



Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE MEETING

March 7, 2006
Teleconference

• A G E N D A •

3:30 p.m. central

1. Call to Order and Administrative Items Nick Brown
2. Administrative Duties Nick Brown
 - a. Criteria for Directors
 - b. Composition of the Board
 - c. Governance Approach
3. Annual Self-assessment Stacy Duckett
4. Vacancies Nick Brown
 - a. Members Committee
 - b. Finance Committee
5. Expiring Terms..... Stacy Duckett
 - a. Board of Directors
 - b. Members Committee
6. Future Meetings..... Nick Brown

**Southwest Power Pool
CORPORATE GOVERNANCE COMMITTEE MEETING
April 26, 2005
Crowne Plaza Austin – Austin, TX**

• M I N U T E S •

Agenda Item 1 – Administrative Items

SPP Chair Nick Brown called the meeting to order at 2:20 p.m. The following members were in attendance or represented by proxy: Nick Brown (SPP); Jim Eckelberger (Director); Kevin Easley (GRDA); Mel Perkins (OG+E); Jim Stanton (Calpine). Also in attendance: Michael Desselle (AEP); Quentin Jackson, Phyllis Bernard, Harry Skilton and Josh Martin (Directors). Staff in attendance: Stacy Duckett and Carl Monroe.

Mr. Brown referred to draft minutes for the April 9, 2004; January 17, 2005; March 18, 2005; and April 8, 2005 meetings and asked for corrections or a motion for approval (4/9/04, 1/17/05, 3/18/05 and 4/8/05 Minutes – Attachment 1). Mr. Perkins moved that the minutes be approved as presented. Mr. Eckelberger seconded the motion, which passed unanimously.

Agenda Item 2 – Board of Directors

Expectations of the Board of Directors in a Member-Driven Organization: Mr. Eckelberger noted issues that previously arose around the Board of Directors voting differently from the Members Committee at the October meeting. He requested input from members present as to their expectations of the Board of Directors as it acts independently, but also in support of the membership. Following discussion, it was determined that this topic be further discussed at a future meeting.

Annual Review of Effectiveness: Nick Brown reviewed results of the evaluation survey (Directors Evaluation – Attachment 2). Results will be provided to the Board at their July meeting. The group was also asked to consider how results might contribute to strategic planning.

Voting/Secret Ballot: Nick Brown agreed to re-visit this issue but feels no need to change at this time.

Compensation: Nick Brown provided background on results of the Board of Directors compensation survey (Directors Compensation – Attachment 3). Southwest Power Pool is competitive with other ISO/RTOs in total compensation but allocates it differently between the annual retainer fee and meeting fees. There was also discussion as to whether Directors should be compensated for attending committee/working group meetings of which they are not a member but requested to participate on behalf of SPP. The group concurred to maintain the current fee schedule, but add a structure for participation in unassigned committees/working groups and other meetings/events. The Staff is to develop a proposal for the committee's consideration. The group will also examine opportunities for training/education at the July meeting.

Term Expirations/2005: Stacy Duckett briefly discussed term expirations (Term Expirations/2005 – Attachment 4).

National Association of Corporate Directors Membership: It was recommended and decided that the entire Board of Directors join the National Association of Corporate Directors, and work with staff to develop plans for utilization of the training and resources offered (National Association of Corporate Directors – Attachment 5).

Nick Brown thanked everyone for participating and adjourned the meeting at 4:05 p.m.

Respectfully Submitted,

Stacy Duckett, Secretary



Southwest Power Pool
CORPORATE GOVERNANCE COMMITTEE MEETING
May 17, 2005
Kansas City Airport Marriott, Kansas City, MO

• M I N U T E S •

Agenda Item 1 – Administrative Items

SPP Chair Nick Brown called the meeting to order at 8:00 a.m. Other members in attendance or represented by proxy were: Jim Eckelberger (Director), Kevin Easley (GRDA), Mel Perkins (OG+E), Jim Stanton (Calpine), Dave Christiano (City of Springfield), and Steve Parr (KEPCo). Larry Klock (Russell Reynolds Associates) was also in attendance. SPP Staff included Stacy Duckett.

