

Southwest Power Pool
OVERSIGHT COMMITTEE MEETING

June 10, 2013

SPP Corporate Office, Little Rock, Arkansas

• M I N U T E S •

Agenda Item 1 – Administrative Items

SPP Chair Josh Martin called the meeting to order at 8:10 a.m. The following members were in attendance: Josh Martin (Director), Larry Altenbaumer (Director) and Phyllis Bernard (Director). Staff in attendance included Stacy Duckett, Philip Propes, Alan McQueen, Lauren Krigbaum, Joe Ghormley, Carl Monroe, and Michael Desselle. Others in attendance included Harry Skilton (Director).

Mr. Martin referred to draft minutes of the March 21, 2013 meeting and asked for corrections or a motion for approval (3/21/13 Minutes – Attachment 1). Phyllis Bernard moved to approve the minutes as presented; Larry Altenbaumer seconded the motion. The motion passed unanimously.

Agenda Item 2 – Review of Past Action Items

Stacy Duckett referred to the Action Items Report (Action Items Report – Attachment 2).

Agenda Item 3 – Order 1000 Process Update

Joe Ghormley, SPP Senior Attorney, provided an update on the Order 1000 initiative, and particularly the Oversight Committee's (OC) role in that process. The OC will be responsible for the review and selection of the Industry Expert Pool, ensuring the panel meets the criteria specified by the Tariff. The goal is to take steps to minimize risk to the organization while implementing the required process.

Agenda Item 4 – Quarterly Activity Reports

Internal Audit

Lauren Krigbaum reviewed the quarterly activity report for Internal Audit (IA Report – Attachment 3). Harry Skilton requested some detail on the process related to the Integrated Marketplace oversight. The Department is focusing more time on Integrated Marketplace matters, so other audits are taking somewhat longer to complete, as planned for this year. IA has had no resistance to its participation in meetings or questions for purposes of the Integrated Marketplace oversight.

PricewaterhouseCoopers has been onsite for Phase I of the controls audit. They will return for testing; IA has advised that staff will be less available for follow-up questions due to market implementation. During pre-audit, IA found some issues, but compensating controls are in place. Larry Altenbaumer requested additional information on other consulting/advising activities conducted by the group, and duties related to reviews provided to the CEO on Integrated Marketplace project. To ensure no conflicts, IA consults on where a control may be needed, but does not develop controls for the business owner. Harry Skilton questioned the process of ensuring whether a control should exist versus strictly having controls required for various audits. IA is working toward both. Josh Martin requested a discussion regarding Enterprise Risk Management occur with the full Board.

Compliance

Philip Propes noted the role of Compliance in audits throughout the organization, including controls audit and operational audits. Larry Altenbaumer suggested current processes seem adequate, but might consider whether broader reviews, with or without a third party vendor, would be appropriate. Staff will prepare a report outlining various audit activities throughout the organization to provide to the Board of Directors for review and as part of the risk management discussion.

Oversight Committee Meeting
June 10, 2013

Philip Propes reviewed quarterly activities of the Compliance Department (Compliance Report – Attachment 4). The primary focuses have been the launch of the Regional Compliance Working Group (RCWG), and preparation for SPP's upcoming audits. Outreach services continue as well. Josh Martin thanked Mr. Propes for his presentation at the April Board meeting. Mr. Propes noted one vacant position in the group. Compliance and the Regional Entity continue to coordinate where possible to support and promote compliance throughout the region.

Market Monitoring Unit

Alan McQueen reviewed the quarterly activities for the Market Monitoring Unit (MMU Report – Attachment 5). Mr. McQueen attended the semi-annual meeting with FERC; discussion centered on monitoring of RTOs as a market operator by market monitors. The Annual State of the Market Report has been submitted at FERC. The primary focus of the group continues to be development and preparation for the Integrated Marketplace. The MMU staff participated in the spring Energy Intermarket Surveillance Group (EISG) meeting, including presenting.

Agenda Item 5 – Strategic Planning and Budgets

Each group provided a briefing on departmental strategic plans, and budget plans for 2014.

Agenda Item 6 – New Action Items

Stacy Duckett noted new action items:

- Board to discuss the enterprise risk management process.
- Staff is to prepare a comprehensive report regarding audit activities for the Board of Directors' review.

Agenda Item 7– Future Meetings

Josh Martin noted future meeting dates. The September 26, 2013 meeting will be in Chicago at an O'Hare Airport location.

The meeting adjourned at 11:34 a.m.

Respectfully Submitted,

Stacy Duckett
Secretary



OVERSIGHT COMMITTEE MEETING

June 10, 2013

SPP Corporate Office

Little Rock, Arkansas

- A G E N D A -

8:00 a.m. – 12:00 p.m. CDT

- 1. Call to Order/Administrative Items Josh Martin
- 2. Action Items Report.....Stacy Duckett
- 3. Order 1000 Process Update Joe Ghormley
- 4. Update on Current Activities
 - a) Internal Audit..... Lauren Krigbaum
 - b) Compliance.....Philip Propes
 - c) Market Monitoring Unit Alan McQueen
- 5. Strategic Planning and Budgets
 - a) Compliance.....Philip Propes
 - b) Market Monitoring Unit Alan McQueen
 - c) Internal Audit..... Lauren Krigbaum
- 6. New Action ItemsStacy Duckett
- 7. Future Meetings Josh Martin

2013

September 26	Chicago O’Hare Airport
December 9	Dallas, Texas (day prior to BOD Meeting)

2014

March 27	TBD
June 9	Little Rock
September 25	TBD
December 8	Dallas

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

Southwest Power Pool
OVERSIGHT COMMITTEE MEETING
March 21, 2013
Boston Pacific Offices, Washington, D.C.

