of the working groups. These reviews continue.

**Agenda Item 5 – Withdrawal Obligations**

- a. Stacy Duckett reviewed the status of the Regional Tariff Working Group's review of tariff language for transmission expansion withdrawal obligations. Extensive discussion followed. Given that non-member network service customers represent approximately 1% of the load, the group requested revisions to limit provisions to member organizations rather than all network customers. In addition, any possible mitigation of potential impact of non-member customers will be reviewed and reported back. The group then considered crediting issues raised by the Nebraska Public Power District (NPPD). Following considerable discussion, Mr. Brown proposed continuing to move forward with the current drafts and plan for a more detailed presentation at the April Markets and Operations Policy Committee (MOPC) and Board of Directors/Members Committee meetings; the group concurred. The Staff will draft a report/ recommendation to be used as a basis for discussion. In addition, the RTWG will also consider an approach regarding credits. The goal is to work toward votes in July.

- b. Nick Brown provided background on issues associated with SPP, Inc.'s financial obligations and impact on membership decisions. The Staff has developed a revised exit fee formula for discussion/consideration. The proposal includes a flat fee equivalent to the annual membership fee; an adjustment to the annual fee; and inclusion of a factor for generation in the footprint. The Committee discussed and provided feedback. This will be a topic at the Strategic Planning Committee retreat in May.

#### **Agenda Item 6 – Standards of Conduct Requirements**

Stacy Duckett provided an update on the Standards of Conduct matters. There are some potential changes that can be made to the definition of "Third Party" that will remove some entities from the list, but will not address the previous issues raised. An opinion memo has been provided to the Committee and Board of Directors as well, noting options. The Staff will continue working with counsel to consider options.

#### **Agenda Item 7 – Organizational Effectiveness**

- a. Stacy Duckett noted the agenda for training to be initiated for all staff secretaries at SPP. This is an information item only.
- b. The CGC has historically hosted a Chair/Secretary Workshop, but has not done so recently. Following discussion, the group determined to host a workshop in the fall of 2013. Rob Janssen asked Staff to solicit feedback from Bill Dowling since MOPC coordinates the largest number of groups; if he suggests training would be beneficial, a workshop will be planned for the fall of 2012.
- c. Nick Brown reviewed proposals to change some responsibilities of some Board committees. This is also due to be discussed with each committee before any definitive action. If adopted, Bylaws changes will be required. The group wants to ensure the SSAE16 audit reports remain available to those impacted.
- d. Rob Janssen requested an update on the affiliate voting record at MOPC. A report was provided for review. No action was recommended. A list of affiliate companies will be added to the report.
- e. Nick Brown reviewed the Corporate Governance Committee annual Organizational Group Survey. Comments were discussed; no areas of concern were noted.

#### **Agenda Item 8 – Future Meetings**

Nick Brown noted the next scheduled meeting as August 30 from 9:00 a.m. until 12:00 p.m., which tentatively will be via teleconference. An additional meeting has been scheduled on May 11 from 9:00 a.m. until 12:00 p.m. and also tentatively via teleconference.

#### **Adjournment**

Nick Brown thanked everyone for participating and adjourned the meeting at 1:40 p.m.

Respectfully submitted,

Stacy Duckett, Secretary



**Southwest Power Pool, Inc.**  
**CORPORATE GOVERNANCE COMMITTEE MEETING**  
**March 1, 2012**  
**OMPA Offices, Edmond, OK**

**• A G E N D A •**

9:00 a.m. - 2:00 p.m. CST

- 1. Call to Order and Administrative Items..... Nick Brown
- 2. 2013 Nominations..... Nick Brown
  - a. Board of Directors
  - b. Regional Entity Trustees
  - c. Members Committee
- 3. Vacancies ..... Nick Brown
  - a. Human Resources Committee
- 4. Rosters Update..... Stacy Duckett
- 5. Withdrawal Obligations..... Stacy Duckett
  - a. Update on Current Drafts
  - b. Discussion on Financial Obligation
- 6. Standards of Conduct Discussion ..... Stacy Duckett
- 7. Organizational Effectiveness ..... Nick Brown/Stacy Duckett
  - a. Staff Secretary Training
  - b. Chair/Secretary Workshop
  - c. Board Committee Responsibilities
- 8. Future Meetings..... Nick Brown

