



**Southwest Power Pool
COMPLIANCE COMMITTEE MEETING**

January 23, 2006

Teleconference

• M I N U T E S •

Agenda Item 1 – Administrative Items

SPP Chair Josh Martin called the meeting to order at 3:00 p.m. The following members were in attendance: Josh Martin (Director), Phyllis Bernard (Director), and Quentin Jackson (Director). Staff in attendance included Stacy Duckett.

Agenda Item 2 – Boston Pacific Contract

Stacy Duckett presented the proposed Boston Pacific contract and discussed the development process (Redacted Boston Pacific Contract – Attachment). The committee directed Stacy to: 1) discuss the addition of a mediation or arbitration clause in Section 20 of the contract; and 2) to revisit insurance coverage, particularly professional liability (errors & omissions) in Section 10.4. With these revisions, the contract is approved.

Agenda Item 3 – SPP/NERC Meetings

SPP will host a NERC Compliance Program Workshop on March 13-14 in Tulsa. Phyllis Bernard will attend on behalf of the committee. The NERC Board of Trustees Compliance Committee will meet March 15 in Mesa, Arizona. SPP is presenting a report at that meeting. Phyllis Bernard will attend on behalf of the committee.

With no further business, Josh Martin thanked everyone for participating and adjourned the meeting at 3:30 p.m.

Respectfully Submitted,

Stacy Duckett
Secretary

ATTACHMENT AJ

**ATTACHMENT AJ
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ATTACHMENT AJ
EXTERNAL MARKET MONITOR (EMM)
SERVICES AGREEMENT

Pursuant to Section 3.1 of Attachment AG, SPP may delegate certain responsibilities pursuant to a contract with an External Market Monitor. Any such effective contract or contracts shall be included in this Attachment AJ.

Attachment AJ-1
Contract with External Market Monitor

EXTERNAL MARKET MONITOR SERVICES AGREEMENT

This External Market Monitor Services Agreement (“Agreement”) is made by and between Southwest Power Pool, Inc. (“SPP”), an Arkansas corporation, and Boston Pacific Company, Inc. (the “EMM”), a District of Columbia corporation. (SPP and the EMM shall be referred to individually herein as a “Party” and collectively as the “Parties.”) All references in this Agreement (including any exhibits or attachments) to the SPP Board of Directors here includes any committees or persons to which or whom the Board of Directors has assigned certain responsibilities. Capitalized terms here refer to terms defined in the Tariff (including revisions proposed as part of the energy imbalance tariff proposal, though after Commission action the definitions shall be as accepted by the Commission) or as otherwise defined in this Agreement.

1. Engagement of Services. SPP hereby retains the EMM to assume the responsibilities listed in Exhibit A and to perform the individual tasks (“Tasks”) identified in Exhibit B attached hereto. The aggregation of all Tasks shall be identified herein as the “Services.” The Services may be modified from time to time upon mutual agreement of the Parties. If such modifications necessitate an increase or decrease in either (a) the amount due or (b) the time required for performance, such matters shall be agreed upon in writing prior to proceeding with the change. No payment shall be made by SPP for any modification not so directed or authorized prior to proceeding with the modification.
2. Compensation. SPP shall pay the EMM for the Services as identified in Exhibit C attached hereto. SPP shall also pay the EMM’s reasonable expenses in accordance with the procedures identified in Exhibit C. SPP reserves the right to audit and to examine any cost, payment, settlement or supporting documentation resulting from the provision of any Services. Any such audit(s) shall be undertaken by SPP or its representative from a certified public accounting firm at reasonable times and in conformance with generally accepted auditing standards. The EMM agrees to fully cooperate with any such audit(s).
3. Monthly Charges. The total monthly charges for Services and expenses shall be referred to herein as the Monthly Charges. The EMM shall submit an invoice on a monthly basis for the Monthly Charges and SPP shall pay the EMM as described in Exhibit C for all undisputed amounts, provided that the EMM provides documents with reasonable receipts or other documentation of expenses as SPP might request, including copies of time records. If SPP disputes any amount of the Monthly Charges, then SPP shall identify in writing the reason for challenging such portion of the Monthly Charges, and the Parties shall attempt to resolve such dispute.
4. Limitation on Monthly Charges. Limitations on Monthly Charges are described in Exhibit C.

