

Southwest Power Pool
CORPORATE GOVERNANCE COMMITTEE MEETING

March 5, 2009

• M I N U T E S •

Agenda Item 1 – Administrative Items

Chair Nick Brown called the meeting to order at 9:12 a.m. Other members in attendance or represented by proxy were: Jim Eckelberger (Director), Rob Janssen (Dogwood), Cindy Holman (OMPA), Mel Perkins (OG&E), and Steve Parr (KEPCo). SPP Staff included Stacy Duckett.

Nick Brown referred to draft minutes for the December 10, 2008 and January 5, 2009 meetings (Minutes – Attachment 1). Steve Parr moved to approve the minutes as presented. Cindy Holman seconded the motion, which passed unanimously.

Agenda Item 3 – Members Committee Vacancy

The committee discussed a vacancy on the Members Committee for an IPP/Marketer representative and expressions of interest. Nick will follow-up with those who have inquired about the vacancy. The committee will reconsider the vacancy at a future meeting.

Agenda Item 4 – Working Group Rosters

The committee reviewed new rosters proposed for working groups (Working Group Rosters – Attachment 2). Rob Janssen moved and Mel Perkins seconded a recommendation to the Board of Directors to approve the rosters as presented. The motion passed unanimously.

Agenda 5 – Board Compensation

Nick Brown reviewed compensation for the Board of Directors in 2008 as well as reported compensation from other regional organizations (Board Compensation – Attachment 3). The committee discussed whether any compensation revisions should be considered. Following discussion, Steve Parr moved to recommend to the Membership for approval of a Representation Fee of \$2,000 and to increase the Observer Fee to \$1,500. Cindy Holman seconded the motion, which passed unanimously.

Agenda 6 – Committee Responsibilities

The committee discussed several issues related to various committees' scopes (Scopes – Attachment 4).

- a. The Human Resources Committee (HRC) is charged with oversight of the financial benefits plans. The issue has been raised as to whether this committee should serve that role absent designated financial expertise necessary to provide the requisite oversight. Currently, Larry Altenbaumer is serving as the financial expert. Alternatively, the duties could be reassigned to the Finance Committee. Following discussion, the group determined that the duty should remain with the HRC with the requisite certified financial expertise to support the committee (currently Larry Altenbaumer).
- b. The Internal Audit group has duties beyond the traditional internal financial reviews. This group is currently reporting to the Finance Committee, but it may be more appropriate that it report to the Oversight Committee. Following discussion, the committee recommends that the Internal Audit group report to the Oversight Committee, except SAS 70 reporting will remain with the Finance Committee.

Agenda 2 – Nominations for 2010 Election

The committee discussed those whose terms expire at the end of 2009 (Terms – Attachment 5).

- Mel Perkins moved to renominate Jim Eckelberger and Harry Skilton to new 3-year terms. Steve Parr seconded the motion, which passed unanimously.

- The group then discussed the Members Committee nominations. No action will be taken at this meeting, but the group discussed feedback from present members and the process for moving forward. Stacy Duckett will issue a notice to the Membership regarding interest in serving.
- Steve Parr moved to renominate Dave Christiano to a new 3-year term. Rob Janssen seconded the motion, which passed unanimously.

Agenda 8 – Future Meetings

The next meeting will be September 8 in Oklahoma City. The Members Committee ballot will be finalized at that meeting.

Agenda 7 – Bylaws Revisions

Stacy Duckett reviewed SPP Bylaws revisions. Following discussion, the group decided that staff will redistribute certain sections of the Bylaws for additional review. Rob Janssen moved to recommend approval of changes to the Bylaws pending approval of sections to be redistributed. Steve Parr seconded the motion, which passed unanimously. Stacy will provide notice to the Membership of pending action by the Board of Directors and a Special Meeting of Members to be held with the April meeting.

Other

Committee rotation was discussed per a request from American Electric Power (AEP). Following discussion, the committee determined to proactively solicit interest for membership to serve on particular Board committees as well as verify with incumbents interest to continue serving, but not to pursue any designated terms or rotation schedule. Stacy will report back to AEP.

Adjournment

Nick Brown thanked everyone for participating and adjourned the meeting at 12:30 p.m.

Respectfully submitted,

Stacy Duckett, Secretary



Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE MEETING
Thursday, March 5, 2009
Will Rogers Airport, Oklahoma City, OK

• A G E N D A •

9:00 a.m. central

- 1. Call to Order and Administrative Items..... Nick Brown
 - 2. Nominations for 2010 Election..... Nick Brown
 - 3. Members Committee Vacancy Stacy Duckett
 - 4. Working Group Rosters Nick Brown
 - 5. Board Compensation..... Nick Brown
 - 6. Committee Responsibilities Nick Brown
 - a. Scopes (Finance Committee, Human Resources Committee, Oversight Committee)
 - b. Internal Audit Reporting
 - 7. Bylaws Revisions..... Stacy Duckett
 - 8. Future Meetings..... Nick Brown
- September 8

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

Southwest Power Pool
CORPORATE GOVERNANCE COMMITTEE MEETING
December 10, 2008

• M I N U T E S •

Agenda Item 1 – Administrative Items

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), Rob Janssen (Dogwood), Cindy Holman (OMPA), Mel Perkins (OG&E), and Steve Parr (KEPCo). SPP Staff included Stacy Duckett.

Nick Brown referred to draft minutes for the January 1, March 3, September 9, and October 8, 2008 meetings (Minutes – Attachment 1). Steve Parr moved to approve the minutes as presented. Mel Perkins seconded the motion, which passed unanimously.

Agenda Item 4c – Board of Directors Chair/Vice Chair Succession

The group discussed any guidance to be provided to the Board of Directors regarding the chair and vice chair. Also discussed were approaches to succession. Nick Brown will convey the committee's feedback to the Board.

Agenda Item 2 – Action Items Report

Nick Brown noted one Action Item which is on the current agenda (Action Items – Attachment 2).

Agenda 3 – Organizational Group Assessment

The group reviewed the Corporate Governance Committee (CGC) Assessment and Survey (Org Group Assessments – Attachment 3). Nick Brown is to discuss continued participation on the Committee with Kevin Easley. The group also reviewed duties designated in the Bylaws. One of the CGC's duties is to review compensation for the Board of Directors and Regional Entity Trustees. The Staff will provide information from other ISO/RTOs regarding compensation at the next meeting for the Committee's consideration.

The Committee reviewed brainstorming ideas from the Organizational Chairs and Secretaries Workshop, both as sorted at the workshop and as suggested by Jim Eckelberger. The group discussed a process for groups to address governance issues via Member representatives. The Staff will pursue a process for informing member representatives of participation by staff from their companies at the Organizational Group meetings throughout the year.

Agenda 5 – 2009 Rosters

The chairs have been asked to provide feedback regarding changes in rosters (Group Rosters – Attachment 4). The CGC will meet via teleconference to review updated rosters in advance of the Board of Directors meeting in January.

Agenda 4a and b – Board of Directors

Evaluation

Nick Brown solicited any additional comments from the group following discussion of the evaluation at the Board of Directors meeting (BOD Evaluation – Attachment 5). The Staff will follow up on feedback for the Board meeting regarding clarity of some questions and present revisions at a future meeting.

Board Structure

The committee discussed the FERC Order noting openness to a hybrid board structure (Structure – Attachment 6). The group is making no recommendations for changes in SPP's current structure.

Agenda 6 – Vacancy – Members Committee

With approval of the Bylaws revisions to expand the Members Committee, there is vacancy in the State/Federal Power Agencies sector. Following discussion, Steve Parr nominated Pat Pope from Nebraska Public Power District (NPPD) to fill the vacancy. Cindy Holman seconded the motion, which passed unanimously. Pat Pope will be recommended for election at a Special Meeting of Members to be held in conjunction with the January Board meeting.

Agenda 7 – Corporate Governance Committee Annual Work Plan

The group discussed the Annual Plan (CGC Work Plan - Attachment 7). The format will be adapted to include the scheduled meetings and known agenda items. The Committee will further review this at the teleconference meeting in January.

Agenda 8 – Governing Documents

Membership Agreement

Stacy Duckett reviewed the proposed revisions to the Membership Agreement (Membership Agreement – Attachment 8). Following discussion and some requested minor revisions, Steve Parr moved for approval as revised. Mel Perkins seconded the motion, which passed unanimously.

Bylaws

Stacy Duckett reviewed the Bylaws revisions (Bylaws – Attachment 9). The group discussed several provisions, requesting some additional revisions for further review.