August 30, 2012

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

**Southwest Power Pool**  
**CORPORATE GOVERNANCE COMMITTEE MEETING**  
**Eldorado Hotel & Spa, Santa Fe, New Mexico**

**October 25, 2011**

**• M I N U T E S •**

**Agenda Item 1 – Administrative Items**

Nick Brown called the meeting to order at 2:20 p.m. Other members in attendance or represented by proxy were: Cindy Holman (OMPA), Rob Janssen (Dogwood), Jim Eckelberger (Director), Steve Parr (KEPCo), Mel Perkins (OG&E) and John McClure (NPPD). SPP Staff included Stacy Duckett and Michael Desselle. Others attending were Phyllis Bernard (Director), Harry Skilton (Director), Julian Brix (Director), Tom Hestermann (Sunflower), Bruce Cude (Xcel), David Ried (OPPD), Kip Fox (AEP) and Matt Binette (Wright & Talisman),

Mr. Brown referred to draft minutes for September 1, 2011 (9/1/11 Minutes – Attachment 1). The minutes were approved by acclamation.

**Agenda Item 2 – Withdrawal Obligation Revisions**

Matt Binette walked the group through current drafts of revisions to the Membership Agreement, Bylaws and Tariff to address withdrawal obligations associated with regional transmission costs. The Committee discussed and considered several questions, including feedback received during the Board meeting. The group provided feedback on additional revisions. Wright and Talisman will re-draft and circulate the new versions.

**Agenda Item 3 – Membership Agreement Revision/Appendix A**

Stacy Duckett presented a request to delete Appendix A from the Membership Agreement as part of the Integrated Marketplace filing planned for early 2012.

The group then discussed next steps for moving forward with all revisions. The decision was to plan the withdrawal revisions for consideration at the April meetings. The group will convene via teleconference to discuss the next version.

Mel Perkins moved to approve the deletion of Appendix A from the Membership Agreement; Rob Janssen seconded the motion. The motion passed unanimously. This approval is for consideration at the January Board meeting, for inclusion in the Integrated Marketplace filing and effective with implementation of the Consolidated Balancing Authority.

**Agenda Item 4 – Standards of Conduct Requirements**

Stacy Duckett provided background on questions related to Standards of Conduct limitations on financial interests. The group discussed. Staff will obtain formal opinion from counsel for consideration. Staff will develop a proposal to provide a list to FERC and/or seek a waiver with disclosure via filing and; will coordinate with the IRC as well.

**Agenda Item 5 – Board of Directors Fees**

Stacy Duckett discussed a Staff proposal to add a fee for Directors when they are not able to attend a live meeting, but otherwise prepare to participate. Staff suggested \$1,500 as a reasonable fee. Following discussion, John McClure moved to approve; Cindy Holman seconded. The motion passed unanimously. The recommendation will be made to Membership.

Corporate Governance Committee  
October 25, 2011

**Agenda Item 6 – Review of Assessment Form and Scope**

The Committee discussed the draft Self-Assessment Form and current Scope. No revisions were suggested.

**Agenda Item 7 – Future Meetings**

Nick Brown noted the scheduled meetings in 2012. A teleconference is scheduled for December 7 at 1:00 p.m. CST.

**Other**

Stacy Duckett noted the current vacancies on the Strategic Planning Committee and the Finance Committee and the pending vacancy on the Human Resources Committee. The group will take these up at the December conference call.

**Adjournment**

Nick Brown thanked everyone for participating and adjourned the meeting at 4:10 p.m.