5. Independent Contractor Relationship. The EMM's relationship with SPP is that of an independent contractor, and nothing in this Agreement is intended to, or should be construed to, create a partnership, agency, joint venture or employment relationship; provided, however, the EMM is to act consistent with the terms of this contract which make it subject to oversight by SPP's Board of Directors and which requires coordination with the SPP Market Monitor. The EMM shall not be entitled to any of the benefits which SPP may make available to its employees, including, but not limited to, group health or life insurance, profit sharing or retirement benefits. The EMM is not authorized to make any representation, contract or commitment on behalf of SPP unless specifically requested or authorized in writing to do so by SPP. The EMM is solely responsible for, and shall file, on a timely basis, all tax returns and payments required to be filed with, or made to, any federal, state or local tax authority with respect to the performance of services and receipt of fees under this Agreement. The EMM is solely responsible for, and must maintain adequate records of, expenses incurred in the course of performing services under this Agreement. No part of the EMM's compensation shall be subject to withholding by SPP for the payment of any social security, federal, state or any other employee payroll taxes. SPP shall have no responsibility for any of the EMM's debts, liabilities or other obligations, or for the intentional, reckless or negligent acts or omissions of the EMM or EMM's employees or agents.

6. Ownership of Intellectual Property.

6.1 Any idea, invention, work of authorship, drawing, design, formula, algorithm, utility, tool, pattern, compilation, program, device, method, technique, process, improvement, development or discovery (hereinafter, collectively, "Inventions"), whether or not patentable, or copyrightable, or entitled to legal protection as a trade secret or otherwise, that the EMM may conceive, make, develop, create, reduce to practice, in the course of performing work under this Agreement shall be owned by the EMM. The EMM hereby grants to SPP an irrevocable, assignable, nonexclusive royalty-free unrestricted license to use, copy, distribute and make derivatives of any proprietary rights or specialized knowledge of the EMM that are part of any work product furnished by the EMM to SPP under this Agreement for SPP's and its affiliates', members', and regulators' internal use.

6.2 All documents, including but not limited to, drawings, specifications, and computer software prepared by the EMM pursuant to this Agreement are instruments of service in respect to the Services. They are not intended or represented to be suitable for reuse by SPP or others on extensions of the Services or on any other project. Any reuse without prior written verification or adaptation by the EMM for the specific purpose intended will be at SPP's sole risk and without liability or legal exposure to the EMM. SPP shall defend, indemnify, and hold harmless the EMM against all claims, losses, damages, injuries, and expenses, including attorneys' fees arising out of or resulting from such reuse.

Any verification or adaptation of documents will entitle the EMM to additional compensation at rates to be agreed upon by SPP and the EMM.

7. Intellectual Property Rights. The EMM expressly warrants that there has been no violation, misappropriation or infringement of any trade secret, patent, trademark, copyright, or other third party property right (including without limitation, any violation of a third party license) in any way connected with or arising out of performing the work specified in this Agreement.
8. Confidential and Non-Public Information. The EMM agrees to hold SPP's and Market Participants Confidential and Non-Public Information in strict confidence and not to disclose such Confidential and Non-Public Information to any third parties, or to use such Confidential and Non-Public Information, except for purposes relating to the EMM's responsibilities as SPP's EMM. The EMM shall comply with the provisions of Section 7 of Attachment AE of the SPP Tariff (both as proposed by SPP and once accepted by the Commission, with the accepted version) with regard to the use and disclosure of such Confidential and Non-Public Information. Upon termination of this Agreement by either party for any reason, the EMM agrees to promptly deliver to SPP the original and any copies of the Confidential and Non-Public Information. The EMM agrees to certify in writing that the EMM has so returned all such Confidential and Non-Public Information.
9. Conflicts of Interest. The EMM warrants that there is no conflict of interest (as defined in the terms of Exhibit D) between the EMM's other agreements, if any, and the activities to be performed hereunder. The EMM shall advise SPP if a potential conflict of interest arises, as required by Exhibit D.
10. Insurance. Before commencing the work, the EMM shall procure and maintain at its own expense the following minimum insurance in forms and with insurance companies acceptable to SPP:

10.1 Workers' Compensation insurance for statutory obligations imposed by Workers Compensation, Occupational Disease, or other similar laws, including, where applicable, the United States Longshore and Harbor Workers' Act, the Federal Employees Act, and the Jones Act. Employers' liability insurance shall be provided with a minimum umbrella limit of \$1,000,000 per occurrence.