Agenda 9 – Future meetings

Future meetings are:

January 5	Teleconference
March 5	In-Person
September 8	In-Person

Items for future meetings:

- Discuss oversight of SPP Benefits Funds with the Human Resources Committee (HRC), or move to the Finance Committee. Another alternative is an employee committee serving the function.
- SAS70 oversight is currently with the Finance Committee. Discuss whether this should be moved to the Oversight Committee as part of the compliance function. In addition, the Committee needs to discuss reporting of the Internal Audit function to the Finance Committee or to the Oversight Committee.
- American Electric Power has requested a discussion of terms or a rotation plan for member representation on the Board committees.

Adjournment

Nick Brown thanked everyone for participating and adjourned the meeting at 1:00 p.m.

Respectfully submitted,

Stacy Duckett, Secretary

**Southwest Power Pool
CORPORATE GOVERNANCE COMMITTEE MEETING**

January 5, 2009

Teleconference

• M I N U T E S •

Agenda Item 1 – Administrative Items

Chair Nick Brown called the meeting to order at 10:05 a.m. Other members in attendance or represented by proxy were: Jim Eckelberger (Director), Rob Janssen (Dogwood), Cindy Holman (OMPA), Steve Parr (KEPCo), and Mel Perkins (OG&E). SPP Staff included Stacy Duckett and Carl Monroe.

Agenda Item 2 – Organizational Group Rosters

The Committee discussed rosters of various committees and working groups. Following discussion, the Committee concluded to allow reviews to continue for each group and consider rosters at its March meeting for recommendation for approval at the April Board of Directors/Members Committee meeting.

Agenda Item 3 – Vacancy – Members Committee

Stacy Duckett noted a vacancy created by Rick Wolfinger's retirement for an IPP/Marketer sector seat on the Members Committee. To date, no one has expressed interest in the seat, but Staff will continue to pursue. The seat will remain open until a nominee is selected.

Agenda Item 4 – Future Meetings

Nick Brown noted future meeting dates and confirmed with the group.

Adjournment

Nick Brown thanked everyone for participating and adjourned the meeting at 10:50 a.m.

Respectfully submitted,

Stacy Duckett, Secretary

Business Practices Working Group

Member	Company	Sector	# Present	# Absent	TO/TU
Berend, Seth	Calpine Energy Services, L.P.	Independent Power Producer	2	5 (3 Proxies)	TU
Janssen, Robert	Dogwood Energy	Independent Power Producer	1	6 (6 Proxies)	TU
Leger, Jenni	Tenaska Power Services Co.	Independent Power Producer			TU
Lemmons, David	Southwestern Public Service Co.	Investor-Owned	2	5 (4 Proxies)	TO
McCord, Rick	Empire District Electric Co.	Investor-Owned	4	3 (1 Proxy)	TO
Ross, Richard	American Electric Power	Investor-Owned	4	3	TO
Walker, Robert **	Cargill Power Markets	Marketer	7	0	TU
Wilkerson, Grant *	Westar Energy, Inc.	Investor-Owned	7	0	TO
Womack, Jimmy	Southwest Power Pool, Inc.		7	0	
<u>Jim Hotovy</u>	<u>NPPD</u>	<u>State</u>			<u>TO</u>
<u>Ed Hammons</u>	<u>GRDA</u>	<u>State</u>			<u>TO</u>
<u>Angela Easton</u>	<u>Calpine</u>	<u>IPP</u>			<u>TU</u>
<u>Randy Gillespie</u>	<u>Dogwood Energy</u>	<u>IPP</u>			<u>TU</u>
<u>Jessica Collins</u>	<u>SPS</u>	<u>IOU</u>			<u>TO</u>
<u>Kara Whillock</u>	<u>Tenaska</u>	<u>IPP</u>			<u>TU</u>

*Chairman

** Vice Chairman

Charter Number: 6-8

Revised Charter Number: 6-10

Proposed Number: 10 TOs: 6 TUs: 4

Critical Infrastructure Protection Working Group

Member	Company	Sector	# Present	# Absent	TO/TU
Amyette, Mark	Xcel Energy	Investor-Owned	4	5 (-2 Proxies)	TO
Ashford, Dewayne	Oklahoma Gas & Electric Services	Investor-Owned	5	1 (1 Proxy)	TO
Breckenridge, John	Aquila, Inc.	Investor-Owned	4	2	TU
Craddock, Larry	Western Farmers Electric Coop.	Investor-Owned	1	5	TO
Crayne, David	Empire District Electric Company	Investor-Owned	5	1	TO
Eddleman, Tony	Nebraska Public Power District	State Agency			TU
Fitzpatrick, Michael	Omaha Public Power District	State Agency			TU
Hurley, John	American Electric Power	Investor-Owned	0	6 (-3 Proxies)	TO
Lampe, Paul	City of Independence, MO	Municipals	4	5 (-3 Proxies)	TU
Mutasem, Sam	Dogwood Energy	Independent Power Producer			TU
McClanahan, Robert *	Arkansas Electric Cooperative Corporation	Cooperatives	6	0	TU
Meyers, Sandy	City Utilities of Springfield, MO	Municipals	2/6	1 (1 Proxy)	TU
Moll, Steve	Westar Energy, Inc.	Investor-Owned	5	1	TO
Overland, Keith	Sunflower Electric Power Corp.	Cooperatives	4	2	TO
Paek, Paul	Kansas City Board of Public Utilities	Municipals	2	4 (-1 Proxy)	TU
Veillon, Michael	Cleco Power, LLC	Investor-Owned	5	1 (1 Proxy)	TU
Perry, Kevin	Southwest Power Pool		6	0	
<u>Allen, Ron</u>	<u>AEP</u>	<u>Investor-Owned</u>			<u>TO</u>
<u>Murray, Mike</u>	<u>City of Independence, MO</u>	<u>Muni</u>			<u>TU</u>
<u>Sarah Blakenship</u>	<u>Kansas City BPU</u>	<u>Muni</u>			<u>TU</u>

*Chairman

Charter Number: Up to number of members subject to CIP Stds

Revised Charter Number: Up to number of members subject to CIP Stds

Proposed Number: 17 TOs: 8 TUs: 9

Change Working Group

Member	Company	Sector	# Present	# Absent	TO/TU
Beck, William	Arkansas Electric Cooperative Co.	Cooperative	2	2 (2 Proxies)	TU
Bogges, Darryl	Western Farmers Electric Coop.	Cooperative	4	0	TO
Chadbourne, Jonathan	Redbud Energy, LP	Independent Power Producer	0	4	TU
Collins, Jessica *	Xcel Energy	Investor-Owned			TO
Easton, Angela	Calpine Energy Services, L.P.	Independent Power Producer	3	1	TU
Fife, James	Entergy Power Ventures, L.P. (Physical Systems Integration, LLC)	Independent Power Producers	3	1	TU
Gates, Terry	American Electric Power	Investor-Owned	4	0	TO
Hargrove, Donald	Oklahoma Gas & Electric	Investor-Owned	3/4	1	TO
Jacoby, Jim	American Electric Power	Investor-Owned	4	0	TO
McAvoy, Jim	Oklahoma Municipal Power Authority	Municipals	1/4	3	TU
Medford, Jim	Westar Energy, Inc.	Investor-Owned	3	1	TO
Spicer, Ronald **	Kansas City Power & Light	Investor-Owned	4	0	TO
Wilson, Tim	Empire District Electric Company	Investor-Owned	4	0	TO
Wise, Michael	Golden Spread Electric Coop.	Cooperative	1	3	TU
Arthur, Diana Erwin, Jenny	Southwest Power Pool, Inc.		3	1	
Tim Arlt	NPPD	State			TO

*Chairman

** Vice Chairman

Charter Number: 10-Number of SPP Members

Revised Charter Number: 10-Number of SPP Members

Proposed Number: 14 TOs: 8 TUs: 6

Generation Working Group

Member	Company	Sector	# Present	# Absent	TO/TU
Collins, Jessica	SPS	IOU/ T.O.	2	3	TO
Lachowsky, Andrew	AECC	Coop	4	1	TU
Ondayko, Brock	AEP	IOU/T.O.	1	4	TO
Sheriff, Mike	OGE	IOU/ T.O.	4	1	TO
Taggart, Bryan	Westar	IOU/ T.O.	2	3	TO
Valagura, Bill	CALP	IPP	2	3	TU
Williams, Mitch *	WFEC	Coop/ T.O.	5	0	TO
Scribner, Harvey	SPP		5	0	
<u>Blake Mertens</u>	<u>EDE</u>	<u>IOU</u>			<u>TO</u>
<u>Jim Fehr</u>	<u>NPPD</u>	<u>State</u>			<u>TO</u>