• M I N U T E S •

Agenda Item 1 – Administrative Items

SPP Chair Josh Martin called the meeting to order at 9:02 a.m. The following members were in attendance: Josh Martin (Director), Larry Altenbaumer (Director) and Phyllis Bernard (Director). Staff in attendance included Stacy Duckett, Philip Propes (via phone), Alan McQueen, Lauren Krigbaum, and Barbara Stroope. Others in attendance included Craig Roach, Vincent Musco, Andrew Gisselquist and Sam Choi (Boston Pacific); and Julian Brix (Director).

Mr. Martin referred to draft minutes of the February 28, 2013 meeting and asked for corrections or a motion for approval (2/28/13 Minutes – Attachment 1). Phyllis Bernard moved to approve the minutes as presented; Larry Altenbaumer seconded the motion. The motion passed unanimously.

Agenda Item 2 – Review of Past Action Items

Stacy Duckett reviewed the Action Items Report (Action Items Report – Attachment 2).

Agenda Item 3 – Quarterly Activity Reports

Compliance

Philip Propes reviewed quarterly activities in Compliance (Compliance Report – Attachment 3). Josh Martin asked that Mr. Propes also provide some assessment/context of various services offered and effectiveness to date. The Regional Compliance Working Group (RCWG) has held its initial meeting. Phyllis Bernard expressed her appreciation for establishment of the group to ensure members have an avenue for providing feedback. As the Regional Entity (RE) audit schedule is published for the year, Compliance contacts entities to offer assistance. Staff is also seeking opportunities to present at industry meetings in the region to educate entities regarding our services. SPP continues to be unique in its support for compliance across the region through the efforts of the RE and Compliance groups. The Committee asked that Philip Propes make a presentation at the April Board meeting to review the Compliance programs offered by SPP. Mr. Propes noted significant audit activity for SPP during this year. Mr. Propes discussed how audits and market trials do and do not interact. The goal is to take advantage of the previous audit in considering the next one. The group has developed metrics for its activities and will report on those at future meetings. The Committee requested dates for Forums for the remainder of the year.

Market Monitoring Unit

Alan McQueen reviewed the quarterly activities for the Market Monitoring Unit (MMU Report – Attachment 4). Primary focus is and will be the Integrated Marketplace. There is discussion with FERC to alter engagements to required levels to afford more staff time, especially during this year, for Market preparation (quarterly rather than monthly reports; monthly rather than weekly calls). Given the stability of the current market, Staff expects FERC to concur to some modification. Mr. McQueen noted three behavior studies; two are closed and one remains in process. Phyllis Bernard requested some additional background on the recent Westar case; Mr. McQueen will provide this. Staff will confirm how penalties and disgorgement are accounted for in these cases. Mr. McQueen reported on the change in status in the Business Intelligence workstream in the Integrated Marketplace project from green to yellow and plans to move back to green.

Internal Audit

Lauren Krigbaum reviewed the quarterly activity report for Internal Audit (IA Report – Attachment 5). Josh Martin requested one additional revision to the charter for clarification. Ms. Krigbaum then reviewed the audit plan and changes made recently. The Committee asked for consideration of a joint meeting with the

Oversight Committee (OC) and the Finance Committee (FC) when the controls audit is presented each year and consider whether the auditors should have a requirement to report certain findings to the OC. Stacy Duckett will discuss with Nick Brown as chair of the Corporate Governance Committee how/when to discuss committee duties and responsibilities. The focus of audits this year remains on Integrated Marketplace and consulting on development of controls for new processes. Quarterly reports to the CEO continue. Julian Brix asked whether IA had adequate resources to meet goals and needs through 2014. Josh Martin asked whether IA has adequate independence. Ms. Krigbaum responded affirmatively to both. Ms. Krigbaum noted support provided to the RE staff and registered entities regarding basic education on controls in response to the NERC initiative to include controls in its audit process going forward.

Agenda Item 6 – Annual Assessment and Survey Results

Stacy Duckett referred to the OC Organizational Group survey results and annual assessment (Annual Assessment and Survey Results – Attachment 6). The Committee asked if the question regarding the composition of the group could be removed from future surveys since it is not applicable to the OC.

Agenda Item 5 – Looking Forward Report

Craig Roach presented Boston Pacific's (BP) preliminary Looking Forward report (Looking Forward Report – Attachment 7). The group discussed various components of the report throughout the presentation. BP will continue to fine-tune the report in preparation for presentation at the April Board of Directors meeting.

Agenda Item 4 – 2012 State of the Market Report

Barbara Stroope and Alan McQueen presented the preliminary 2012 State of the Market report. The group discussed and asked questions throughout the presentation. Staff will continue to develop the final report and presentation for the April BOD meeting.

Agenda Item 7– Future Meetings

Josh Martin noted future meeting dates. The September 26, 2013 meeting will be in Chicago at an O'Hare Airport location.

The meeting adjourned to Executive Session at 2:45 p.m.

Executive Session

Stacy Duckett updated the group on a pending FERC matter.