Respectfully submitted,

Stacy Duckett, Secretary

**Southwest Power Pool**  
**CORPORATE GOVERNANCE COMMITTEE MEETING**  
**Teleconference**

**December 7, 2011**

**• M I N U T E S •**

**Agenda Item 1 – Administrative Items**

Nick Brown called the meeting to order at 1:03 p.m. Other members in attendance or represented by proxy were: Cindy Holman (OMPA), Rob Janssen (Dogwood), Steve Parr (KEPCo), Mel Perkins (OG&E) and John McClure (NPPD). SPP Staff included Stacy Duckett. Others attending were Barry Spector and Matt Binette (Wright & Talisman),

**Agenda Item 2 – Vacancies**

Nick Brown reviewed current vacancies on the Finance Committee (TU member) and the Strategic Planning Committee (TO member). The membership was previously solicited for nominees. Following discussion, Mel Perkins moved to nominate Carl Huslig (ITC Great Plains) to the Finance Committee. Cindy Holman seconded the motion, which passed unanimously. Following additional discussion, John McClure moved to nominate Jon Hansen (OPPD) to the Strategic Planning Committee. Mel Perkins seconded the motion, which passed unanimously.

**Agenda Item 3 – Standards of conduct Update**

Stacy Duckett noted previous discussion regarding conflicts issues associated with the Standards of Conduct. Barry Spector reviewed research done on the issues noting the foundation of this is the requirement for Regional Transmission Organizations to be independent. A memo addressing this issue will be issued for the committee's review and consideration. The memo will be provided to the Board of Directors as well for reference. Some clarifying modifications will be made to the Standards of Conduct.

The group then discussed some questions posed regarding John Meyer's service on the Western Electricity Coordinating Council (WECC) Board and whether it creates any conflict. Staff has previously discussed this and advised John there was no conflict. Following discussion, the Committee concurred that there is no conflict.

**Agenda Item 4 – Withdrawal Obligations**

Stacy Duckett noted continued work on language for withdrawal obligations associated with transmission costs. Matt Binette reviewed the most recent updates. The group then discussed examples provided. The status will be reported at the January series of meetings with action planned at the April Markets and Operations Policy Committee and Board of Directors meetings. The Committee will take final action at its March 1, 2012 meeting.

**Agenda Item 5 – Future Meetings**

Nick Brown noted the next scheduled meeting is on March 1, 2012 at the Oklahoma Municipal Power Authority's (OMPA) offices in Edmond, Oklahoma.

**Adjournment**

Nick Brown thanked everyone for participating and adjourned the meeting at 2:03 p.m.

Respectfully submitted,

Stacy Duckett, Secretary

## SPP BOARD OF DIRECTORS

	<b>TERM EXPIRES</b>
Larry Altenbaumer	2014
Phyllis Bernard	2013
Julian Brix	2013
Nick Brown	N/A
Jim Eckelberger	2012
Josh Martin	2014
Harry Skilton	2012

**Class of 2012**

Jim Eckelberger  
Harry Skilton

**Class of 2013**

Phyllis Bernard  
Julian Brix

**Class of 2014**

Josh Martin  
Larry Altenbaumer

## REGIONAL ENTITY TRUSTEES

	<b>TERM EXPIRES</b>
Gerry Burrows	2014
Dave Christiano	2012
John Meyer	2013

**Class of 2012**

Dave Christiano

**Class of 2013**

John Meyer

**Class of 2014**

Gerry Burrows



## SPP MEMBERS COMMITTEE

SECTOR		COMPANY	TERM EXPIRES
Investor Owned Utilities	Kelly Harrison	Westar	2013
	Mel Perkins	OG+E	2014
	Mike Deggendorf	KCPL	2012
	Stuart Solomon	AEP	2013
Cooperatives	Steve Parr	KEPCo	2014
	Gary Roulet	WFEC	2012
	Noman Williams	Sunflower	2013
	Mike Wise	GSEC	2012
Municipals	Jeff Knottek	City Utilities of Springfield	2013
	Cindy Holman	OMPA	2014
IPPs/Marketers	Trudy Harper	Tenaska	2012
	Rob Janssen	Dogwood	2013
	Brett Kruse	Calpine	2014
State/Federal Agencies	Tom Kent	NPPD	2012
	Mo Doghman	OPPD	2014
Large Retail Customer	vacant		2014
Small Retail Customer	vacant		2013
Public Interest/ Alternative Power	vacant		2014
	vacant		2012