*Chairman

Charter Number: 8

Revised Charter Number: 10

Proposed Number: 8 TOs: 6 TUs: 2

Model Development Working Group

Member	Company	Sector	# Present	# Absent	TO/TU
Scott Rainbolt *	AEP	IOU/ T.O.	6	0	TO
John Boshears	SPRM	Muni/ T.O.	4	2	TO
Eddy Reece	Rayburn Country	Coop	3/4	1	TU
Brian Wilson	KCPL	IOU/ T.O.	5	1	TO
Joe Fultz **	GRDA	State/Fed/ T.O.	6	0	TO
Mike Clifton	OGE	IOU/ T.O.	6	0	TO
Scott Schichtl	AECC	Coop	6	0	TU
Rene Miranda	SPS	IOU/ T.O.	1/1	0	TO
Harvey Scribner	SPP		6	0	
Jason Shook	GDS for ETEC	Coop			TU
Mo Awad	Westar	IOU			TO
Dustin Betz	NPPD	State			TO

*Chairman

** Co-Chairman

Charter Number: 2-8

Revised Charter Number: 8-12

Proposed Number: 119 TOs: 87 TUs: 32

Market Working Group

Member	Company	Sector	# Present	# Absent	TO/TU
Richard Ross *	AEP	IOU	18	4	TO
Keith Sugg **	AECC	COOP	16	5	TU
John Stephens	CUS	MUNI	2	19	TU
Rick McCord	EDE	IOU	18	4	TO
Gary Clear	OG+E	IOU	3	18 (18 proxies)	TO
Robert Janssen	Redbud Energy	IPP	11	10 (6 proxies)	TU
Gene Anderson	OMPA	MUNI	14	7 (3 proxies)	TU
Grant Wilkerson	Westar Energy	IOU	11	10 (6 proxies)	TO
Jessica Collins	Xcel	IOU	19	2 (1 proxy)	TO
Patricia Denny	KCPL	IOU	15	6 (4 proxies)	TO
Angela Easton	Calpine	IPP	6	5	TU
Max Sherman	Aquila	IOU	0	21	TU
James Liao	WFEC	COOP	10	10	TO
Tambra Offield	East TX Electric Coop.	COOP	0	21 (18 proxies)	TU
Emily Davis	SPP		18	3	
Darrell Wilson	OG+E	IOU			TO
<u>Mike Wise</u>	<u>Golden Spread</u>	<u>COOP</u>			<u>TU</u>
<u>Ann Scott</u>	<u>Tenaska</u>	<u>IPP</u>			<u>TU</u>
<u>Steve Haun</u>	<u>Lincoln Electric</u>	<u>MUNI</u>			<u>TU</u>
<u>Rick Yanovich</u>	<u>OPPD</u>	<u>PUBLIC</u>			<u>TO</u>
<u>Aaron Rom</u>	<u>Midwest</u>	<u>COOP</u>			<u>TU</u>
<u>Randy Gillespie</u>	<u>Dogwood</u>	<u>IPP</u>			<u>TU</u>
<u>Shah Hossain</u>	<u>Westar</u>	<u>IOU</u>			<u>TO</u>

*Chairman

** Vice Chairman

Charter Number: 14

Revised Charter Number: 16

Proposed Number: 16 TOs: 8 TUs: 8

Operations Data Working Group

First Name	Last Name	Company	Sector	TO/TU
Karl	Bodenheimer	Kansas City Power & Light	Investor-Owned	TO
Matthew	Bordelon	Cleco Power, LLC	Investor-Owned	TU
Bob	Cochran	Southwestern Public Service Co	Investor-Owned	TO
David	Crayne	Empire District Electric Co.	Investor-Owned	TO
Richard	Hixson	Southwestern Power Administration	SPP Contract Participant	
Jim	Jacoby	American Electric Power	Investor-Owned	TO
Pete	Kuebeck	OG+E Electric Services	Investor-Owned	TO
Bud	Rogers	Western Farmers Electric Cooperative	Cooperatives	TO
Mike	Sauber*	Aquila, Inc.	Investor-Owned	TU
Jon	Wirtz	Westar Energy	Investor-Owned	TO
Mark	Worf	Sunflower Electric Power Corporation	Cooperatives	TO
Scott	Aclin	Southwest Power Pool		
John	Tucker	OPPD	State	TO
Bob	Flagle	NPPD	State	TO

No meetings in 2008

*Chairman

Charter Number: 7-10

Revised Charter Number: 7-10

Proposed Number: 10 TOs: 8 TUs: 1

Operation Model Development Working Group

Member	Company	Sector	# Present	# Absent	TO/TU
Durham, Jimmy	American Electric Power	Investor-Owned	1		TO
Gilmer, Jim	Xcel Energy (Southwestern Public Service Company)	Investor-Owned	1		TO
Hargrove, Don	OG&E Electric Services	Investor-Owned	1		TO
Jones, Bo *	Westar Energy	Investor-Owned	1		TO
Sargent, Dave	Southwestern Power Administration	SPP Contract Participant	1		TO
Williams, Mitch	Western Farmers Electric Cooperative	Cooperatives		1	TO
Williams, Noman	Sunflower Electric Power Corp.	Cooperatives		1 (1 Proxy)	TO
Wyble, Harold	Kansas City Power & Light Company	Investor-Owned	1		TO
Miller, Tim	Southwest Power Pool, Inc.		1		
<u>Matthew Veghte</u>	<u>NPPD</u>	<u>State</u>			<u>TO</u>
<u>Tom Mayhan</u>	<u>OPPD</u>	<u>State</u>			<u>TO</u>

*Chairman

Charter Number: 3-8

Revised Charter Number: 3-8

Proposed Number: 7 TOs: 7 TUs: 0

Operating Reliability Working Group

Member	Company	Sector	# Present	# Absent	TO/TU
Atwood, Jason	Dogwood Energy	Independent Power Producer	5	2 (1 Proxy)	TU
Berkstresser, Brian	Empire District Electric Company	Investor-Owned	6	1	TO
Lockwood, Scott	American Electric Power	Investor-Owned	3/4	4 (1 Proxy)	TO
Massey, Steve	Westar Energy	Investor-Owned	1	6	TO
Williams, Noman	Sunflower Electric Power Corp.	Cooperative	0	7 (1 Proxy)	TO
Grant, William	Xcel Energy	Investor-Owned	3	4 (3 Proxies)	TO
Klassen, Allen **	Westar Energy	Investor-Owned	7	0	TO
Thompson, Jim	Constellation Energy Commodities Group, Inc.	Marketers	0	7	TU
Useldinger, Jim *	Kansas City Power & Light Company	Investor-Owned	4	3 (2 Proxies)	TO
McDaniel, Danny	Cleco Power, LLC	Investor-Owned	6	1 (1 Proxy)	TU
Smith, Jason	Southwest Power Pool		7	0	
<u>Paul Lampe</u>	<u>City of Independence</u>	<u>Muni</u>			<u>TU</u>
<u>Don Hargrove</u>	<u>OGE</u>	<u>IOU</u>			<u>TO</u>
<u>Kyle McMenamin</u>	<u>SPS</u>	<u>IOU</u>			<u>TO</u>
<u>Ron Gunderson</u>	<u>NPPD</u>	<u>State</u>			<u>TO</u>
<u>Tim Nissen</u>	<u>OPPD</u>	<u>State</u>			<u>TO</u>
<u>Dennis Florom</u>	<u>Lincoln Electric</u>	<u>Muni</u>			<u>TU</u>

*Chairman

** Vice Chairman

Charter Number: 6-12

Revised Charter Number: 8-15

Proposed Number: 13 TOs: 9 TUs: 4

Operations Training Working Group

Member	Company	Sector	# Present	# Absent	TO/TU
Appel, Richard	Sunflower Electric	Coop	11	2	TO
Bolan, Shannon	Nebraska Public Power District	State Agency			TU
Crouch, Michael	Oklahoma Gas & Electric	Investor Owner Utility	12	1	TO
Green, Ronald	American Electric Power	Investor Owner Utility	12	1	TO
Jones, Bo	Westar	Investor Owner Utility			TO
Kerr, John *	Grand River Dam Authority	State/Fed	13	0	TO
McDonald, Mark	Cleco Power	Investor Owner Utility	5	5 (1 proxy)	TU
Meyer, Fred	Empire District	Investor Owner Utility	13		TO
Wech, Michael **	Southwestern Power Admin.	Contract Part.	9	4	
Gunnell, Jim	SPP				
Carla Fitzpatrick	OPPD	State			TO
Tom Saitta	KCPL	IOU			TO
Edgar Rivera	LUS	Muni			TU

