

**Southwest Power Pool, Inc.**  
**CORPORATE GOVERNANCE COMMITTEE MEETING**

**September 25, 2015**

**Teleconference**

**• A G E N D A •**

9:00 a.m. – 10:30 a.m.

1. Call to Order and Administrative Items..... Jim Eckelberger
2. Straw Proposal Section 8.4 Bylaws ..... Carl Monroe
3. Discussion of Possible Expansion of the Strategic Planning Committee ..... Michael Desselle
4. Future Meetings

October or November – Possible meeting (MA Amendments, Assessments, Surveys)  
November 17, 2015 (Executive Session)      Kansas City, MO  
December 15-16, 2015 (Executive Session)      Dallas, TX  
February 26, 2016      TBD  
August 25, 2016      TBD

# Corporate Governance Committee

September 25, 2015

Carl A. Monroe



# MONTHLY ASSESSMENT CHARGES

# Monthly Assessment Charge

## Section 8.4 of the Bylaws:

- SPP will assess certain Members described herein on a monthly basis all costs not otherwise collected. Costs recovered under the assessment will include but are not limited to all operating costs, financing costs, debt repayment, and capital expenditures associated with the performance of SPP's functions as assigned by the Board of Directors.
- SPP shall determine the assessment rate based on its annual budgeted net expenditures divided by estimated annual Schedule 1 billing units for service sold under SPP's OATT and Member load eligible to take, but not taking, Network Integration Transmission Service under SPP's OATT.

# Monthly Assessment Charge

## Section 8.4 of the Bylaws

- Each load-serving Member shall then be assessed the monthly assessment rate applied to its load eligible to take Network Integration Transmission Service under the SPP OATT.
- Further, each load-serving Member shall receive a credit against the monthly assessment for that month's Schedule 1-A fees paid for Network Integration Transmission Service and for Point-to-Point Transmission Service that had a delivery point within the SPP region, under the SPP OATT.

# Monthly Assessment Calculation

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## Schedule 1A charges less than the Monthly Assessment

Monthly Assessment Amount	290,160
Credit for Network 1A Charges	-280,000
Credit for PTP 1A Charges	-1,000
<b>Monthly Assessment Charge</b>	<b>\$9,160</b>

# Monthly Assessment Calculation

- **March 2015- SPP reviewed Bylaws Section 8.4 and determined that SPP was not following the Bylaws by issuing credits for Schedule 1-A in excess of the monthly assessment amounts.**
- **SPP resettled for the one year period permitted under Section 7.1 of the SPP Tariff to reverse the credits applied in excess of the monthly assessment amounts.**

# Monthly Assessment Calculation

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## Schedule 1A charges in excess of the Monthly Assessment (previous methodology)

Monthly Assessment Amount	290,160
Credit for Network 1A Charges	-290,160
Credit for PTP 1A Charges	-1,000
<b>Monthly Assessment Charge</b>	<b>-\$1,000</b>

- SPP issued credits for the full amount of 1A charges paid which resulted in some Members receiving a credit for the monthly assessment amount



# Monthly Assessment Calculation

## Schedule 1A charges in excess of the Monthly Assessment (Revised Calculation Methodology)

Monthly Assessment Amount	290,160
Credit for Network 1A Charges	-290,160
Credit for PTP 1A Charges	-1,000
<b>Monthly Assessment Charge</b>	<b>\$0</b>

- SPP issues credits up to the amount of the monthly assessment amount

# Impact

<b>Member</b>	<b>Total (February 2014 - May 2015)</b>
KCPS	-\$898,357.25
NPPM	-\$253,545.28
WRGS	-\$147,311.36
KMEA	-\$123,204.76
OMPA	-\$99,562.03
SPRM	-\$31,051.00
MIDW	-\$8,273.08
KEPC	-\$5,996.61
SEPC	-\$4,146.09
WFES	-\$3,388.22
UCU	-\$1,663.99
EDE	-\$100.77
MKEC	-\$12.71
OGE	-\$0.02
LESM	-\$0.01

# Proposed Change to Monthly Assessment

- **Monthly Assessment shall only be assessed to SPP Members for the portion of their Member load eligible to take service not taking SPP Network or PTP service under the SPP Tariff**
- **SPP Members taking SPP Network or PTP service to serve their full Member load eligible to take service under the SPP Tariff shall pay the Schedule 1A charges assessed through the transmission service invoice, and not any Monthly Assessment.**

#### 8.4 Monthly Assessments

SPP will assess certain Members described herein on a monthly basis all costs not otherwise collected. Costs recovered under the assessment will include but are not limited to all operating costs, financing costs, debt repayment, and capital expenditures associated with the performance of SPP's functions as assigned by the Board of Directors. Significant among these are costs associated with regional reliability coordination and the provision of transmission service. SPP shall determine the assessment rate based on its annual budgeted net expenditures divided by estimated annual Schedule 1 billing units for service sold under SPP's OATT and Member load eligible to take, but not taking, Network Integration Transmission Service under SPP's OATT. The Board of Directors may review the assumptions used in determining the assessment rate at any time and may adjust the assessment rate appropriately should conditions warrant. The monthly assessment shall be assessed on each Member for the portion of their Member load eligible for service but not currently taking Network Integration Transmission Service or Point-to-Point Transmission Service under the SPP OATT.

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**Deleted:** load-serving

**Deleted:** shall then be assessed the monthly assessment rate applied to its load eligible to take Network Integration Transmission Service under the SPP OATT. Further, each load-serving Member shall receive a credit against the monthly assessment for that month's Schedule 1-A fees paid for Network Integration Transmission Service and for Point-to-Point Transmission Service that had a delivery point within the SPP region, under the SPP OATT.

Deggendorf, Michael	Kansas City Power & Light Company	Investor Owned (TO)
Evans, Les	Kansas Electric Power Cooperative	Cooperative (TU)
Florum, Dennis	Lincoln Electric System	Municipal (TU)
Grant, Bill	Xcel Energy	Investor Owned (TO)
Janssen, Rob	Dogwood	Independent Power Producer (TU)
Langthorn, Jake	Oklahoma Gas and Electric Company	Investor Owned (TO)
McCellon-Allen, Venita	American Electric Power	Investor Owned (TO)
Wise, Michael	Golden Spread Electric Cooperative	Cooperative (TU)
Desselle, Michael	Southwest Power Pool	-
Bernard, Phyllis	Director	-
Eckelberger, Jim	Director	-
Skilton, Harry	Director	-

## **6.2 Strategic Planning Committee**

The Strategic Planning Committee (SPC) is responsible for the development and recommendation of strategic direction for the company in accordance with its scope as approved by the Board of Directors.

The SPC shall be comprised of eleven members. Three representatives shall be from the Board of Directors; four representatives from the Transmission Owning Member sector as nominated by the Corporate Governance Committee; and four representatives from the Transmission Using Member sector as nominated by the Corporate Governance Committee.

The Board of Directors shall appoint the representatives of the SPC. Each representative of the SPC shall continue to be a representative thereof until the Board of Directors appoints his/her successor. Where a vacancy occurs, the Corporate Governance Committee will fill the vacancy on an interim basis until the next meeting of the Board of Directors.

The SPC shall meet at least twice per calendar year, and additionally as needed, provided that a quorum, as defined in these Bylaws, is present. The SPC shall report to the Board of Directors following each SPC meeting with respect to its activities and with such recommendations, as the SPC deems necessary.