10.2 Business automobile liability insurance with the following minimum limit of liability:

\$1,000,000 combined single limit per occurrence.

This insurance is to apply to all owned, non-owned, hired, and leased vehicles used by the EMM in the performance of the work.

10.3 Business general liability insurance including contractual liability insurance covering all operations required to complete the project with the following minimum limit of liability:

\$1,000,000 combined single limit per occurrence.

The contractual liability insurance coverage shall insure the performance of the contractual obligations assumed by the EMM under this Agreement.

The commercial general liability insurance coverage shall name SPP as an additional insured and shall include a cross liability clause.

10.4 Professional liability (errors & omissions) insurance, where applicable, covering the professional services being delivered by the EMM with the following minimum limit of liability:

\$1,000,000 per wrongful act.

11. Term and Termination. The term of this Agreement shall be from January 1, 2006 through December 31, 2006. The Parties recognize that the SPP Board of Directors before the end of this term will determine whether to extend, revise, or not renew this contract. In addition, the Board of Directors may initiate termination of this Agreement, with or without cause, at any time upon thirty (30) days prior written notice to the EMM. The EMM may terminate this Agreement, with or without cause, at any time upon sixty (60) days prior written notice to SPP. Upon termination of this Agreement, SPP shall pay the EMM's wind down costs, and the EMM shall use best efforts to minimize all additional charges to SPP as needed to wind down the Services. SPP shall be responsible for submitting all filings necessary to reflect this termination.
12. Noninterference with Business. For a period of two years immediately following the conclusion of the EMM's work hereunder, the EMM agrees not to solicit or induce any employee or independent contractor of SPP to terminate or breach an employment, contractual or other relationship with SPP. SPP agrees to the same terms regarding employees of and subcontractors to the EMM.
13. Survival. The rights and obligations contained in Sections 2 ("Compensation"), 6 ("Ownership of Intellectual Property"), 7 ("Intellectual Property Rights"), 8 ("Confidential Information"), 11 ("Term and Termination"), 13 ("Noninterference with Business"), 10 ("Insurance to the extent of wind down activities"), and 22 ("Liability and Indemnification") shall survive any termination or expiration of this Agreement.
14. Successors and Assigns. The EMM may not subcontract or otherwise delegate its obligations under this Agreement, without SPP's prior written consent, except it is acknowledged that such approval is provided herein for the EMM's named subcontractors in Exhibit B. Subject to the foregoing, this Agreement shall be for

the benefit of SPP's successors and assigns, and shall be binding on the EMM's assignees.

15. Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to as set forth below or such other address as either party may specify in writing.

If to SPP:

Southwest Power Pool, Inc.
415 North McKinley
140 Plaza West
Little Rock, AR 72205
Attn: Ms. Stacy Duckett
Phone: (501) 614-3296
Fax: (501) 664-9553
Email: sduckett@spp.org

If to the EMM:

Boston Pacific Company, Inc.
1100 New York Avenue, NW
Suite 490 East
Washington, DC 20005
Attn: Mr. Craig R. Roach
Phone: (202) 296-5520
Fax: (202) 296-5531
Email: croach@bostonpacific.com

16. Governing Law. This Agreement shall be governed in all respects by the laws of the United States of America and by the laws of the State of Arkansas.
17. Severability. Should any provisions of this Agreement be held by a court of law to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.
18. Waiver. The waiver by SPP of a breach of any provision of this Agreement by the EMM shall not operate or be construed as a waiver of any other or subsequent breach by the EMM.
19. Injunctive Relief for Breach. The EMM's obligations under this Agreement are of a unique character that gives them particular value; breach of any of such

obligations shall result in irreparable and continuing damage to SPP for which there shall be no adequate remedy at law; and, in the event of such breach, SPP shall be entitled to injunctive relief and/or a decree for specific performance, and such other and further relief as may be proper (including monetary damages if appropriate).