*Chairman

** Vice Chairman

[Charter Number: 11](#)

[Revised Charter Number: 11](#)

[Proposed Number: 11](#) [TOs: 8](#) [TUs: 3](#)

Regional Tariff Working Group

Member	Company	Sector	# Present	# Absent	TO/TU
Anderson, Gene	Oklahoma Municipal Power Authority	Municipals	20	0	TU
Bowser, Robert	Kansas Electric Power Coop.	Cooperatives	13	7	TU
Brian, David **	East Texas Cooperatives	Cooperatives	8	12 (4 Proxies)	TU
Dowling, Bill	Midwest Energy, Inc.	Cooperatives	4	19 (15 Proxies)	TO
Easton, Angela	Calpine Energy Services, L.P.	Independent Power Producers	8/10	2	TU
Ferry, Steve	Sunflower Electric Power Corp.	Cooperatives	16	4	TO
Foreman, Mark	Tenaska Power Services Co.	Independent Power Producers	7	13 (3 Proxies)	TU
Gary, Ronald	Lafayette Utilities System	Municipals	8	12 (6 Proxies)	TU
Janssen, Robert	Redbud Energy	Independent Power Producers	9	11 (5 Proxies)	TU
David, Kays	Oklahoma Gas & Electric	Investor-Owned	18	2	TO
Liu, Bernard	Xcel Energy	Investor-Owned	18	2 (1 Proxy)	TO
Locke, Charles	Kansas City Power & Light Co.	Investor-Owned	19	1	TO
Pennybaker, Robert	American Electric Power	Investor-Owned	18	2	TO
Proctor, Mike	Missouri Public Service Comm.	State Agency (non-voting)	17	3	
Reed, Dennis *	Westar Energy	Investor-Owned	20	0	TO
Shields, Robert	Arkansas Electric Coop. Corp.	Cooperatives	15	5 (1 Proxy)	TU
Warren, Bary	Empire District Electric Co.	Investor-Owned	17	3 (1 Proxy)	TO
Williams, Mitchell	Western Farmers Electric Coop.	Cooperatives	8	12 (2 Proxies)	TO
Wise, Michael	Golden Spread Electric Coop.	Cooperatives	6	14 (1 Proxy)	TU
Bourne, Pat	Southwest Power Pool		20	0	
Wallaert, Gerrud	Southwest Power Pool		11	0	
Paul Malone	NPPD	State			TO
Rich Kosch	LES	Muni			TU
Brett Leopold	ITC	Indep. Trans			TU

[*Chairman](#)

[** Vice Chairman](#)

Charter Number: Equal Number of TO and TU

Revised Charter Number: Equal Number of TO and TU

Proposed Number: 15 TOs: 9 TUs: 9

System Protection and Control Working Group

Member	Company	Sector	# Present	# Absent	TO/TU
Averill, Bud	<u>AEPGRDA</u>	Investor Owned/T.O. State	4	0	TO
Guidry, Louis	Cleco	Investor Owned	3	1	TU
Hinken, Tim	KCPL	Investor Owned/ T.O.	4	0	TO
Jackson, Doug	AEP	Investor Owned/ T.O.	4	0	TO
Jacobs, Shawn *	OGE	Investor Owned/ T.O.	4	0	TO
Melson, Heidt **	SPS	Investor Owned/ T.O.	3	1	TO
Schroeder, Lynn	Westar Energy	Investor Owned/ T.O.	4	0	TO
Thykkuttathil, Matthew	SUNC	Cooperative/ T.O.	3	1	TO
Zellefrow, Ken	SPRM	Municipal/ T.O.	4	0	TU
Mak Nagle	SPP (Secty)		4	0	
<u>Steve Wadas</u>	<u>NPPD</u>	<u>State</u>			<u>TO</u>
<u>Ron McIvor</u>	<u>OPPD</u>	<u>State</u>			<u>TO</u>
<u>Paul Crist</u>	<u>Lincoln Electric</u>	<u>Muni</u>			<u>TU</u>

*Chairman

** Vice Chairman

Charter Number: 6-8

Revised Charter Number: 6-9

Proposed Number: 9 TOs: 7 TUs: 2

Transmission Working Group

Member	Company	Sector	# Present	# Absent	TO/TU
Frizzell, Ronnie *	AECC	Coop	12	0	TU
Chamberlin, John	SPRM	Muni/ T.O.	10	2 (1 Proxy)	TO
Chen, Frank	Aquila	IPP/Marketer	2	10	TU
Chiles, John	GDS for NTEC	Coop	4	8 (7 Proxies)	TU
Crissup, Philip	OGE	IOU/T.O.	0	12 (11 Proxies)	TO
Fulton, John	SPS	IOU/ T.O.	6	6 (6 Proxies)	TO
Fultz, Joe	GRDA	State/ T.O.	10	2	TO
Gott, Tony (L)	AECI	n/a	6	6	
Littleton, Tom	OMPA	Muni	11	1 (1 Proxy)	TU
Long, Charles (L)	EES	n/a	2	10	
McGarrah, Sam	EDE	IOU/ T.O.	9	3	TO
McGee, Matthew	AEP	IOU/ T.O.	9	3 (3 Proxy)	TO
Sargent, David (<u>L</u>)	SPA	State/Fed/ T.O.	6	6	
Simms, James	CLEC	IOU	2	10	TU
Taylor, Donald	Westar	IOU/ T.O.	8	4 (1 Proxy)	TO
Useldinger, Jim	KCPL	IOU/T.O.	8	4 (3 Proxies)	TO
Williams, Mitchell	WFEC	Coop/ T.O.	5	7 (2 Proxies)	TO
Williams, Noman **	SUNC	Coop/ T.O.	5	7 (3 Proxies)	TO
Rachel Hulett	SPP		12	0	
<u>Travis Hyde</u>	<u>OGE</u>	<u>IOU</u>			<u>TO</u>
<u>Jason Atwood</u>	<u>Dogwood</u>	<u>IPP</u>			<u>TU</u>
<u>Bruce Merrill</u>	<u>Lincoln Electric</u>	<u>Muni</u>			<u>TU</u>
<u>Randy Lindstrom</u>	<u>NPPD</u>	<u>State</u>			<u>TO</u>
<u>Dan Lenihan</u>	<u>OPPD</u>	<u>State</u>			<u>TO</u>
<u>Ray Harold</u>	<u>Midwest</u>	<u>Coop</u>			<u>TO</u>
<u>Harold Wyble</u>	<u>KCPL</u>	<u>IOU</u>			<u>TO</u>
<u>Jason Shook</u>	<u>GDS for NTEC</u>	<u>Coop</u>			<u>TU</u>

*Chairman

** Vice Chairman

Charter Number: 14

Revised Charter Number: 20

Proposed Number: 18 TOs: 13 TUs: 5

2008 Board Comp/Retainer

	<u>Annual Retainer</u>	<u>Compensation</u>	<u>2008 Total</u>
James Eckelberger	\$ 20,000.00	\$ 58,500.00	\$ 78,500.00
Julian Brix	\$ 12,500.00	\$ 41,000.00	\$ 53,500.00
Harry Skilton	\$ 15,000.00	\$ 50,250.00	\$ 65,250.00
Larry Altenbaumer	\$ 15,000.00	\$ 44,500.00	\$ 59,500.00
Phyllis Bernard	\$ 15,000.00	\$ 57,500.00	\$ 72,500.00
Joshua Martin	\$ 15,000.00	\$ 39,000.00	\$ 54,000.00



**Southwest Power Pool
HUMAN RESOURCES COMMITTEE
Organization Group Scope Statement**

PURPOSE

The purpose of the Human Resources Committee is to develop, advocate and maintain for the Board of Directors personnel policies and structures that proactively support the employees of SPP in fulfilling their responsibilities.