### Class of 2012

Mike Deggendorf  
 Gary Roulet  
 Mike Wise  
 Trudy Harper  
 Tom Kent  
 Publ Int/Alt Pwr (vacant)

### Class of 2013

Kelly Harrison  
 Stuart Solomon  
 Noman Williams  
 Jeff Knottek  
 Rob Janssen  
 Sm. Retail (vacant)

### Class of 2014

Mel Perkins  
 Steve Parr  
 Cindy Holman  
 Mo Doghman  
 Brett Kruse  
 Lg. Retail (vacant)  
 Publ Int/Alt Pwr (vacant)

**Corporate Governance Committee**  
**March 1, 2012**  
**FOR DISCUSSION PURPOSES ONLY**

Following is an alternative Withdrawal Fee for Members for payment of a share of SPP, Inc.'s financial obligations as required in the Membership Agreement.

$$\text{Exit Fee} = \text{Flat Fee} + \{[\text{B}/\text{C}] * \text{SPP Debt}\}$$

- Flat fee = Annual Membership Fee
- B = Previous Year NEL + Previous Year NEG
- C = Factor B for all Members

## **Staff Secretaries Development Session – Spring 2011**

**Length:** 3.5 hours

**Dates:**

- Tuesday, March 13, 1 – 4:30 p.m.
- Friday, March 16, 8:30 a.m. – Noon

**Location:** Chenal Kitchen Conference Room

**Welcome/Introductions/Value of the Staff Secretary role - Carl Monroe**

*15 minutes*

- Each person introduces self (name, role, how long they've been a secretary/involved in a WG)
- Purpose of the session
- Value of Working Groups; of the staff secretary role

**Back to Basics - Stacy Duckett**

*40 minutes*

- Staff Secretary role
  - a. Expectations
  - b. Tools
  - c. Agenda structure
  - d. Minutes
  - e. Action item tracking
  - f. Posting documents on spp.org
  - g. Dates and deliverables

**Managing Group Dynamics – Pete Hoelscher**

*50 minutes*

- Getting all voices heard
- Assessing and building commitment
- Increasing participation
- Handling expertise and egos
- Working through a constantly changing roster
- Small group exercise – “Challenge(s) I'm facing”

**BREAK** – 15 minutes

**Temperaments and Thinking Styles – Donna Freeman**

*50 minutes*

- How your Temperament influences your role
- Using Six Hats for a better outcome
- Identifying and working with different personalities
- Small group exercise – “Finding solutions”

**Your 2012 Plan - Carl Monroe**

*25 minutes*

- Complete planning template
  - a. Share some of the actions
  - b. Officer follow up with respective staff secretary
- Feedback on other things that could help staff secretaries
- Discussion about communication regarding Integrated Marketplace

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**Subject:** SPP Board of Directors Committee Responsibilities

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**From:** Nick Brown

**Sent:** Thursday, January 26, 2012 12:32 PM

**To:** SPP BOD (Members Only)

**Cc:** Officers

**Subject:** SPP Board of Directors Committee Responsibilities

Hello!

As we discussed over dinner in December, the officers were to assess committee responsibilities and make appropriate recommendations for consideration of Board members and then to the Corporate Governance Committee. Following research of our past practices and experience, working with the National Association of Corporate Directors, and reviewing structures of several other organizations and the underlying logic, we offer the following changes for your consideration:

**Reassign from Finance Committee to the Oversight Committee**

- Responsibility for Audits
  - Financial
  - SSAE 16
- Business Continuity Assessments

**Reassign from Human Resources Committee to the Oversight Committee**

- Responsibility for Audits
  - Benefit plans
- To ensure compliance with NACD guidelines for financial expertise swap Larry and Julian HR/OC representation

**Reassign from Human Resource Committee to the Finance Committee**

- Investment Fund Management Oversight
  - Retiree
  - Medical
  - Defined Benefit (Pension)
  - Defined Contribution (401k)

There are no burning issues here so I suggest everyone noodle on this a bit and we can share initial reactions next week.