20. Disputes. In the event of any litigation to enforce or interpret any terms or conditions of this Agreement, the parties agree that such action will be brought in the Circuit Court of Pulaski County, Arkansas (or, if the federal courts have exclusive jurisdiction over the subject matter of the dispute, in the U.S. District Court for the District of Columbia), and the parties hereby submit to the exclusive jurisdiction of said court. In any action in litigation to enforce or interpret any of the terms or conditions of this Agreement, the prevailing party shall be entitled to recover from the unsuccessful party all costs, expenses (including expert testimony) and reasonable attorneys' fees incurred therein by the prevailing party. In no event shall the litigation of any controversy or the settlement thereof delay the performance of this Agreement.
21. Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to this subject matter and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The terms of this Agreement shall govern the Services undertaken by the EMM for SPP. While this Agreement presently constitutes the entire relationship between the parties, the provisions of any subsequent market monitoring plan that obtains FERC approval are to be given deference in the case of a conflict with this Agreement. This Agreement may only be changed by mutual agreement of authorized representatives of the parties in writing. Licensing, Intellectual Property Rights and Ownership, and other issues specific to the hardware and software to be produced under a supplemental scope of work will be addressed at the time of such supplemental scope of work.
22. Liability and Indemnification. The EMM shall not be liable to SPP for any matter, act or omission under this Agreement, including, but not limited to financial loss or damages of any kind resulting from any act or omission under this Agreement, unless the EMM is found to have been grossly negligent or engaged in willful misconduct by a court of competent jurisdiction.

SPP shall indemnify and hold harmless the EMM from any and all actions, claims, demands, costs and liabilities to third parties relating to the implementation of this Agreement, except to the extent that such action, claim, demand, cost or liability results from the gross negligence or willful misconduct of the EMM.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Southwest Power Pool, Inc.

Boston Pacific Company, Inc.

By: _____

By: _____

Name: Nick Brown

Name: Craig R. Roach

Title: President

Title: President

Date: January __, 2006

Date: January __, 2006

EXHIBIT A RESPONSIBILITIES, RIGHTS, AND OBLIGATIONS

Under Section 3.1 of Attachment AG, the Market Monitor which is the SPP entity with market monitoring responsibilities has the full responsibility for market monitoring under this Tariff. However, SPP may delegate some of those responsibilities by contract to an External Market Monitor (EMM). The following explains that delegation as well as certain other rights and obligations.

DELEGATION OF RESPONSIBILITIES

The general theme of the delegation of responsibilities is that the EMM focuses on design and periodic monitoring. The following sets out the tasks delegated to the EMM. All other market monitoring functions will be provided by the SPP Market Monitor.

EMM Responsibilities

1. Proposing to the SPP Board of Directors and designing Market Power Mitigation Measures and Market Monitoring Plan.
2. At the request of SPP, supporting SPP in obtaining Commission approvals including the preparation of testimony and participation in conferences. In that support role, the EMM shall work under the supervision or direction of the Board of Directors or its designate.
3. Recommending to the SPP Board of Directors updates to Mitigation Measures and the Monitoring Plan.
4. Conducting periodic monitoring (to identify and assess trends in market behavior).
5. Produce (a) an Annual State of the Market Report, (b) Quarterly and Annual Metrics Reports for Inter-RTO Comparison and (c) Quarterly Reports on Instances of Market Power and provide such reports to entities as required by the Tariff.
6. Review SPP's Market Design and recommend changes to the SPP Board of Directors as necessary.
7. Produce an Annual Review of the Market Monitor for the SPP Board of Directors.
8. As directed by the Board of Directors, responding to requests for information and reports as requested by the Commission, a Market Participant, or Interested Government Agency.

9. As directed by the Board of Directors, responding to inquiries as requested by the Commission, a Market Participant, or Interested Government Agency.
10. Attend SPP meetings as requested by the SPP Board of Directors or Market Monitor.
11. Aid the SPP Market Monitor in other tasks mutually agreed to by the EMM and the Market Monitor.
12. Advise the SPP Board of Directors as requested by the Board of Directors.