SCOPE OF ACTIVITIES

The Human Resources Committee will have broad responsibilities for approving organizational structure including continuous realignment to support timely execution of the SPP Strategic Plan; recruitment and employment policies; compensation and incentive policies; development and training policies; benefits including insurance, health and retirement plans; and systems for evaluating individual and organizational performance. The Human Resources Committee responsibilities include performing the tasks enumerated herein and advocating changes to the Board of Directors for their approval. The Human Resources Committee will recommend policy, structural and budgetary changes to the Board of Directors for approval. Procedural changes within established policy will be developed in consultation with the SPP staff for improved policy execution. Hiring and managing consulting expertise, actuarial assistance, investment managers, and other expert assistance in the performance of the Committee functions shall be within the purview of the Human Resources Committee unless Board approval is required for budgetary authorization. The results of evaluative processes completed by the Committee as part of their enumerated tasks below will be reported to the Board of Directors at the next subsequent Board meeting. Specific tasks include:

Revised October 2007



- a. Review and monitor organizational personnel plans and structure to ensure continuous alignment with the SPP Strategic Plan.
- b. Review and approve employee compensation plans to ensure high employee satisfaction and desirable turnover rates.
- c. Develop and maintain executive compensation plans designed to attract and retain distinguished leaders who proactively innovate to satisfy Board expectations.
- d. Review and approve employee and executive benefit, health care and retirement plans. Maintain plans that are competitive in the marketplace, responsive to the law, and provide satisfaction to beneficiaries within a cost constrained budget that effectively meets stakeholder needs. Appoint trustees to manage employee benefit plans and define the rights, powers and responsibilities of trustees.
- e. Establish Investment Policy Statements (“IPS”) for SPP’s defined contribution pension plan and 457(b) plan and review IPSs annually. Review the performance of investment managers and ensure the assets are being managed in accordance with the IPS.
- f. Ensure workers’ compensations programs are effectively administered.
- g. Oversee SPP programs designed to maintain ethical standards and facilitate (“open door”) procedures to report violations. Ensure documentation of standards and

Revised October 2007



procedures, proper functioning of programs and provision of ongoing training to all SPP employees and Board members.

- h. Ensure compensation and benefit programs for Board members are responsive to individual and organizational requirements.
- i. Review the structure of training and development programs within SPP and ensure execution of those plans responds appropriately to organizational needs.
- j. Review and approve SPP's employee and executive performance evaluation processes.
- k. Maintain a current job description for the SPP President and perform an annual job performance evaluation of the President. Recommend compensation and benefit adjustments for the SPP President.
- l. Perform an annual assessment of the effectiveness of the Human Resources Committee and the performance of the personnel structure within SPP; report to the Board of Directors the results and make any recommendations for change.
- m. Perform such other duties as the Board of Directors may delegate or direct.
- n. Hire consultants and other experts, as necessary, to advise and guide the committee in fulfilling its duties and achieving the desired workplace environment.

Revised October 2007



The Human Resources Committee shall be comprised of six members. Two representatives shall be members of the Board of Directors and one of these will be the chairperson, the other the vice chairperson. Two representatives from the Transmission Owning Member sector and two representatives from the Transmission Using Member sector will be members each as nominated by the Corporate Governance Committee. The Board of Directors shall appoint the representatives of the Human Resources Committee at the regular meeting of the Board of Directors immediately following the Annual Meeting of Members. Persons designated as representatives on the Human Resources Committee will continue to serve until their successors have been appointed. When a vacancy occurs, the Corporate Governance Committee will fill the vacancy in accordance with SPP Bylaws.

DURATION/QUORUM/PROXY/MEETINGS

The Human Resources Committee is a permanent committee. The Committee shall meet a minimum of two times per fiscal year and at other times as called by the Chair. A quorum will constitute at least half of the members of the committee but no less than three members. Proxies are allowed if reported to the Chair prior to the meeting. All meetings of the Human Resources Committee shall be open to all SPP members, members of the SPP Board of Directors, members of the Regional State Committee and invited guests unless closed by the Chair of the Committee. All meetings will be noticed in accordance with the meeting notice guidelines stated in the SPP Bylaws.

REPORTING

The Human Resources Committee reports directly to the Board of Directors.

Revised October 2007

**Southwest Power Pool
FINANCE COMMITTEE
Organizational Group Scope Statement**

Purpose

The purpose of the Finance Committee is to oversee all aspects of SPP's financial operations, primarily insure appropriate controls, policies and procedures are documented and adhered to allowing SPP to report accurate financial reports, access external capital as required, while not exposing the company or its membership to undue risks.

Scope of Activities

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain outside legal, accounting or other advisors for this purpose, including the authority to approve the fees payable to such advisors and any other terms of retention. The Committee is directly responsible for the compensation and oversight of the work (including both audit and non-audit services) of the independent auditors and for recommending engagement of the independent auditors for Board of Directors approval. The Committee shall be given full access to the corporation's accounting staff, Board of Directors, corporate executives and independent accountants as necessary to carry out these responsibilities.

Specific tasks include:

1. Review and discuss with management and the independent auditors, prior to public dissemination, the corporation's annual audited financial statements.
2. The Committee shall annually recommend for Board of Directors approval engagement of independent auditors.
3. Develop, in conjunction with management, a schedule for the preparation and development of the annual operating budget, capital budget and each special budget that provides sufficient time for preliminary development by management, review by the Committee, consideration of the proposed budget by the Board of Directors, and final approval of the proposed budget by the Board of Directors, in accordance with the overall budget cycle established by the Board of Directors.
4. Monitor the methodology of cost recovery to insure continuing equity for Members.
5. Develop policies for management of the company's capitalization, financing and long-term contracts.
6. Review periodically, with the corporation's counsel, any legal matter that could have a significant impact on the corporation's financial statements.
7. Discuss with management and the independent auditors the corporation's guidelines and policies with respect to risk assessment and risk management. The Committee should discuss the corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.
8. Report regularly to the full Board of Directors including:
 - a. any issues that arise with respect to the quality or integrity of the corporation's financial statements, the corporation's compliance with legal or regulatory requirements, the performance and independence of the corporation's independent auditors or the performance of the internal audit function;

- b. actual financial results in comparison to budgeted results;
 - c. following all meetings of the Committee; and
 - d. with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.
9. Review with management and the independent auditors their assessments of the adequacy of internal controls and the resolution of any identified material weaknesses or reportable conditions.
10. Review annually the Company's Business Continuity Planning and Disaster Recovery Programs as related to financial and MIS risks as well as significant Information Security matters and any actions being taken to address weaknesses noted.
11. Review reports of actuaries and provide input to the assumptions used to develop the actuarial reports.
12. 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.
13. Review and approve annually significant financial and compliance policies which fall under the purview of the Committee .
14. The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including reviewing the compliance of the Committee with this Charter.

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 Finance Committee shall be comprised of six members. Two representatives shall be members of the Board of Directors and one of these will be the chairperson. Two representatives from the Transmission Owner category of membership and two representatives from the non-Transmission Owner category of membership will be members of the Committee. The Board of Directors and the Members' Committee shall separately appoint their representatives at the regular meeting of the Board of Directors immediately following the Annual Meeting of Members. The Board of Directors will designate their two representatives and designate the chairperson. The Transmission Owners on the Members' Committee will designate their two representatives and the non-Transmission Owners will designate their two representatives. Persons designated as representatives on the Finance Committee will continue to serve until their successors have been appointed. Where a vacancy occurs, the Corporate Governance Committee will fill the vacancy in accordance with SPP Bylaws.

Duration

The Finance Committee is a permanent committee. The Committee shall meet a minimum of two times per fiscal year and at other times as called by the Chair. A quorum will constitute at least half of the members of the committee but no less than three members. Proxies are allowed if reported to the Chair prior to the meeting. All meetings of the Finance Committee shall be open to all interested parties unless closed by the Chair of the Committee.

Reporting

The Finance Committee reports directly to the Board of Directors.



Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE
Organizational Group Scope Statement
September 2007

Purpose

The Oversight Committee (OC) is responsible for overseeing the process of monitoring compliance to SPP and NERC policies, including market monitoring and internal compliance with NERC operating Standards.

Scope of Activities

1. Oversee the process of monitoring compliance to SPP and NERC policies;
2. Independently review activities of the Staff;
3. Hear and rule on appeals from Members regarding penalty assessment or fine distribution, other than those resulting from the Compliance Monitoring and Enforcement Program, prior to dispute resolution proceedings;
4. Recommend Criteria changes necessary for enforcement of mandatory compliance and in response to unclear enforcement provisions of Criteria;
5. Grant specific additional authority to the Staff responsible for the compliance monitoring function when needed to perform challenging investigations;
6. Complete a self-assessment annually to determine how effectively the OC is meeting its responsibilities; and
7. Perform such other functions as the Board of Directors may delegate or direct.

Representation

The Oversight Committee (OC) shall be comprised of three members from the Board of Directors. The Board of Directors shall appoint the representatives of the OC at the regular meeting of the Board of Directors immediately following each annual meeting of Members. Each representative of the OC shall continue to be a representative thereof until the Board of Directors appoints his/her successor. Where a vacancy occurs, the Board of Directors will fill the vacancy.