Agenda Item 2 – Board of Directors Candidate Interviews

The committee interviewed four previously selected candidates. Following the interviews, the committee discussed each candidate and ranked them. Kevin Easley moved and Steve Parr seconded a ranking of the candidates to be provided to Russell Reynolds Associates. The motion passed unanimously.

Agenda Item 3 – Board of Directors Compensation

The committee was asked to provide feedback to the Human Resources Committee regarding Director compensation based upon the results of the recent Towers Perrin Study. The committee discussed a recommendation to provide compensation for attendance at other/special meetings and events (Attachment 1). The recommendation was revised to include compensation of \$250 for participation by teleconference. Steve Parr moved and Kevin Easley seconded the revised recommendation. The motion passes unanimously.

Nick Brown thanked everyone for participating and adjourned the meeting at 1:15 p.m.

Respectfully Submitted,

Stacy Duckett, Secretary

Southwest Power Pool
CORPORATE GOVERNANCE COMMITTEE MEETING

January 23, 2006

Teleconference

• M I N U T E S •

Agenda Item 1 – Administrative Items

SPP Chair Nick Brown called the meeting to order at 11:00 a.m. Other members in attendance or represented by proxy were: Jim Eckelberger (Director), Kevin Easley (GRDA), Mel Perkins (OG+E), and Jim Stanton (Calpine). SPP Staff included Stacy Duckett.

Mr. Brown referred to draft minutes for the September 1, 2005 meeting and asked for corrections or a motion for approval (Minutes 9/1/05– Attachment 1). Mr. Perkins moved that the minutes be approved as presented. Mr. Stanton seconded the motion, which passed unanimously.

Agenda Item 2 – Board of Directors Evaluation

Nick Brown reviewed the BOD Evaluation process and its role in assessing organizational effectiveness (BOD Evaluations – Attachment 2). Also reviewed were some actions that have been taken to address some of the items that received lower ratings. Other action items were discussed. A Board of Directors training session is planned for the June 2006 meeting including having each type of member represented through presentation of history and issues being faced. Also under consideration is how or whether to conduct sector roundtables with the Board of Directors for the purpose of enhancing communication. The group will continue to consider ways to address the Board evaluation. Mel Perkins raised the question of whether the Regional State Committee process has been integrated into the SPP organizational process. SPP has focused on this through business processes rather than governance changes.

Agenda Item 3 – Officers 360 Evaluation Results

Nick Brown reviewed how the 360 evaluations have been implemented for the officer team (BOD 360 Evaluations – Attachment 3). SPP will implement a 360 evaluation process for all managerial staff going forward. Tools are being considered to implement this. Mr. Brown will keep the committee informed of any progress.

Agenda Item 4 – Current Vacancies

Stacy Duckett reviewed vacancies and the process for filling each as well as recommended nominees (Appointment of Committee Representation – Attachment 4). Jim Eckelberger moved and Mel Perkins seconded the approval of the recommendation as presented. The motion passed unanimously.

Nick Brown then presented a recommendation that a Director be appointed as the standing liaison to the MOPC to facilitate continuity, particularly given the complexity and number of issues that the group addresses. Larry Altenbaumer is interested in serving in this role. He is currently the only Director serving on only one committee and his background and skills would be beneficial. Discussion determined that two directors should also continue to participate on a rotating basis. Jim Eckelberger will review the current schedule and adjust as needed. Mr. Brown then discussed compensation, which may need to be adjusted. Compensation will be addressed at a later date.

Agenda Item 5 – 2006 Expirations

Stacy Duckett reviewed terms expiring at the end of 2006 (Term Expirations/2006 – Attachment 5). Nick Brown noted that if we replace Directors, we must engage a search firm and allow time for that process. Mr. Brown will contact committee members and others to assess their status.