RIGHTS AND OBLIGATIONS

1. The EMM shall be retained by and report to the SPP Board of Directors. All EMM activities must be communicated to and approved by the Board of Directors in a manner defined by the Board of Directors. The independence of the EMM is derived from the independence of the Board of Directors.
2. The EMM shall coordinate its activities with the Market Monitor including all communications with FERC Staff, state regulators, the Commission, and the RSC, and shall notify the Market Monitor of those communications prior to their taking place to the extent feasible. The EMM shall seek the advice of the Market Monitor where appropriate.
3. The EMM recognizes that it is a contractor of SPP and has a good faith duty to carry out the terms of this contract. SPP has a good faith duty to carry out the terms of this contract.
4. The EMM will submit draft reports to SPP for review prior to publication and give full consideration to SPP feedback on such drafts. However, SPP may not screen, alter, delete or delay the EMM's findings, conclusions and recommendations.
5. Any Market Participant or Interested Government Agency may raise any issue with the Market Monitor and request that the EMM consider the issue in its monitoring and reporting. With the permission of the Board of Directors and in coordination with the Market Monitor, the EMM may include this issue in its monitoring or reporting if it determines it is appropriate to do so.
6. As a general principle, the EMM may obtain input from the Market Monitor, Market Working Group, FERC Staff, SPP Staff, SPP Regional State Committee, and any other SPP Organizational Group for the purpose of executing its duties so long as it coordinates with the Market Monitor as provided in this Agreement.

7. The EMM shall coordinate its reporting discussed above with the Market Monitor before submitting those reports. If the Market Monitor disagrees with the EMM, the EMM shall note that disagreement in the report.
8. The SPP Market Monitor shall coordinate its activities with the EMM including all communications with FERC Staff, state regulators, the Commission, and the RSC, and shall notify the EMM of those communications prior to their taking place to the extent feasible. The SPP Market Monitor shall seek the advice of the EMM where appropriate.
9. The EMM shall abide by the conflicts of interest and code of ethics policies contained in its EMM Services Agreement with SPP, which shall be appropriate for establishing the professional and financial independence of the EMM from all Market Participants.
10. The EMM will assure that any of its subcontractors abide by the conflicts of interest and code of ethics policies contained in its EMM Services Agreement with SPP.
11. The EMM shall have access to all Data and Information gathered or generated by SPP in the course of its operations to the extent relevant to its tasks assigned by this Agreement.
12. SPP shall aid the EMM in obtaining the data relevant to its tasks from Market Participants as provided in the Tariff.
13. The EMM may at any time bring any matter to the attention of the Board of Directors, subject to any coordination required above.

SUBCONTRACTORS

The EMM's approved subcontractors are Professor Ross Baldick and Appian Corp.

EXHIBIT B STATEMENT OF WORK

TIME PERIOD COVERED BY THE STATEMENT OF WORK

This Statement of Work covers the period from January 1, 2006 through December 31, 2006. The purpose of the Statement of Work is to provide more detail on the focus and prioritization of the EMM's work in 2006. The Statement of Work presumes the EIS Market comes on line as scheduled on May 1, 2006.

STATEMENT OF WORK

Work pursuant to these tasks will be performed at the direction and approval of the SPP Board of Directors and in coordination with the SPP Market Monitor. For purposes of Exhibit B, the term Board of Directors is synonymous with Compliance Committee of the Board of Directors. To the extent of a conflict between this Exhibit B and Exhibit A, Exhibit A shall control.

Task 1: Proposing and designing the Market Power Mitigation Plan and the Market Monitoring Plan and supporting SPP in obtaining FERC approval.

The EMM will assist SPP in obtaining final FERC approval for the Market Power Mitigation Plan and the Market Monitoring Plan submitted as part of SPP's EIS Market filing, by preparing testimony and, as requested, communicating with or responding to FERC in other ways. For budgeting, it is assumed that FERC asks for only limited clarification on issues related to market power mitigation and monitoring.

Task 2: Recommend updates to the Market Power Mitigation Plan and the Market Monitoring Plan.

The EMM will study and propose refinements to the Market Power Mitigation Plan and the Market Monitoring Plan. Upon approval of the Board of Directors or its designate, the EMM will make and support Protocol Revision Requests (PRR) at MWG and at MOPC or before other SPP Organizational Groups. As requested, the EMM will prepare testimony to support SPP filings at FERC.

Task 3: Conducting Periodic Monitoring.