Reporting

The Oversight Committee reports to the Board of Directors.

SPP BOARD OF DIRECTORS

	TERM EXPIRES
Phyllis Bernard	2010
Nick Brown	N/A
Jim Eckelberger	2009
Julian Brix	2010
Josh Martin	2011
Larry Altenbaumer	2011
Harry Skilton	2009

Class of 2009

Jim Eckelberger
Harry Skilton

Class of 2010

Phyllis Bernard
Julian Brix

Class of 2011

Josh Martin
Larry Altenbaumer

SPP MEMBERS COMMITTEE

SECTOR		COMPANY	TERM EXPIRES
Investor Owned Utilities	Kelly Harrison	Westar	2010
	Mel Perkins	OG+E	2011
	Richard Spring	KCPL	2009
	Stuart Solomon	AEP	2010
Cooperatives	Steve Parr	KEPCo	2011
	Gary Roulet	WFEC	2009
	Gary Voigt	AECC	2010
	Rick Tyler	NTEC	2009
Municipals	Jeff Knottek	City Utilities of Springfield	2010
	Cindy Holman	OMPA	2011
IPPs/Marketers	Trudy Harper	Tenaska	2009
	Rob Janssen	Dogwood	2010
	Vacant		2011
State/Federal Agencies	Kevin Easley	GRDA	2009
	Pat Pope	NPPD	2011
Large Retail Customer	vacant		2011
Small Retail Customer	vacant		2010
Public Interest/ Alternative Power	vacant		2011
	vacant		2009

Class of 2009

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

Class of 2010

Kelly Harrison
 Stuart Solomon
 Gary Voigt
 Jeff Knottek
 Rob Janssen
 Sm. Retail (vacant)

Class of 2011

Mel Perkins
 Steve Parr
 Cindy Holman
 Pat Pope
 IPP/Marketer (vacant)
 Lg. Retail (vacant)
 Publ Int/Alt Pwr (vacant)

REGIONAL ENTITY TRUSTEES

	TERM EXPIRES
Gerry Burrows	2011
Dave Christiano	2009
John Meyer	2010

Class of 2009

Dave Christiano

Class of 2010

John Meyer

Class of 2011

Gerry Burrows

Southwest Power Pool, Inc.
Bylaws
Original Volume No. 4

Bylaws revisions for Corporate Governance Committee
~~December 10, 2008~~ March 5, 2009

Southwest Power Pool, Inc.

B Y L A W S

Issued by: L. Patrick Bourne, Manager
Transmission and Regulatory Policy

Effective: May 1, 2004

Issued on: August 2, 2004

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

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B Y L A W S
of
Southwest Power Pool, Inc.

PREAMBLE

The values and principles upon which SPP is incorporated and formed include: a relationship-based organization; member-driven processes; independence through diversity of Organizational Group membership; recognition that reliability and economic/equity issues are inseparable; and, deliberate evolutionary, as opposed to revolutionary, implementation of new concepts. These values and principles should guide those serving this organization. The Board of Directors will endeavor to ensure equity to all Members while also assuring the continuous adaptation to controlling conditions within these stated values and principles.

1.0 DEFINITIONS

1.1 Affiliate Relationships

Affiliate Relationships are relationships between SPP Members that have one or more of the following attributes in common:

- (a) are subsidiaries of the same company;
- (b) one Member is a subsidiary of another Member;
- (c) have, through an agency agreement, turned over control of a majority of their generation facilities ~~over~~ to another Member;
- (d) have, through an agency agreement, turned over control of a majority of their transmission system ~~over~~ to another Member, except to the extent that the facilities are turned over to an independent transmission company recognized by FERC;
- (e) have an exclusive marketing alliance between Members; or
- (f) ownership by one Member of ten percent or greater of another Member.

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Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RT04-1-002 and ER04-48-002, issued July 2, 2004, 108 FERC ¶ 61,003.

1.2 Articles of Incorporation

SPP's articles of incorporation as filed with the state of Arkansas.

1.3 Board of Directors

The Board of Directors of SPP, which shall manage the general business of SPP pursuant to these Bylaws.

1.4 Bylaws

These bylaws.

1.5 Criteria

Planning and operating standards and procedures as approved by the Board of Directors.

1.5a Existing Obligations

Certain financial obligations as defined in Section 8.7.1 of these Bylaws.

1.5b ERO

The Electric Reliability Organization under FERC jurisdiction that regulates reliability of the electric power grid.

1.6 Member

An entity that has met the requirements of Section 2.2 of these Bylaws.

1.7 Membership

The collective Members of SPP.

1.8 Membership Agreement

The contract, that specifies the rights and obligations of the parties, executed between SPP and an entity seeking to become an SPP member.

1.9 NERC

The North American Electric Reliability Corporation or successor organizations.

1.10 Net Energy for Load

The electrical energy requirements of an electric system are defined as system net generation plus energy received from others, less energy delivered to others through interchange. It includes system losses but excludes energy required for the storage at energy storage facilities.

1.11 Officers

The officers of SPP as elected by the Board of Directors. The Officers consist of the President and the Corporate Secretary, at a minimum. Any Officer must be independent of any Member organization.

1.12 Organizational Group

A group, other than the Board of Directors, comprising a committee or working group that is charged with specific responsibilities toward accomplishing SPP's mission.

1.13 Regional Criteria

SPP planning and operating standards and procedures as approved by the Board of Directors.

1.14 Regional Entity Trustees

A governing body of SPP, independent of the Board of Directors, which specifically oversees SPP's function as an ERO Regional Entity pursuant to the Delegation Agreement between SPP and the ERO.

1.15 Regional Reliability Standards

Electric reliability requirements submitted to the ERO by the Regional Entity Trustees; and once approved, implemented and enforced by SPP under authority as the Regional Entity.

1.16 Registered Entity(ies)

A bulk electric system owner, operator or user that is required to comply with ERO reliability standards pursuant to the Energy Policy Act of 2005.

1.17 SPP

Southwest Power Pool, Inc.

1.18 SPP Regional Entity

That part of SPP responsible for the delegated functions pursuant to the Delegation Agreement between SPP and the ERO.

1.19 SPP Compliance Monitoring and Enforcement Program

The program used by the North American Electric Reliability Corporation ("NERC") and the Regional Entities to monitor, assess, and enforce compliance with Reliability Standards within the United States.

1.20 Staff

The technical and administrative staff of SPP as hired by the Officers to accomplish SPP's mission.

1.21 Standards Development Team

An SPP Organizational Group assigned or choosing to develop an SPP Regional Reliability Standard for submission to the ERO for approval for enforcement.

1.22 Transmission Owning Member

A Member that has placed more than 500 miles of non-radial facilities operated at or above 60 kV under the independent administration of SPP for the provision of regional transmission service as set forth in the Membership Agreement.

1.23 Transmission Using Member

A Member that does not meet the definition of a Transmission Owning Member.

2.0 MEMBERSHIP

2.1 Qualifications

Membership in SPP is voluntary and is open to any electric utility, Federal power marketing agency, transmission service provider, any entity engaged in the business of producing, selling and/or purchasing electric energy for resale, and any entity willing to meet the membership requirements, including execution of the Membership Agreement. Membership also is open to any entity eligible to take service under the SPP Open Access Transmission Tariff (OATT). These entities desire the greater efficiency and service reliability gained through better coordination by voluntary association in SPP as constituted herein and in the SPP Articles of Incorporation. Members recognize that such association has a significant effect upon the availability and reliability of the bulk electric power supply of the region, and thereby affects the reliability of the nation's electric power supply.

2.2 Applications

Membership by an entity shall be obtained upon meeting the following requirements:

- (a) Meeting membership qualifications;
- (b) Providing an application for membership to the SPP President; and
- (c) Executing the Membership Agreement and delivering a signed copy to the President.

The President shall review applications, approve those meeting membership qualifications and promptly give written notice of the new Member to all other Members. The Board of Directors will review any disputes arising as to the qualifications of the new Member. Membership will commence at the beginning of the next calendar month following completion of these requirements or some other date as may be mutually agreed upon.

2.3 Member Responsibilities and Obligations

Members recognize that SPP exists and operates for the benefit of the bulk electric transmission system and to ensure the reliability of the nation's power supply. As such, Members are required to act to further these goals by participating in projects, and complying with regulatory requirements. Failure to comply with these provisions will be considered a violation of these Bylaws and the Member may be removed in accordance with the provisions for *Removal of Members* in the Membership Agreement.

