



Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE
Recommendation to the Board of Directors
April 30, 2013

Vacancy

Background

There a vacancy on the Strategic Planning Committee. In accordance with SPP's Bylaws, the Corporate Governance Committee recommends a candidate to the Board of Directors for consideration and appointment.

Analysis

David Hudson (SPS/Xcel) resigned from his position on the Strategic Planning Committee. Members of the Transmission Owner member sector were notified of the vacancy. The Corporate Governance Committee considered the candidates, their respective backgrounds, and the balance of member representation on the various SPP committees.

Recommendation

The Corporate Governance Committee recommends the appointment of Bill Grant (SPS/Xcel) to serve on the Strategic Planning Committee.

Approved: Corporate Governance Committee February 28, 2013
unanimous

Action Requested: Approve recommendation



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Project Cost Working Group Charter

Background

The Markets and Operations Policy Committee established the Project Cost Working Group (PCWG) to oversee project cost estimates for regional transmission projects.

Analysis

As the PCWG developed its processes, the need for a process to manage confidential information became evident. Working with SPP Legal staff, the group developed a non-disclosure agreement. The proposed changes to the charter reflect the implementation of that agreement and the process to be followed for its use.

Recommendation

The Corporate Governance Committee recommends approval of the Project Cost Working Group charter as presented.

Approved: Corporate Governance Committee February 28, 2013
unanimous

Action Requested: Approve recommendation



**Southwest Power Pool
Project Cost Working Group
Charter**

October 25, 2011

~~Redline Approved by PCWG 12/14/2012~~

~~REDLINE APPROVED BY CGC 2/28/13
(includes changes previously approved by PCWG 12/14/12)~~

~~Redline approved by PCWG 3/12/2013
(includes changes previously approved by CGC 2/28/13)~~

~~Redline approved by CGC 3/19/13~~

Purpose

To maintain the integrity of the SPP transmission project estimate process, a rigorous and transparent evaluation of cost estimate variances is required. The SPP project tracking process sets cost variance bandwidths and mandates justification and review for cost estimates that have changed outside these bandwidths.

The purpose of establishing the Project Cost Working Group (PCWG) is to create a group with stakeholder input, oversight, and accountability that can provide a transparent review of transmission cost variances. To ensure cost estimate variances are addressed in a timely manner, the PCWG will evaluate projects exceeding allowable variance levels on a monthly basis. On a quarterly basis, the PCWG will provide a report of their findings and comments to stakeholders.

The PCWG will also maintain the Study Estimate Design Guide (SEDG). The PCWG will notify MOPC if a trend is developing in cost estimates deviating from the SEDG. The MOPC is responsible for determining if a review of the SEDG is required. However, this does not preclude PCWG from suggesting to the MOPC any other changes to the SEDG.

Scope of Activities

In carrying out its purposes, the PCWG will:

1. Provide a monthly review of regionally funded projects that have been identified by the SPP project tracking process as having estimated costs that have exceeded allowable variance levels.
2. Provide recommendations for projects that exceed the allowable variance levels.
3. Provide a quarterly report to stakeholders.

Representation

The PCWG membership should consist of members who can collectively represent the interests of the SPP stakeholders. To ensure they have the expertise to make the recommendations required, these members should have experience in one or more of the following areas: transmission construction costs/estimating, project management, and/or ratemaking.

PCWG membership will consist of up to the following:

16 Voting members-

- 8 Transmission Owning
- 8 Transmission Using

Non-Voting member-

- 1 CAWG Liaison

**Duration**

Permanent

Reporting

The PCWG reports to the Markets and Operations Policy Committee.

Other Notes:

In light of FERC Orders 888 and 889 and the group composure of transmission and generation parties, the PCWG will have to observe the Standards of Conduct outlined in FERC Order 889. Additionally, there may be topics discussed by the PCWG that are privileged and confidential. Under such an event, appropriate measures will be taken to ensure that no Standards of Conduct are violated, including but not limited to Executive Sessions. Each member of the Regional State Committee (RSC) may designate a representative to participate in any such Executive Session. To review information identified as confidential and protected, PCWG Members and any RSC designee(s) Any party participating in an Executive Session will be required to execute a Nondisclosure Agreement in advance.

Any materials provided during Executive Sessions containing information identified as confidential and protected and subject to a Nondisclosure Agreement will not be made publicly available.