The EMM will conduct periodic assessments for the purpose of identifying trends in market behavior. The focus will be periodic studies of issues including: abuse of portfolio bidding; coverage of scheduling penalties; effect of a voluntary market for sellers and a mandatory market for buyers; economic transmission withholding; physical transmission withholding; and unavailability of facilities. This periodic monitoring will primarily involve longer term (no less than a full

quarter) quantitative assessment using the necessary data, which is to be provided by SPP.

Task 4: Produce Reports

The EMM will prepare the *2005 Annual State of the Market Report*.

When the EIS Market starts, Quarterly and Annual Metrics Reports for Inter-RTO Comparisons will be prepared. If possible, the EMM's role will be limited to reviewing drafts of these reports prepared by the Market Monitor before they are sent out in final form. In the event the EMM is directed to prepare a Report, the EMM will ask for substantial support from the Market Monitor.

The EMM will prepare Quarterly Reports on Instances of Market Power.

Task 5: Review SPP's market design and recommend changes as necessary.

Unless otherwise directed by the Board of Directors, the EMM will participate in MWG meetings (in person or by phone) with the goal of reviewing SPP's current and emerging market design for market power concerns. Participation includes, as appropriate, attending the meetings and submitting commentary or PRRs. MWG consideration of refinements in Task 2 also is included.

Task 6: Produce an Annual Review of the Market Monitor for the Board of Directors.

The EMM will produce an Annual Review of the Market Monitor for the Board of Directors. An explicit methodology will be developed and approved by the Board of Directors prior to the Review, including: (a) metrics to be used, (b) documentation to be required, (c) staffing assessment, (d) opportunity for response from the Market Monitor, and (e) report results to SPP senior management and the Board of Directors.

Task 7: Advise the SPP Board of Directors.

The EMM will attend (in person or by phone) all meetings of the Compliance Committee and of the Board of Directors unless otherwise directed by the Board of Directors. The EMM will advise the Board of Directors on any issue as requested.

Task 8: Respond to Requests for Reviews of Market Activity

Any Market Participant or Interested Government Agency may raise any issue with the Market Monitor and request in writing that the EMM consider the issue in its monitoring and reporting. The EMM may include this issue in its monitoring or reporting if it determines it is appropriate to do so. The EMM should not monitor or report on any complaint pertaining to issues not related to SPP's Markets and Services or activities not monitored and overseen by the EMM.

Within this context, (a) if the Market Participant or Interested Government Agency states its preference in writing that the EMM consider the issue in its monitoring and reporting or (b) if the Market Monitor states such a preference, then the EMM will respond unless otherwise directed by the Board of Directors. All of the EMM’s responses will be coordinated with the Market Monitor as required above.

PRIORITIZATION OF TASKS

Table B-1 is provided to indicate the expected prioritization of the Tasks. Specifically, it lists the percentage of the budget cap expected to be spent on each Task, listed from highest to lowest.

**TABLE B-1
 PRIORITIZATION OF TASKS**

Task	Abbreviated Task Title	Approximate % Allocation Of Budget Cap
4	Produce Reports	%
3	Periodic Monitoring	%
5	Review Market Design	%
8	Reviews (Inquiries)	%
7	Advise Board	%
1	Final FERC Approval	%
6	Market Monitor Review	%
2	Mitigation Updates	%
	Total	100%

**EXHIBIT C
COMPENSATION**

COMPENSATION AND PAYMENT

SPP shall compensate the EMM for an amount not to exceed \$[REDACTED] in 2006 for the tasks described in the Statement of Work. Additional compensation above the \$[REDACTED] may be requested from and must be approved by the SPP Board of Directors.

Reimbursement of Direct Expenses

SPP shall reimburse the EMM for direct expenses (relating to tasks in the Statement of Work) such as travel and communication for a total amount not to exceed [REDACTED]% of the total budget which includes \$[REDACTED] plus other compensation approved by the SPP Board of Directors.

Direct expenses will be billed at cost as incurred.

Project Billing Period

The EMM shall prepare monthly invoices for work performed in the prior month based on the EMM’s standard hourly rates. Invoices unpaid for 90 days will include a [REDACTED]% per month interest charge for all time after 30 days.