Respectfully Submitted,

Stacy Duckett
Secretary



Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE
Pending Action Items Status Report
June 10, 2013

Action Item	Date Originated	Status	Comments
Affirm Standards of Conduct are binding post-employment	June 13, 2011	Pending	Draft will be presented at August CGC meeting.
Staff to develop plan for ensuring executive level attention to compliance at member companies	Sept 27, 2012	Completed	Propes made presentation at April Board meeting to raise level of awareness.
Staff to develop a proposal for a process to address vetting of industry experts to ensure lack of conflicts in the Order 1000 process	Sept 27, 2012	Pending	Order 1000 process project has been initiated; includes development of details for OC role.
Develop a process to consider how/whether to provide indemnity to experts on panels in the Order 1000 process	Sept 27, 2012	Completed	Incorporated in Order 1000 process development
Stacy Duckett is to consult with Michael Desselle on integration of the Looking Forward Report in the strategic planning scenarios process	Dec 10, 2012	Completed	Included as background material for April SPC session
Provide dates of Compliance Forums to committee members	Mar 21, 2013	Completed	August 7-8 Little Rock (SPP) October 9-10 Little Rock (SPP)
Clarify how various penalties are accounted for.	Mar 21, 2013	Pending	Will report at June meeting



Southwest Power Pool, Inc.
INTERNAL AUDIT
Report to the Oversight Committee
June 10, 2013

Staffing

- The Internal Audit department is fully staffed.

Activity Update

- Updated 2012 – 2014 Audit Schedule (see attached)
- Audits Completed Since Last Meeting:

- **Cash Management and Bank Reconciliations**

Internal Audit completed a review of SPP's cash management process, focusing on bank reconciliations and accurate reporting of cash balances on the SPP Balance Sheet. The purpose of the review was to evaluate the effectiveness and efficiency of the current processes and controls as they relate to the cash management process of performing timely and accurate reconciliation of the cash account balances as reported by the bank with the general ledger balances that are reported on the balance sheet. IA reviewed these reconciliations to confirm the process as performed: is supported by up-to-date and complete process documentation with sufficient information to support and serve the process purpose and deliverables; includes adequate controls to mitigate risks; and does not have any process and/or control gaps.

See attached for summary.

- **Off We Go LLC (Rate)**

The Internal Audit department completed a review of costs and consumables in support of the May 2013 rate adjustment charged for use of the Off We Go, LLC private aircraft. The review was completed, in part; to fulfill Southwest Power Pool, Inc.'s (SPP) commitment to FERC Office of Enforcement's recommendation that SPP should *"perform an analysis to validate the fairness and reasonableness of any cost factors submitted by the CEO and CFO for purposes of reimbursement."*

See attached for summary.

- Reviews Currently in Process:

- **Invoicing/Cash Collections/Payout**

The purpose of the review is to evaluate the efficiency and effectiveness of processes and controls in providing reasonable assurance that invoices, payments collected and payouts are timely and accurate for SPP's Market and Transmission Settlements process. The review is in the testing phase.

- **Privileged Accounts [Administrator and Shared Access]**

The purpose of this review is to evaluate whether adequate access controls are in place to protect information accessed through SPP's Privileged Access Accounts. Privileged accounts include administrator and shared access accounts, such as root, super user and domain administrator that allow unlimited, non-personalized access for both individuals and applications. The focus of this review is to assess the processes of granting, managing and protecting these accounts, particularly for systems related to the Reliability function of SPP. The review is in the reporting phase.

- **Grandfather Agreements**

The purpose of this review is to evaluate the adequacy and efficiency of current grandfather agreement (GFA) policies and procedures as they relate to registration, modeling, maintenance and terminations, as well as to evaluate the adequacy of GFAs in relation to FERC and SPP governing documents. The review is in the reporting phase.

- **Off We Go LLC (Invoices)**

The purpose of this audit is to review reimbursements made to Off We Go, LLC for use of their private aircraft for the period of November 1, 2012 through April 30, 2013. In addition, Off We Go's insurance policy is reviewed to confirm it meets the requirements listed in the Private Aircraft section of SPP's Expense and Travel Policy. The review is in the testing phase.

- **Credit Management [Integrated Marketplace]**

The purpose of this review is to evaluate whether adequate procedures are in place to protect the interests of SPP, its members, and customers; controls are in place to ensure compliance with applicable laws and SPP policies; adequate documentation is in place to support the credit/risk management process; and proposed processes and procedures addressing future operations in the Integrated Marketplace are sufficient to provide reasonable assurance that departmental goals and objectives will continue to be met once upon transition to the new market. The review is in the testing phase.

- Upcoming Reviews/Audits:
 - TCR Market Trials
 - Business Continuity/Disaster Recovery Plan
 - Legacy Applications (Integrated Marketplace)
 - Manage Disputes
 - Market Participant Registration (Integrated Marketplace)
 - Fixed Assets
 - Software Licensing
- Integrated Marketplace Internal Readiness:
 - IA continues to review the Integrated Marketplace Program and Integration for SPP's President and CEO.
 - Attended SPP Working Group Meetings (e.g. Change Working Group)
 - Attended Marketplace Leadership Team (MLT) meetings
 - Interviews (e.g. workstream owners, project managers, other key employees/contractors)
 - Reviews of select workstream components
 - Staff continues to engage in Integrated Marketplace discussions; bringing perspective of internal controls, SSAE 16 and business.
 - Continued working with Congestion Hedging personnel concerning the development of TCR control objectives/activities
 - Working with Settlements personnel concerning the development of Settlements control objectives and facilitation of risk assessment workshops
 - Working with Operations personnel concerning the development of control objectives and facilitation of risk assessment workshops
 - Attended "Day-on-the-Life" departmental sessions (e.g. MMU and Customer Relations)
 - Attended SPP "Day-in-the-Life" sessions
 - Attended SPP BA Readiness Evaluation sessions
 - Reviewing process/procedure documentation completed by workstream personnel
 - Met with the majority of SPP internal readiness liaisons to discuss timing of IA readiness reviews
 - IA staff continued completing the Integrated Marketplace In-Depth training programs, with the goal of completing all training programs before go-live.
- Other Activities
 - Controls audit (SSAE 16) work:
 - Completion of periodic audits
 - Business – 30 completed to date, 4 in process (69 total control activities)
 - IT – 12 completed to date, 18 in process (30 total control activities)
 - Phase 1 of 2013 audit:



- o Mock interviews with control owners
 - o Walkthrough interviews between control activity owners and external auditors
 - o One-time tests of system controls
 - Controls training for new personnel
 - o Hosted Spring 2013 ISO/RTO Internal Audit Directors meeting
 - o Other consulting/advising:
 - Network Upgrades (process improvement)
 - Credit Stack process
 - Loss Matrix
 - SPP Engineering ITP LEAN Project
 - Pseudo Ties – Southern Company
 - Settlement Loss Validation enhancement
 - FERC Order 1000
 - Engineering Finance Administration

Respectfully submitted,
Lauren Krigbaum
Director, Internal Audit



**Southwest Power Pool, Inc.
Compliance Department
Report to the SPP Oversight Committee
June 10, 2013**

SPP Member Outreach – Second Quarter 2013:

- **Regional Compliance Working Group (RCWG)**

The Regional Compliance Working (RCWG) held their second face to face meeting in Irving, TX on May 20, 2013.

The agenda included discussion about the efficiency of using certain working group members for monitoring areas of risk, gathering additional information and formulating quick responses to requests for assistance. These members will provide guidance for monitoring specific issues facing the region related to compliance, provide structure for addressing the issues in a timely manner, provide support for requests of RCWG to be handled efficiently, and provide recommendations to the full working group.

Jay Caspary, SPP Staff, joined the group on-site to present on PRC-006-2 which becomes effective on October 1, 2013. The RCWG was asked by the Market Operations & Policy Committee (MOPC) to provide an endorsement of the SPP UFLS plan at their July meeting.

Jason Smith, SPP Staff, was on hand to discuss ceasing submission of LDCAP data and noted conversion from the Ops 1 site to another as part of market start. MOPC members have asked the RCWG to review this for any compliance concerns that should be noted and report back at the July meeting.

In addition, to the specific topics referenced above, the RCWG discussed and reviewed the current status of CBASC / Operating Protocols, Waivers for CPS during deployment testing, Restoration plans required by EOP-005-2, Planning Coordinator updates for member companies related to PRC-023, and identification of critical assets by the Planning Coordinator for CIP-002-4.

The next meeting will be on August 6th, 2013 at the SPP Offices in Little Rock.

SPP Compliance – Second Quarter 2013:

- **SPP Audit Plan (attached)**

Efforts continue in preparation for the July 2013 CIP Audit and September 2013 Operations and Engineering Audits. The SERC Audit Team will be on-site at SPP and will cover 68 Standards and 1121 requirements for compliance.

In the late third quarter, SERC will be on-site to perform a Balancing Authority (BA) Certification. This certification will include operator readiness, procedural readiness, facility readiness, and preparedness to take on 45 more standards and 576 more requirements.

The internal audit plan is continually updated to track preparatory efforts.



- **SSAE16**

The Compliance Department participated in Phase 1 of SPP's SSAE16 audit May 13-17.


Compliance Department staff provided audit support to departments involved in the walkthroughs of the IT General Controls and some IT-related business controls. Department staff also provided some process documentation and evidence for controls where the Compliance Department is the owner of the control.

- **Compliance Department Activities at a Glance (attached)**

All current and upcoming activities are now tracked in a one stop document which can quickly outline where departmental efforts and resources are allotted at any given time.

Respectfully submitted,

Philip Propes
Director, Compliance

	SPP Compliance Department – 2013 Audit Plan
	Version: 1.2
	Effective Date: April 1, 2013

SPP Compliance Department 2013 Audit Plan

REVISION HISTORY

VERSION NO.	DATE	DESCRIPTION	REVISED BY
1.0	April 1, 2013	Initial Release	Kim Van Brimer
1.1	May 8, 2013	Updated task list to include SPP Information Management and Retention Policy	Kim Van Brimer
1.2	May 13, 2013	Updated Attachment A and added Revised By column to the Revision History	Machelle Smith


	SPP Compliance Department – 2013 Audit Plan
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	SPP Compliance Department – 2013 Audit Plan
	Version: 1.2
	Effective Date: April 1, 2013

1.0 Plan Background

The Southwest Power Pool (SPP) Compliance department supports the ongoing corporate wide effort of maintaining compliancy with all NERC applicable standards and requirements as they pertain to SPP’s formal registration with NERC.

2.0 Plan Purpose

To create a foundation and identity of a standardized Audit preparedness plan for SPP corporate wide compliance.