Agenda Item 7 – Members Committee/Election Process

Stacy Duckett reviewed issues raised regarding the nominations process for the Members Committee (Election Process – Attachment 6). Nick Brown reviewed the Staff role in the process: 1) maintain a list/record of those interested in serving; and 2) if no one has expressed interest, soliciting/recommending nominees. Discussion followed regarding the Corporate Governance Committee role in this process. There may be an issue of communicating the process/roles better to assure awareness. It was the consensus to retain the current structure of sector voting for the Corporate Governance Committee representatives, and then the committee working as a whole to consider the Members Committee and other groups. The Staff will focus on the communication process.

Agenda Item 6 – SWPA Request for Vote

Stacy Duckett presented the Southwestern Power Administration (SWPA) request including the Strategic Planning Committee discussion (SWPA Request – Attachment 7). Nick Brown provided additional background. The group directed Staff to follow-up with SWPA regarding changes in the status given EPAAct provisions allowing federal agencies to join ISOs and RTOs. Staff will report back prior to any definitive action by the committee.

Agenda Item 8 – Other

Nick Brown discussed a memo from Harry Skilton regarding shifting valuation and financial reporting of SPP's pension and medical plan liability from the Human Resources Committee to the Finance Committee (Skilton Memo – Attachment 8). The chairs of each area are in concurrence as is Staff. Jim Eckelberger expressed disagreement. Mr. Brown will revisit the issue with the chairs and address it at a future meeting.

Future Meetings

TBA

Adjournment

Nick Brown thanked everyone for participating and adjourned the meeting at 12:20 p.m.

Respectfully Submitted,

Stacy Duckett, Secretary

SPP Organizational Group Self-Evaluation/Assessment
(2005)

GROUP NAME: Corporate Governance Committee

CHARTER/SCOPE UPDATE: Attached Charter/Scope has been reviewed: **Y - N**

MEMBER ROSTER/ATTENDANCE:

Member	Company	Sector	# Present	# Absent
Brown, Nick	Chairman	SPP	6	0
Eckelberger, Jim	Director	N/A	6	0
Christiano, David	City Utilities, Springfield, Missouri	Municipals	5	1
Easley, Kevin	Grand River Dam Authority	State Agencies	5	1
Parr, Steve	Kansas Electric Power Cooperative	Cooperatives	5	1
Perkins, Melvin	OG&E Electric Services	Investor-Owned	4	2
Stanton, James R.	Calpine Energy Services, L.P.	Independent Power Producer	5	1
Duckett, Stacy	Staff	SPP	6	0

AVERAGE OVERALL ATTENDANCE (INCLUDING NON-GROUP MEMBERS): 9

MEETINGS HELD TO DATE: **Live** 2 **Teleconference** 4

AVERAGE LENGTH OF MEETINGS: ?

NUMBER OF VOTES TAKEN: 8

***MEETING COST(S):** \$1,467.79

MAJOR ACCOMPLISHMENTS/ISSUES ADDRESSED BY THE GROUP:

- 1. Recommended that the IMM report to the Board of Directors through the Compliance Committee.**
- 2. Selected and recommended a candidate for a vacant director's position.**
- 3. Reviewed and recommended directors' compensation.**
- 4. Provided a slate of candidates to fill expired terms on both the Board of Directors and the Members Committee**
- 5. Directors evaluation**

MAJOR PENDING ISSUES BEFORE THE GROUP:

- 1. Continue to fill vacancies that occur on the Board of Directors and committees reporting to the Board**
- 2. Conduct annual Board evaluation**

* This includes the meeting facilities and meal costs for the working group and any related Task Forces. This does not include teleconferences, net conferences, or staff travel expenses.

**Corporate Governance Committee
March 7, 2006**

Reference Material for Agenda Items 2.a. and 2.c.