The EMM’s standard hourly rates are as follows for 2006:

Labor Category	Hourly Rate
Principal	\$[REDACTED]
Managing Director	\$[REDACTED]
Project Director	\$[REDACTED]
Project Manager	\$[REDACTED]
Senior Consultant	\$[REDACTED]
Consultant	\$[REDACTED]
Research Assistant	\$[REDACTED]
Administrative	\$[REDACTED]

Project Billing Controls

The EMM shall establish project billing codes for each task set forth in this Statement of Work such that costs per task can be tracked.

Expanded SPP Membership

The budget caps herein presume the current SPP membership. If the SPP membership and/or the types of membership change significantly, the parties will negotiate appropriate revisions to the budget caps.

EXHIBIT D CONFLICTS OF INTEREST

CONFLICTS OF INTEREST

Prohibited Engagements

The EMM shall not advise any client on SPP matters including, but not limited to, SPP's market(s), transmission system, or market rules, and shall not be engaged by any client in any litigation, open regulatory docket, alternative dispute resolution procedure, or arbitration with SPP.

The EMM will not appear for or against a SPP Member before a state regulatory commission within the SPP footprint in any new engagement in the electricity business (after the date of signature) except as required by its role as the SPP EMM or as requested by the state regulatory commission. [The term "footprint" refers to the area covered by the transmission system for which SPP is the transmission provider.]

The EMM will not appear for or against a SPP Member before the Federal Energy Regulatory Commission (FERC) on any matter within the SPP footprint in any new engagement in the electricity business (after the date of signature) except as required by its role as the SPP EMM or as requested by FERC.

Engagements to Clear

Before the EMM accepts any engagement that involves clients with SPP-related business interests or clients with business interests in markets inextricably connected to SPP, it must inform the SPP Board of Directors of such potential engagement and obtain the Board's determination that such engagement would not present a conflict of interest or result in the material appearance of conflict before accepting such engagement.

No Direct Financial Interests

Persons of the EMM assisting in this Statement of Work shall not have a direct equity or other financial interest in a SPP Member(s) or affiliate of a SPP Member that is involved in the electricity business. (The term "direct" is meant to exclude investments such as mutual funds in which a person has no direct control.)

Code of Ethics

All employees of the EMM and its subcontractors (retained for the purpose of fulfilling this agreement) will sign the attached Code of Ethics. (Please see Attachment D-One)

**ATTACHMENT D- ONE
CODE OF ETHICS
FOR THE SPP EMM ENGAGEMENT**

It is understood that credibility is crucial to the success of any independent market monitor (EMM) and that, to be credible, the EMM must be impartial in its investigations, findings, and recommendations. That is, the EMM must not favor one SPP Member over another or be influenced improperly by any SPP Member. The purpose of this code of ethics is to reinforce the commitment to impartiality. Therefore, while an employee of (or subcontractor for) Boston Pacific Company, Inc, I will adhere to the following standards:

1. I will abide by all provisions of the SPP EMM Services Agreement and this Code of Ethics throughout the term of the SPP EMM Services Agreement;
2. I will not advise anyone about whether or how to participate in any SPP market(s) for energy, capacity, or ancillary services or on whether and how to secure transmission service within the SPP footprint, other than as required in my role as the SPP EMM;
3. I will not work on any engagement related to the electricity business within the SPP footprint without the approval of the SPP Board of Directors or its delegate;
4. I will not appear for or against a SPP Member before a state regulatory commission within the SPP footprint in any new engagement in the electricity business except as required by my role as the SPP EMM or as requested by the state regulatory commission;
5. I will not appear for or against a SPP Member before the Federal Energy Regulatory Commission (FERC) on any matter within the SPP footprint in any new engagement in the electricity business except as required by my role as the SPP EMM or as requested by the FERC;
6. I will be impartial in my evaluation of the conduct of each SPP Member and each market rule. That is, I will weigh all points of view and all available evidence when coming to a decision, and will not show preferential treatment to any one SPP Member over another in any work done as the SPP EMM;
7. I will not willfully divulge to any unauthorized person any confidential information obtained in my work as the SPP EMM;
8. I will not allow any engagement or personal and/or professional relationship to impair my impartiality as the SPP EMM;
9. Any engagement with a SPP Member outside the SPP footprint will be done at my firm's standard rates and terms; and

10. I will not hold a direct financial interest in any SPP Member or affiliate of a SPP Member that is involved in the electricity business.

Acknowledged and Agreed:

Employee Name (or Subcontractor)

Date