2.4 Termination, Removal and Reinstatement

The Board of Directors may terminate the membership of any Member in accordance with the Membership Agreement. The President shall promptly give written notice of the removal to all other Members. Any former Member seeking to rejoin SPP shall apply to the Board of Directors for reinstatement. In its application for reinstatement, the former Member shall:

- (a) provide evidence that it has fully paid any accrued financial obligation to SPP;
- (b) demonstrate it has corrected the reason for its removal;
- (c) establish that it will be in compliance with SPP membership requirements; and
- (d) deliver an executed Membership Agreement to the President.

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2.5 Participation in Regional Entity Activities

Participation in SPP Regional Entity activities is open to the public and does not require membership in SPP, Inc. nor any of the obligations of membership, including SPP, Inc.'s annual fee.

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3.0 ORGANIZATIONAL ADMINISTRATION

3.1 Structure

Member input on decision-making shall be accomplished primarily through Membership participation in Organizational Groups. Members are expected to provide representation to Organizational Groups as requested. Unless otherwise provided in these Bylaws, Working group Organizational Group representation will be appointed by the Board of Directors, who shall consider the various types and expertise of Members and their geographic locations, to achieve a widespread and effective representation of the Membership. The Chair of any Organizational Group may appoint any ad hoc task forces as necessary to fulfill its mission. Task force appointments shall be made with due consideration of the various types and expertise of Members and their geographic locations. Criteria for serving on an Organizational Group will be determined in the group's scope. Except for any full representation group, an appointment to an Organizational Group is for an individual, not a corporate entity. Participation in certain sessions of Organizational Group meetings where market sensitive issues are discussed may be restricted to persons representing entities that have executed ERO's Confidentiality Agreement. Representatives on all Organizational Groups will be documented in the SPP directory maintained by the Staff. Organizational Group vacancies will be filled on an interim basis by appointment of the President unless otherwise provided for in these Bylaws.

3.2 Attendance and Proxy

If a representative does not attend three consecutive Organizational Group meetings, he/she will be considered to have resigned from the group, absent express waiver of this requirement by the chair of the group. Any appeal of removal from the roster of an Organizational Group should be directed to the Corporate Secretary. Any resulting vacancy will be filled in accordance with Section 3.1 Structure of these Bylaws.

If a ~~Member's designated~~ representative is unable to attend an Organizational Group meeting, ~~it~~ he/she may in writing appoint a substitute representative who shall have such rights to participate and vote as the ~~Member representative~~ specifies. The substitute representative may be another member of the Organizational Group or another person who has the authority to act on behalf of the representative. A representative may not grant a proxy for more than three consecutive meetings without the express consent of the chair of the Organizational Group. If a

representative exceeds the proxy limit, he/she will be considered to have resigned from the Organizational Group and the vacancy will be filled in accordance with these Bylaws; except, in the case of any full representation Organizational Group, in which case a new representative will be solicited from the member company.

A proxy provided to another representative of the Organizational Group will not be recorded as attendance at the meeting and will not serve to meet or maintain the quorum requirements. A proxy provided to another person with the authority to act on behalf of the representative will be recorded as attendance at a meeting ~~and will serve to~~for the purpose of ~~meeting~~ or ~~maintaining~~ the quorum requirements.

3.3 Leadership

3.3.1 Appointment

The Chair of all Organizational Groups shall be nominated by the Corporate Governance Committee for consideration and appointment by the Board of Directors. A Vice Chair shall be elected by the members of an Organizational Group, unless provided otherwise in these Bylaws. A Vice Chair shall act for a Chair:

- (a) at the request of the Chair;
- (b) if the Chair becomes incapacitated and unable to discharge the functions of the position; or
- (c) if the position of the Chair becomes vacant, until a new Chair takes office.

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3.3.2 Terms

The terms of the Chair and Vice Chair of all Organizational Groups shall coincide with the two-year term of the Chair of the Board of Directors. ~~Working-Organizational~~ Group representation will be reviewed annually for ~~appropriateness-compliance with the Bylaws~~ by the Corporate Governance Committee.

3.3.3 Vacancies

Should any individual having been appointed as a Chair of any Organizational Group be unable to serve for the term specified, or be unable to serve on a NERC Organizational Group under provisions of these Bylaws, a replacement shall be appointed by the Chair of the Board of Directors for the unexpired term of office.

3.4 Executive Authority

The Officers shall carry out the rights, duties, and obligations of SPP pursuant to the authority granted by the Board of Directors. Officers will execute the SPP Standards of Conduct upon employment. The Standards of Conduct outline the independence requirements for all employees of SPP. The Officers shall be empowered to:

- (a) employ qualified technical and administrative employees;
- (b) engage office space;
- (c) employ outside technical and special service organizations;
- (d) execute contracts;
- (e) provide for independent regional reliability coordination, ~~and~~ transmission service administration, and other services as may be directed by the Board of Directors;
- (f) serve as SPP's representative before regulatory bodies, NERC, and in other public forums;
- (g) incur reasonable expenses; and
- (h) make Staff resources available to individual Members or groups of Members on a non-firm, non-priority, first-come-first-serve basis so as not to interfere with current or future needs and priorities established by SPP.

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3.5 Meetings

Organizational Groups shall meet as necessary. SPP meetings shall be open, however, any Organizational Group may limit attendance at a meeting by an affirmative vote of the Organizational Group as necessary to safeguard confidentiality of sensitive information, ~~included~~ including but not limited to Order 889 Code of Conduct requirements, personnel, financial, or legal matters. Representatives shall be given at least fifteen days written notice of the date, time, place and purpose of each regular or special meeting. Telephone conference meetings may be called as appropriate by the Chair of any Organizational Group with at least one-day prior notice.

3.6 Order of Business

The latest edition of Robert's Rules of Order will generally govern all SPP meetings on any point not specifically covered in these Bylaws.

3.7 Expenses

The expenses of a representative participating in the activities of SPP Organizational Groups and task forces shall be borne by that representative.

3.8 Quorum

The quorum for a meeting of the Markets and Operations Policy Committee or the Membership shall be those Members present. The quorum for any other Organizational Group or task force shall be one-half of the ~~membership representatives~~ thereof, but not less than three ~~membersrepresentatives~~; provided, that a lesser number may adjourn the meeting to a later time. The quorum for a meeting must be established and maintained throughout the meeting in order for the Organizational Group to take any binding action(s). Any actions taken before a quorum is lost are considered valid and binding. A proxy will serve to meet the quorum requirements areas described in Section 3.2 Proxy of these Bylaws.

3.9 Voting

3.9.1 Markets and Operations Policy Committee and Membership

Upon joining, Members shall be assigned to one of two Membership sectors for the sole purpose of voting on matters before the Markets and Operations Policy Committee or the Membership: Transmission Owning Members, or Transmission Using Members. Each sector votes separately with the result for that sector being a percent of approving votes to the total number of Members voting. An action is approved if the average of these two percentages is at

least sixty-six percent. If no Members are present within a sector, the single present sector-voting ratio will determine approval. Unless otherwise stated in these Bylaws, the Markets and Operations Policy Committee or the Membership may determine to vote on an issue by email. The outcome of any email vote must be recorded in the minutes for the group.

3.9.2 Organizational Groups and Task Forces

Each representative of an Organizational Group or Task Force shall have one vote. A simple majority of participants present or represented by proxy and voting shall be required for approval of an action for all other Organizational Group and Task Force action(s). Unless otherwise stated in these Bylaws, an Organizational Group or Task Force may determine to vote on an issue by email. The outcome of any email vote must be recorded in the minutes for the group.

If an Organizational Group is acting as a Standards Development Team as defined in Section 9.5 Regional Reliability Standards Development Process of these Bylaws, it will vote in accordance with the SPP Standards Development Process as approved by FERC.

~~Except as provided for in Section 9.5 of these Bylaws, each participant in an Organizational Group shall have one vote. Upon joining, Members shall be assigned to one of two Membership sectors for the sole purpose of voting: Transmission Owning Members, or Transmission Using Members. Markets and Operations Policy Committee and Membership actions are taken in the following process. Each sector votes separately with the result for that sector being a percent of approving votes to the total number of Members voting. Then the action is approved if the average of these two percentages is at least sixty six percent. If no Members are present within a sector, the single present sector voting ratio will determine approval. A simple majority of participants present or represented by a proxy and voting shall be required for all other Organizational Groups and task forces.~~

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3.10 Appeal

Should any Member or group of Members disagree on an action taken or recommended by any Organizational Group, such Member(s) may, in writing, appeal and submit an alternate recommendation to the Board of Directors prior to the meeting at which consideration of the action by the Board of Directors is scheduled.