6.6 Corporate Governance Committee

To the extent that the membership allows, the Corporate Governance Committee (CGC) shall be comprised of nine members. One representative shall be the President of SPP who will serve as the Chair; the Chairman of the Board, unless his/her position is under consideration, in which case the Vice Chairman of the Board; one representative shall be representative of and selected by investor owned utilities Members; one representative shall be representative of and selected by co-operatives Members; one representative shall be representative of and selected by municipals Members; one representative shall be representative of and selected by independent power producers/marketers Members; one representative shall be representative of and selected by state/federal power agencies Members; one representative shall be representative of and selected by alternative power/public interest Members; and one representative shall be representative of and selected by large/small retail Members.

Where a vacancy occurs with respect to a representative of a sector, the representatives from the appropriate sector will fill the vacancy.

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

The responsibilities of the Corporate Governance Committee shall include:

- (a) Seek input from the Board of Directors and the Members Committee as to the skills needed to fill any vacancy under consideration;
- (b) In the event of a vacancy or the replacement of an existing director, provide candidates identified by an independent executive search firm for consideration to the Members for election to the Board of Directors;
- (c) Monitor the composition of the Board of Directors to ensure balance, independence, maintenance of qualifications under any applicable laws, avoidance of conflict of interest, and periodic review of the criteria for independence set out in the Bylaws and appropriate regulatory bodies, recommending changes, as appropriate;
- (d) Recommend to the Board of Directors the appointment of Organizational Group representatives and leadership except for the Corporate Governance Committee, the Members Committee, whose representatives are elected by the Members, and the Market and Operations Policy Committee, whose representatives are appointed by the Members;

- (e) Develop criteria governing the overall composition of the Board of Directors for recommendation to the Board of Directors;
- (f) Coordinate an annual review and assessment of the effectiveness of the Board of Directors, its structure, and process;
- (g) Develop recommendations for the Board of Directors regarding a director succession policy;
- (h) Complete a self-assessment annually to determine how effectively the CGC is meeting its responsibilities; and
- (i) Perform such other functions as the Board of Directors may delegate or direct.

**Corporate Governance Committee
March 7, 2006**

Reference Material for Agenda Item 2.b.

4.2 Composition and Qualifications

4.2.1 Composition

The Board of Directors shall consist of seven persons. The seven directors shall be independent of any Member; one director shall be the President of SPP. A Director shall not be limited in the number of terms he/she may serve. The President shall be excluded from voting on business related to the office of President or the incumbent of that office. No other Staff member shall be permitted to serve as a director.

4.2.2 Qualifications

Directors shall have recent and relevant senior management expertise and experience in one or more of the following disciplines: finance, accounting, electric transmission or generation planning or operation, law and regulation, commercial markets, and trading and associated risk management.

Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE
Report to the Board of Directors
January 31, 2006

BOARD APPOINTMENT OF COMMITTEE REPRESENTATION

Organizational Roster

The following members represent the Corporate Governance Committee:

Nick Brown, Chair	Director
Jim Eckelberger	Director
Kevin Easley	Grand River Dam Authority
Steve Parr	KEPCo
Mel Perkins	OG+E
Jim Stanton	Calpine

Background

Doug Henry, Westar, represented the Investor Owned Utilities sector of the membership on the Members Committee and Transmission Owning sector of the membership on the Finance Committee. Steve Parr, KEPCo, represents the Cooperatives sector on the Members Committee as well as the Transmission Using sector of the membership on the Strategic Planning Committee.

Analysis

As relates to vacancies on the Members Committee, in accordance with Section 5.1.4 *Vacancies* in the Bylaws:

"If a vacancy occurs the Corporate Governance Committee may elect an interim representative from the same sector to serve until a replacement representative from the same sector is elected and takes office. A special election shall be held at the next meeting of Members to fill the vacancy for the unexpired term."

The Corporate Governance Committee met for purposes of selecting an interim representative, that being (Name) from Westar and Tom Grennan from KEPCo.

As relates to vacancies on the Strategic Planning Committee, in accordance with Section 6.2 *Strategic Planning Committee* in the Bylaws:

"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 Corporate Governance Committee selected Tom Grennan (Transmission Using member, KEPCo) as the interim representative to the Strategic Planning Committee and nominates him to the Board of Directors for appointment.