Take Care, Nick

Action	MOPC Vote	TO Vote	TU Vote	Load Weighed Vote	Non-Affiliates Vote
2011-01 MWG Recommendation on changes since October on Market Protocols	84.3%	73.3%	95.2%	70.7%	72.7%
2011-07 Waiver for Oasis Request 75196276	70.4%	53.9%	87.0%	49.0%	72.7%
2011-10 MPRR13 MWG Lockout of Day-Ahead RUC Offers	56.8%	56.8%	63.6%	58.0%	55.1%
2011-10 MPRR 37 MWG Removal of External Contingency Reserve	45.1%	53.9%	36.4%	58.3%	40.9%
2011-10 Hitchland Transformer Waiver Request	45.8%	25.0%	66.7%	31.8%	49.3%
2011-10 Thistle Transformer Waiver Request	44.8%	33.3%	56.3%	32.5%	50.3%
2011-10 OPPD Waiver Request Up to current level of directly assigned costs	30.2%	14.3%	46.2%	16.8%	35.6%
2011-10 OPPD Waiver Request up to dollar amounts	73.3%	80.0%	66.7%	81.3%	72.4%
2012-01 Table TRR051-Aggregate Study Exit Costs	49.0%	60.0%	38.1%	60.1%	43.1%
2012-01 TRR056-Through and Out Rates	44.0%	60.0%	28.0%	62.8%	42.7%
2012-01 UFLS Standard Endorsement	76.6%	73.3%	80.0%	64.0%	79.8%
2012-01 PRR240-Curtailment of Non-dispatchable Resources	72.6%	92.9%	52.4%	83.9%	69.1%

Corporate Governance Committee		2011	2010
Number of members		8	8
Number of responses		7	6
Response rate		88%	75%
Overall effectiveness score		4.4	4.5
Lowest score			
Highest score			
Question	Average score		
	2011	2010	
The agenda reflects the actions to be taken during the meeting.	4.4	4.5	
Meeting materials are provided in a timely manner.	4.4	4.3	
The information provided prior to the meeting is utilized during the meeting.	4.1	4.5	
Meeting minutes are an accurate reflection of the meeting.	4.9	4.5	
<b>Additional comments:</b>			
Membership represents the diversity of the SPP organization.	4.4	4.5	
Membership has the necessary expertise and/or skills to accomplish its goals.	4.6	4.3	
Members come prepared to meetings.	4.6	4.2	
Members are committed to participate and accomplish the group's goals.	4.6	4.3	
Members are supportive and respectful of the individual needs and differences of group members.	4.4	4.5	
<b>Additional comments:</b>			
Members are focused during discussion.	4.3	4.0	
Decisions are identified and action is recommended.	4.4	4.3	
Facilitation is sufficient to guide discussion.	4.6	4.5	
Dissenting voices are heard.	4.6	4.7	
I depart with a feeling that we have accomplished something.	4.4	4.2	
<b>Additional comments:</b>			
The chair seeks input, and organizational group members are able to influence key decisions and plans.	4.5	4.6	
The chair is supportive and respectful of the individual needs and differences of group members.	4.5	4.6	
The chair keeps the group on task.	4.3	4.6	
The chair ensures follow-through on questions and commitments.	4.2	4.4	
<b>Additional comments:</b>			
<b>Please provide three or more recommendations for improvement of this particular group and/or SPP's overall organizational group structure</b>			
Development of a documented annual work plan			
Consider tying Corp. Gov. Committee meetings to other meetings, like the Board meetings, to reduce travel requirements.			
Need to ensure greater investment by the Members Committee. Governance is a crucial advantage of SPP. Need to find a way to make sure others understand that fact. Need to analyze dissatisfaction before it becomes a problem to deal with---proactively.			