3.0 Roles and Responsibilities

- 706 and 693 Audits
- Balancing Authority (BA) Certification

3.1 SPP Compliance Director

- Audit plan governance

3.2 SPP Compliance Leads and Seniors

- Audit Subject Matter Experts (SMEs)
- BA Certification SMEs

3.3 SPP Compliance Department Analysts

- Audit logistical and plan coordination support

3.4 SPP Compliance Document Specialist


- Plan documentation support
- Electronic and hard copy binder preparation

3.5 SPP Training Department

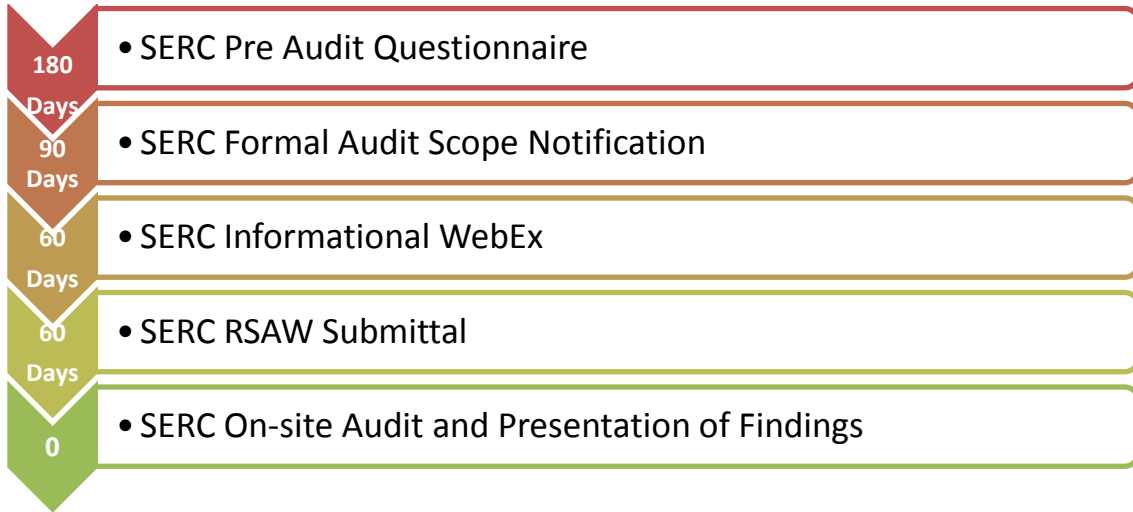
- SME development training

4.0 Plan Goals

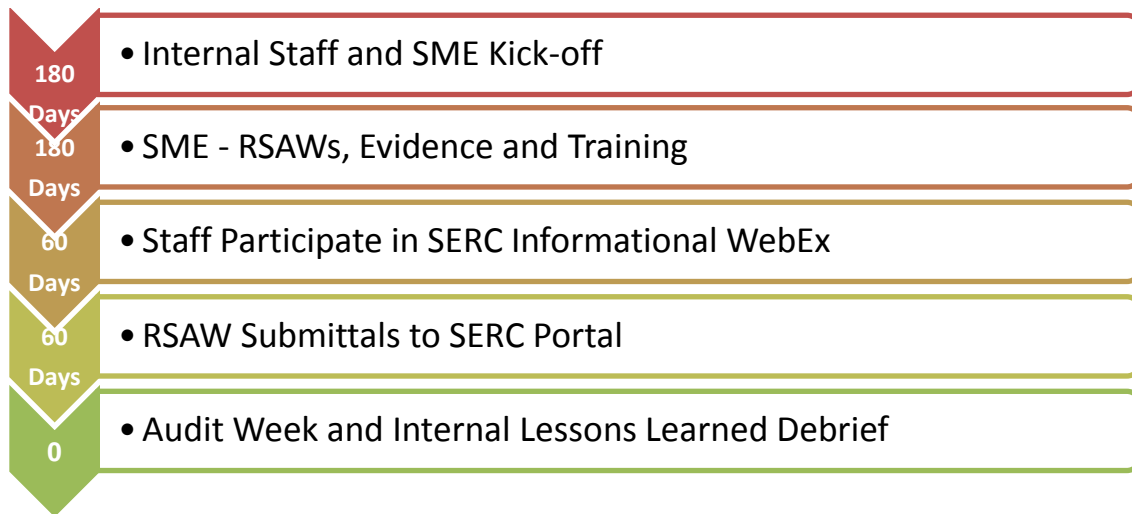
- 4.1 Audit preparation in conjunction with day to day operational compliance
- 4.2 Audit preparation in conjunction with maintaining continual Audit readiness
- 4.3 Cultivate relationship with SERC Organization during Audit process

	SPP Compliance Department – 2013 Audit Plan
	Version: 1.2
	Effective Date: April 1, 2013