As relates to vacancies on the Finance Committee, in accordance with Section 6.5 *Finance Committee* in the Bylaws:

"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 Corporate Governance Committee selected (Name) (Transmission Owning member, Westar) as the interim representative to the Strategic Planning Committee and nominates him to the Board of Directors for appointment.

Recommendation

- 1) The Corporate Governance Committee asks that the Board of Directors recognize (Name) from Westar as the representative of the Investor Owned Utilities membership sector on the Members Committee and the Transmission Owning sector of the membership on the Finance Committee until such time as a special meeting of members can be convened for an election.
- 2) The Corporate Governance Committee asks that the Board of Directors recognize Tom Grennan from KEPCo as the representative of the Cooperatives membership sector on the Members Committee as well as the Transmission Using sector of the membership on the Strategic Planning Committee until such time as a special meeting of members can be convened for an election.

Approved: Corporate Governance Committee March 7, 2006

Action Requested: Approve Recommendation



Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE
March 7, 2006

TERM EXPIRATIONS/2006

Background

Representatives on the Board of Directors and Members Committee serve 3-year terms. To achieve the initial staggering of terms, seats were assigned one, two and three-year terms. The two-year term positions expire at the end of 2006.

Analysis

The Corporate Governance Committee is responsible for nominating candidates for the Board of Directors and the Members Committee to the Membership for consideration and election at the Annual Meeting of Members in October. In each case, the committee is to commence the process to nominate candidates at least three months prior to the October meeting, notifying the President of the specific candidates at least one month prior to the October meeting.

The following positions expire at the end of 2006:

Board of Directors: Jim Eckelberger
 Harry Skilton

Members Committee (sector): Richard Spring (IOU)
 Gary Roulet (Cooperatives)
 Rick Tyler (Cooperatives)
 Trudy Harper (IPP/Marketer)
 Kevin Easley (State/Federal Agencies)
 Current vacant position (Large retail customer)
 Current vacant position (Public interest/alternative power)

Action Requested

Discussion of the process and schedule for presenting nominations at the October 2006 Board of Directors/Members Committee meeting and Annual Meeting of Members.

SPP BOARD OF DIRECTORS

	TERM EXPIRES
Phyllis Bernard	2007
Nick Brown	N/A
Jim Eckelberger	2006
Quentin Jackson	2007
Josh Martin	2008
Larry Altenbaumer	2008
Harry Skilton	2006

Class of 2006

Jim Eckelberger
Harry Skilton

Class of 2007

Phyllis Bernard
Quentin Jackson

Class of 2008

Josh Martin
Larry Altenbaumer

SPP MEMBERS COMMITTEE

SECTOR		COMPANY	TERM EXPIRES
Investor Owned Utilities		Westar	2007
	Mel Perkins	OG+E	2008
	Richard Spring	KCPL	2006
	Michael Desselle	AEP	2007
Cooperatives	Steve Parr	KEPCo	2008
	Gary Roulet	WFEC	2006
	Gary Voigt	AECC	2007
	Rick Tyler	NTEC	2006
Municipals	vacant		2007
	Harry Dawson	OMPA	2008
IPPs/Marketers	Trudy Harper	Tenaska	2006
	Jim Stanton	Calpine	2007
	Walt Yeager	Cinergy	2008
State/Federal Agencies	Kevin Easley	GRDA	2006
Large Retail Customer	vacant		2008
Small Retail Customer	vacant		2007
Public Interest/ Alternative Power	vacant		2008
	vacant		2006

Class of 2006

Richard Spring
 Gary Roulet
 Rick Tyler
 Trudy Harper
 Kevin Easley
 Publ Int/Alt Pwr (vacant)

Class of 2007

Investor Owned (vacant)
 Michael Desselle
 Gary Voigt
 Municipal (vacant)
 Jim Stanton
 Sm. Retail (vacant)

Class of 2008

Mel Perkins
 Steve Parr
 Harry Dawson
 Walt Yeager
 Lg. Retail (vacant)
 Publ Int/Alt Pwr (vacant)