

**Southwest Power Pool, Inc.**  
**FINANCE COMMITTEE**  
**Organizational Group Scope Statement**  
**October 29, 2013**

**Purpose**

The Finance Committee (FC) is responsible for all aspects of financial functions for the company in accordance with its scope as approved by the Board of Directors.

**Scope of Activities**

- a) Develop policies for management of the company's capitalization, financing and long-term contracts;
- b) Review and approve annually significant financial and compliance policies that fall under the purview of the Committee;
- c) Monitor the methodology of cost recovery to ensure continuing equity for Members;
- d) Oversee development of the annual operating budget and recommend a budget and rate for Board approval;
- e) The Committee shall annually recommend for Board of Directors approval engagement of independent auditors;
- f) Review and discuss with management and the independent auditors, prior to the public dissemination, the corporation's annual audited financial statements with primary focus on the quality and integrity of the statements;
- g) Review with management and the independent auditors their assessments of the adequacy of internal financial controls and the resolution of any identified material weaknesses or reportable conditions;
- h) Review and approve the company's Credit Policy, and resolve disputes related to it.
- i) Oversee and approve corporate/signature authority levels.

- j) Report to the Board of Directors on the financial status of the defined benefit and retiree healthcare plans and recommend any funding requirements/strategies for the plans;
- k) Review annually, the Investment Policy Statements for the Company's retirement plan, post-retirement healthcare plan, and other similar plans, to ensure the Investment Policy Statements continue to be appropriate for the goals of the plans;
- l) Engage and monitor the performance of Investment Managers who have discretionary investment powers for the Company's defined benefit retirement and post-retirement healthcare plans;
- m) Review reports of the actuaries and provide input to the assumptions used to develop the actuarial reports;
- n) Review as necessary, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements;
- o) Retain consultants and other experts, as necessary, to advise and guide the Committee in fulfilling its duties, including the authority to approve the fees payable to such advisors and any other terms of retention;
- p) Review and discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- q) Report its activities at the next meeting of the SPP Board of Directors following a meeting of the Committee.
- r) Perform an annual assessment of the effectiveness of the Finance Committee and report to the Board of Directors the results and any recommendations for change.
- s) Performs such other functions as the Board of Directors may delegate or direct.

The Committee is not responsible for certifying the corporation's financial statements or guaranteeing the auditor's report. The fundamental responsibility for the corporation's financial statements and disclosures rests with management.

### **Representation**

The FC shall be comprised of six members. Two representatives shall be from the Board of Directors, one of whom shall serve as the Chair; two representatives from the

Transmission Owning Member sector as nominated by the Corporate Governance Committee; and two representatives from the Transmission Using Member sector as nominated by the Corporate Governance Committee.

**Reporting**

The Finance Committee reports directly to the Board of Directors.