5.0 SERC Activity Overview



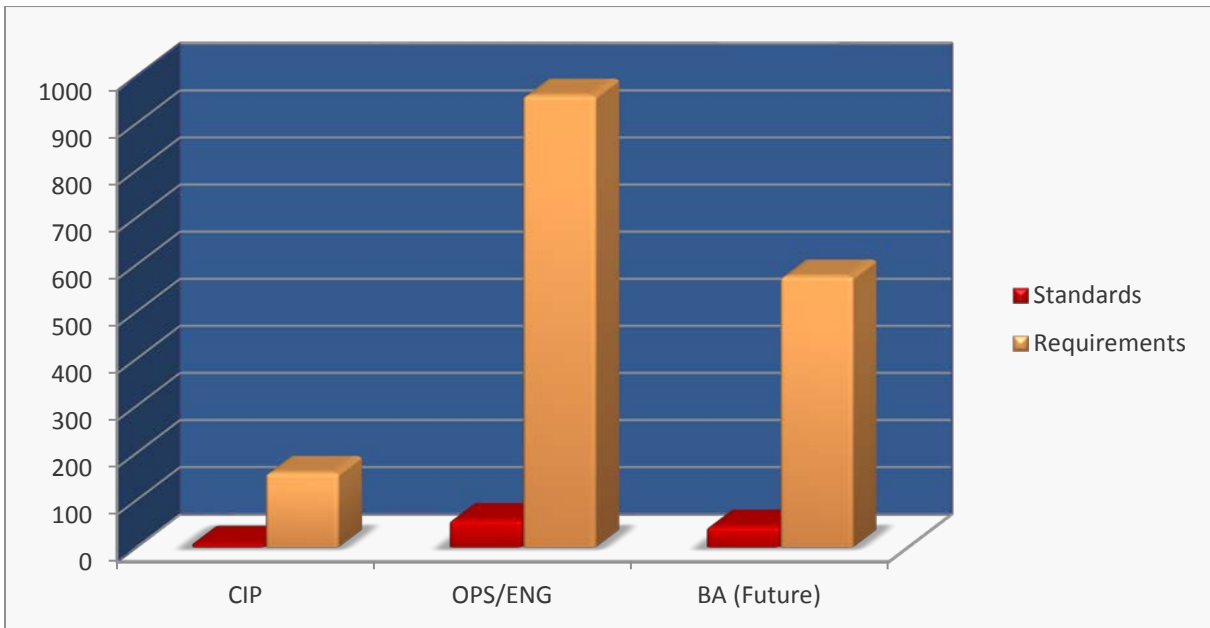
6.0 SPP Activity Overview¹




¹ SPP detailed activity report is captured in Attachment A.

7.0 2013 Plan Metrics – 100% Compliancy with


- 7.1 706
 - 9 Standards and 159 Requirements
- 7.2 693
 - 59 Standards and 960 Requirements
- 7.3 BA
 - 45 Standards and 76 Requirements




	SPP Compliance Department – 2013 Audit Plan
	Version: 1.2
	Effective Date: April 1, 2013

Attachment A:


Task Description - 693, 693 and 706	Point of Contact	Status
Compile centralized Audit list of participants for communications.	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	Complete
Audit Kick-off meetings with applicable SMEs, backup SMEs, internal staff and executive leadership.	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	Complete
Reserve appropriate number of conference rooms for 706, 693, 693 and SPP staff room. Notable: Consider number of rooms. Audit teams may be joined or split into separate groups. U-shape setup, easels and markers available in each room. Secure additional seating for opening day presentations and for final day presentation of findings.	Compliance Analyst	In Progress
Send calendar invitations to all applicable participants for all applicable dates/times. Notable: Send calendar invitations to 693 center Operators that are being interviewed and backup site	Compliance Analyst	In Progress

	SPP Compliance Department – 2013 Audit Plan
	Version: 1.2
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Task Description - 693, 693 and 706	Point of Contact	Status
Compile centralized Audit list of participants for communications.	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	Complete
Audit Kick-off meetings with applicable SMEs, backup SMEs, internal staff and executive leadership.	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	Complete
personnel that will need to be on-site. Notable: Send invitations for the presentation of findings and opening day activities to applicable personnel.		
Initial SERC audit notification receipt and response.	Director, Compliance (CIP and 693)	Completed
Pre Audit survey completion.	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	CIP – Complete 693 – In Progress
Electronic binders of evidence prepared with bookmarks Thumb drives for Audit team pre-loaded with evidence and folder structure. (Combine 693 documentation) Notable: Thumb drive	Documentation Specialist – Lead Compliance Analyst	Future Activity

	SPP Compliance Department – 2013 Audit Plan
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Task Description - 693, 693 and 706	Point of Contact	Status
Compile centralized Audit list of participants for communications.	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	Complete
Audit Kick-off meetings with applicable SMEs, backup SMEs, internal staff and executive leadership.	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	Complete
<p>purchase with IT review for any security issues.</p> <p>Electronic copies distributed and available to the leads, the SMEs and the backup SMEs.</p> <p>706 activities will be handled separately based on the encryption process. (See Lesley for details)</p> <p>Hard copy binders for SMEs prepared and distributed.</p> <p>Binders and tabs purchased.</p>		
<p>Load laptops with the PDF binders for Audit week</p> <p>Send calendar invitations to the SMEs to run through the evidence on the screens from the laptop.</p>	Compliance Analyst	Future Activity

	SPP Compliance Department – 2013 Audit Plan
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Task Description - 693, 693 and 706	Point of Contact	Status
Compile centralized Audit list of participants for communications.	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	Complete
Audit Kick-off meetings with applicable SMEs, backup SMEs, internal staff and executive leadership.	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	Complete
Escort audit teams to sign in and meeting rooms each morning of the Audit. Notify IT for appropriate number of visitor badges.	Compliance Analyst	Future Activity
Order Auditor lunches and beverages for daily meals. Provide invoice to Audit team at weeks end.	Compliance Analyst	Future Activity
Reserve transportation for Audit team and SMEs to the SPP backup center. (If necessary)	Compliance Analyst	Future Activity
Check Operator work schedules and select SMEs for Audit interviews.	Lead Compliance Analyst	In Progress
Prepare Operator Audit prep mock questions.	Lead Compliance Analyst	In Progress

	SPP Compliance Department – 2013 Audit Plan
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Task Description - 693, 693 and 706	Point of Contact	Status
Compile centralized Audit list of participants for communications.	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	Complete
Audit Kick-off meetings with applicable SMEs, backup SMEs, internal staff and executive leadership.	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	Complete
Set up Operator Prep meetings.	Lead Compliance Analyst	In Progress
Prepare Corporate Communication on Audit Week Awareness.	Director, Compliance	Future Activity
Lead daily de-briefing meetings at the end of each Audit day.	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	Future Activity
Lead lessons learned and recommendations reviews. Staff assignments. (See Attachment B)	Lead Compliance Analyst – 693 Sr. Security Analyst – CIP	Future Activity
Audit documentation saved according to SPP Record Retention Policy	Documentation Specialist	Pending

	SPP Compliance Department – 2013 Audit Plan
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Attachment B:

Lessons Learned Record

Focus Area	Successes	Shortcomings	Recommended Solutions	Assigned To

2013 SPP Compliance Activities

ACTIVITY	DATE / TIME	LOCATION	SPP STAFF
JUNE			
SME Prep: HR	June 4 12:00-2:00	Conference Room 1A (126)	Attendees TBD
SME Prep: IT Operations-Desktops	June 5 1:00-3:00	Conference Room 1A (126)	Attendees TBD
SME Prep: Telcom/Network, Security	June 7 2:30-4:30	Conference Room 1A (126)	Attendees TBD
SME Prep: IT Applications-Oracle/SQL DBA	June 10 9:00-11:00	Conference Room 1A (126)	Attendees TBD
SME Prep: Facilities	June 12 9:00-11:00	Conference Room 1A (126)	Attendees TBD
SME Prep: IT Applications	June 17 10:00-12:00	Conference Room 1C (132)	Attendees TBD
693 Engineering and Operations SME Training	June 6 1:30-3:30	Conference Room 1C (132)	Attendees TBD
City of Sikeston Evidence Review	June 10-21	Individual Desks	Evidence Review Team
SERC 693 Audit Package Arrives	Expected June 20	N/A	N/A
SERC CIP Audit (Week One - June 24-28)	June 24-28	Conference Room 1A (126)	Lesley, Other Attendees TBD
		Conference Room 1C (132)	Lesley, Lonnie, Other Attendees TBD
City of Sikeston Final Evidence Review	June 26 1:00-4:00	Meeting Room 2A (272)	Evidence Review Team
JULY			
City of Sikeston Final Evidence Review Template Due	July 1	N/A	Keith
SERC CIP Audit (Week Two)	July 1-5	Charlotte, NC	Attendees TBD
SERC CIP Audit (Week Three)	July 8-12	Conference Room 1C (132)	Lesley, Lonnie, Other Attendees TBD
CLECO Evidence Review	July 8-19	Individual Desks	Evidence Review Team
GRDA RSAW Evidence Review	July 15-19	Individual Desks	Evidence Review Team

2013 SPP Compliance Activities

ACTIVITY	DATE / TIME	LOCATION	SPP STAFF
693 Engineering and Operations Audit Final RSAWs sent to SERC	July 18	N/A	N/A
CIPWG Meeting	July 18	KCPL Kansas City, MO	Attendees TBD
CLECO Final Evidence Review	July 22 1:00-4:00	Team Room 2B (282)	Evidence Review Team
CLECO Final Evidence Review Template Due	July 23	N/A	Keith
City of Sikeston Evidence Review (possible Webex?)	July 24-26	Sikeston, MO	Evidence Review Team
GRDA Evidence Review	July 29-31 09:00-3:00	Team Room 2B (282)	Evidence Review Team
AUGUST			
GRDA Final Evidence Review Template Due	August 2	N/A	Keith
RCWG Face-to-Face Meeting	August 7 08:00-5:00	Conference Room 1A (126)	Philip, Kim
Quarterly Compliance Forum	August 8-9	SPP - Auditorium B	SPP Compliance Department Staff
City of Springfield CIP Evidence Review	August 13-15	Springfield, MO	Lesley, Kevin
SERC 693 Mock Audit	August 22 8:30-5:00	Operations ODC Meeting Room	SPP Operations Staff
	August 23 9:00-3:00		
SEPTEMBER			
GRDA Evidence Review	September 9-12	GRDA Locust Grove, OK	Evidence Review Team
SERC 693 Engineering and Operations Audit Prep	September 18-20	SPP - Room TBD	Evidence Review Team
SERC 693 Engineering and Operations Audit (September 23-27) [* Note - Auditors will need a separate room to themselves.]	September 23-27	SPP - Auditorium A	Attendees TBD
		Conference Room 1A (126)	Attendees TBD
		Conference Room 1B (130)	Attendees TBD

2013 SPP Compliance Activities

ACTIVITY	DATE / TIME	LOCATION	SPP STAFF
SERC 693 Engineering and Operations Audit (September 23-27) [* Note - Auditors will need a separate room to themselves.]	September 23-27	Conference Room 1C (132)	Attendees TBD
OMPA Evidence Review	September 30- October 2	Individual Desks	Evidence Review Team
OCTOBER			
SERC 693 Engineering and Operations Audit Recap	October 2	Conference Room 1A (126)	Evidence Review Team
OMPA Final Evidence Review	October 3 1:00-4:00	Meeting Room 2A (272)	Evidence Review Team
RCWG Face-to-Face Meeting	October 7 09:00-5:00	Conference Room 1A (126)	Philip, Kim
Jonesboro City Water & Light Evidence Review	October 7-11	Individual Desks	Evidence Review Team
OMPA Final Evidence Review Template Due	October 9	N/A	Keith
Quarterly Compliance Forum	October 9-10	SPP - Auditorium A & B	SPP Compliance Department Staff
KEPCo Final Evidence Review Template Due	October 17	N/A	Keith
Jonesboro City Water & Light Final Evidence Review	October 17 13:00-4:00	Meeting Room 2A (272)	Evidence Review Team
KEPCo Evidence Review	October 21-24 09:00-5:00	Individual Desks	Evidence Review Team
KEPCo Final Evidence Review	October 24 08:00-12:00	Meeting Room 2A (272)	Evidence Review Team
KEPCo Final Evidence Review Template Due	October 25	Individual Desks	Evidence Review Team
Dogwood/Kelson Energy Final Evidence Review	October 25- November 5	Individual Desks	Evidence Review Team
NOVEMBER			
Jonesboro City Water & Light Evidence Review	November 4-5	Jonesboro, AR	Evidence Review Team
Dogwood/Kelson Energy Final Evidence Review	November 6 1:00-4:00	Team Room 2B (282)	Evidence Review Team

2013 SPP Compliance Activities

ACTIVITY	DATE / TIME	LOCATION	SPP STAFF
Dogwood/Kelson Energy Final Evidence Review Template Due	November 8	N/A	Keith
Dogwood/Kelson Energy Evidence Review	November 11-13	Pleasant Hill, MO	Evidence Review Team
KEPCo Evidence Review	November 11-15	Topeka, KS	Evidence Review Team
OMPA Evidence Review	November 20-22	Tulsa, OK	Evidence Review Team

**SPP Oversight Committee
Report
Compliance Department
June 10, 2013**

Public

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Introduction

Director Summary

The driving principals of the SPP Compliance Department Mission are that of *Collective, Collaborative Compliance* for SPP Corporate, SPP Members and the SPP Region.

With engagement of these principals we are able to *prevent, detect* and *correct* practices of non-compliance with national and regional standards by *developing, implementing* and *educating* through processes and controls.

Current Outreach Efforts

- 1) Entity Evidence Reviews
 - a. On-site or In-house Reviews
 - b. Reliability Standard Audit Worksheets (RSAWs) Reviews
 - c. Primary and Secondary Evidence Reviews
 - d. Internal Compliance Program (ICP) Reviews
 - e. Subject Matter Expert (SME) Audit Prep – One on One Sessions
 - f. Operator Audit Prep – One on One Sessions
- 2) Outreach Calls and On-site Visits
- 3) Monthly Compliance Calls
- 4) Quarterly Forums
- 5) Weekly Industry Updates
- 6) Quarterly Newsletters
- 7) Compliance Support Site (CSS) Interactive Website Forum
- 8) Electronic and Phone Call Compliance Support
- 9) Regional Compliance Working Group (RCWG)
- 10) NERC Event Analysis
- 11) Standards Calls

Outreach Activities

Entity Evidence Reviews

May 2013:

- 1 - On-site

Outreach Program Calls and On-site Visits

May 2013:

- 1 - Outreach Call (Resulted in an onsite evidence review in November)

Monthly Compliance Calls

April 2013:

- 47 Participants

May 2013:

- No call due to SPP Quarterly Compliance Forum

June 2013:

- Call set for June 14, 2013

Quarterly Compliance Forums

May 22 and 23, 2013:

- Irving, TX
- 2 - ½ day events
- 76 Participants

Weekly Industry Updates

April 2013:

- 4

May 2013:

- 4

June 2013:

- 4 (projected)

Quarterly Newsletter

The June Newsletter was distributed on June 3, 2013.

Compliance Support Site (CSS)

Efforts are underway to create a more interactive website forum. This effort should be finalized sometime in the 3rd quarter of 2013.

Electronic and Phone Call Compliance Support

- 32 support responses were provided in the second quarter of 2013.

Regional Compliance Working Group (RCWG)

- **May 20, 2013**
 - Face to Face Meeting – Irving, TX

Event Analysis Working Group (EAWG)

- **2nd Quarter 2013:**
 - 7 Events Reviewed

Standard Calls

- **2nd Quarter 2013:**
 - PRC-025-1 19 participants
 - PRC-023-3 19 participants
 - PRC-002-1 To be scheduled
 - PRC-018-1 To be scheduled

MARKET MONITORING REPORT

Oversight Committee

10 June 2013

Activity Update

- **Federal Energy Regulatory Commission (FERC)**
 - FERC/MMU Semi Annual Meeting – June 4-5: Focused discussions on summer grid issues, uneconomic offers, operator market intervention, and information sharing between monitoring groups
- **Market Studies**
 - Five market behavior studies have been opened since mid March 2013. All have been closed with the conclusions that no market violations occurred. One case from January 2013 has been closed following a preliminary review and subsequent discussion with FERC which led to the conclusion that no market violation occurred.
- **Reporting**
 - Annual State of the Market Report was filed with FERC and published. Presentations were made to the OC, SPP senior staff, SPP Operations, MWG, SPP Board of Directors, and FERC staff.
 - MMU published regular Market Monitoring reports including the Monthly Metrics Reports, monthly MWG market updates, and weekly Price Event Reports for FERC.
 - Quarterly metrics reports to start in September pending Arkansas Corporation Commission filing. FERC staff has approved this change.
 - Ongoing Corporate Metrics development in addition to supporting various other corporate reporting functions.
- **Integrated Marketplace**
 - The BI/Reporting Workstream moved out of yellow status and back in to green. The data load components are on schedule but limited by complications in the implementation of selected production systems. MMU is on schedule for completing metrics requirements and data modeling. The reporting phase is progressing with several graphs and tables having been produced in the new reporting tool which completed the proof of concept stage.
 - The Mitigated Offer Development Guidelines were approved in a special session of the MWG on March 22, 2013. The MOPC also approved the Guidelines at the April MOPC meeting.
 - The Resource data collection system needed to develop a shadow calculation of all mitigated offer curves is behind schedule. The contract

has not been finalized, thus delaying start of the project. A manual backup process is currently under consideration.

- MMU continues to assist software testing efforts for the Integrated Marketplace. Two members of the MMU are assigned to mitigation testing.

- **Other Activities**

- Several members of the MMU attended the EISG Spring meetings. The meetings included a day of training for Market Monitors. One module of the training was presented by an SPP staff member. SPP also presented during a panel about wind issues

Respectfully submitted,
Alan McQueen
Director, Market Monitoring and Analysis