3.11 Staff Independence and Support

SPP Staff members will be required to execute the SPP Standards of Conduct upon employment and annually thereafter. The Standards of Conduct outline the independence requirements for employees of SPP. The President shall assign to each Organizational Group an SPP Staff member, who shall attend all meetings and act as secretary to the Organizational Group and any ad hoc task forces of that group. Staff secretaries of all Organizational Groups and task forces shall be non-voting. Minutes shall be kept of pertinent discussion, business transacted, decisions reached, and actions taken at each meeting of SPP Organizational Groups or task forces by the secretary. Minutes shall be published within seven calendar days following a meeting but in any event in advance of the next meeting, and considered ~~published-final~~ documents upon their approval by the Organizational Group or task force.

3.12 Publications and Data Bases

SPP shall publish and distribute ~~printed~~ reports as necessary to fulfill the SPP mission. SPP shall also develop and maintain electronic databases of relevant technical information ~~as approved by the Board of Directors~~. The release of member-specific proprietary information ~~in databases containing member-specific technical data considered proprietary in nature~~ will be governed by the appropriate SPP governing document (the OATT, the Membership Agreement, the Bylaws, the SPP and related Criteria) and/or a properly executed confidentiality agreement and administered by the Staff. ~~In the event member specific non-proprietary technical data is being distributed, SPP will provide written notice of the specific data submitted, to whom it is being submitted and the purpose of such submittal to the respective Member at the same time the data is provided to the requesting party. Standard Publications publications and standard forms of non-proprietary information technical data~~ will be made available at no charge ~~to Members, other regional councils and their members, and federal and state agencies. Other parties~~

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~~requesting SPP publications or technical data will be charged an amount equivalent to production, handling and delivery costs.~~

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3.13 Dispute Resolution

These procedures are established for the equitable, efficient and expeditious resolution of disputes. These procedures are intended to cover disputes between any two or more Members, between Members and consenting non-members, or between SPP and any Member(s) or consenting non-member(s). SPP and Members are strongly encouraged to take part in the complete process herein described prior to litigation or the utilization of other dispute resolution processes. SPP administrative involvement in the proceeding is to coordinate ~~assembly of a non-biased and independent dispute resolution of an appropriate firm or~~ panel to facilitate the resolution of the dispute and to provide meeting coordination and facilities. ~~If SPP is a party to the dispute, its administrative duties shall be turned over to a contracted facilitator mutually selected by the disputing parties.~~ These procedures do not apply to disputes that are covered by the dispute resolution procedures of the SPP OATT or the SPP Compliance Monitoring and Enforcement Program.

3.13.1 Instigation

Any Member may begin these dispute resolution procedures by making a request in writing to the President. ~~The President will forward copies of this request to the Board of Directors.~~ This written request must contain the authorized signatures of all parties to the dispute. The request must contain:

- (a) a statement of the issues in dispute;
- (b) the positions of each of the parties relating to each of the issues;
- (c) the specific dispute resolution procedure desired; and
- (d) any agreed-upon modifications or specific additions to the proceedings described in these Bylaws by which the dispute may be resolved.

3.13.2 Dispute Resolution ~~Panel~~Process

In the event SPP is a party to the dispute, the parties shall engage a firm specializing in alternative dispute resolution to administer the dispute resolution process. The firm will be mutually determined by the parties and the process will be administered in accordance with these Bylaws and such other SPP governing documents as may be relevant to the proceeding. In the event the parties cannot mutually agree to the engagement of a firm, the dispute resolution process will be abandoned and other available means for resolution will be pursued.

Southwest Power Pool
Bylaws

~~In the event SPP is not a party to the dispute, the parties to the dispute may engage a firm specializing in alternative dispute resolution to administer the dispute resolution process. The firm will be mutually determined by the parties and the process will be administered in accordance with these Bylaws and such other SPP governing documents as may be relevant to the proceeding. In the event the parties cannot mutually agree to the engagement of a firm, and do not determine some other mutually acceptable procedure, The the President of SPP shall immediately provide to each party to the dispute a list of candidates to be used in forming a three-person dispute resolution panel. This list shall be maintained by SPP and can be added to at any time by any Member. This list~~The candidates shall ~~contain at least seven~~be persons meeting the requirements for directors. The President shall then call a telephone conference meeting: ~~During during this meeting, which~~ each party shall alternate striking names from the list

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until those remaining constitute the dispute resolution panel. This panel shall select a chair from its membership. Should any candidate decline to serve or resign from a current appointment for any reason, the candidate whose name was last struck from the list shall ~~automatically~~ be contacted to serve. The President shall assign a Staff representative to assist the panel as secretary. The President shall manage the panel selection process to ensure its timely completion ~~within one week from receipt of the request.~~

3.13.3 Resolution Procedures

The types of proceedings available for the resolution of disputes are:

- (a) An Advisory Proceeding to assist each party through discussion and advice, on a separate and individual basis without active participation in the joint discussions and negotiations, to resolve the dispute informally by mutual agreement;
- (b) A Mediation Proceeding to assist the parties through active participation in the joint discussions and negotiations (including specific recommendations of the issues in dispute) through which the parties indirectly attempt to resolve the dispute informally by mutual agreement;
- (c) A non-binding Dispute Resolution Proceeding to hear formal evidence on factual matters related to the issues submitted, make written findings and conclusions of fact, and issue specific written recommendations for resolution of each issue in dispute.
- (d) A binding Dispute Resolution Proceeding to hear formal evidence on factual matters related to the issues submitted, make written findings and conclusions of fact, and issue directives and awards for resolution of each issue in dispute.

The panel chair shall determine meeting arrangements and format necessary to efficiently expedite the resolution of the dispute, and the Staff secretary shall notify the parties of these details. Each party to the dispute must have at least one representative present at all related meetings with full authority to resolve the dispute. Upon conclusion of this process, the panel chair shall notify the President of its outcome. After consultation with the parties to the dispute

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and the panel chair to determine the completion of the process as described herein, and/or as modified by the parties, the President shall discharge the panel, and notify the Board of Directors of the results. The parties to the dispute agree to complete the process within 90 days from selection of the panel. Final determinations may be subject to corporate or regulatory approvals, which the parties should disclose at the outset of the process. The Staff secretary shall maintain minutes of the panel meetings, which shall become part of SPP's historical records.

3.13.4 Expenses

The parties to the dispute shall share equally all reasonable charges for the meeting location, administrative costs, and related travel expenses of panel members. The parties to the dispute shall also share equally all reasonable compensation for time and service of panel members and related incremental expenses of the SPP Staff. The President shall determine reasonableness of time and service costs for panel members prior to process implementation. The SPP Staff secretary shall account for these expenses. Each party to the dispute shall be responsible for their respective associated expenses.

3.13.5 Liability

The parties to any dispute which is the subject of these dispute resolution procedures shall hold harmless SPP, its Members, Organizational Groups and each of their directors, officers, agents, employees or other representatives, and the panel members from any liabilities, claims, or damages resulting from any agreement or lack of agreement as a result of the dispute resolution proceedings. The foregoing hold harmless right shall not be extended to the parties to any given dispute or to their directors, officers, agents, employees or other representatives.

3.14 Meeting of Members

The Chair of the Board of Directors shall convene and preside over meetings of Members for the purpose of electing ~~directors~~Directors, Members Committee representatives, and Regional Entity Trustees to positions becoming vacant in the ensuing year, and any other necessary business. The Membership shall meet at least once per calendar year.

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3.15 Liability, Insurance and Indemnification

For purposes of this section “SPP” refers to SPP and its officers, directors, Regional Entity Trustees, employees or agents, and “Member” refers to the Members of SPP as defined in these Bylaws. None of the provisions of this section, including the waiver of liability in Section 3.15.1 below, absolving SPP or its Members, directors, Regional Entity Trustees, officer, agents, employees or other representatives of liability or any provisions for insurance or indemnification apply to actions which are unlawful, undertaken in bad faith, or are the result of gross negligence or willful misconduct.

3.15.1 Waiver of Liability

- (a) SPP shall not be liable to any Member for damages arising out of or related to any directive, order, procedure, action, or requirement of SPP, under the then effective Bylaws and Criteria.
- (b) No Member shall be liable to any other Member or to SPP for damages arising out of or related to any action by the Member pursuant to any directive, order, procedure, action or requirement of SPP, under the then effective Bylaws and Criteria.
- (c) Each Member waives any future claim it might have against SPP or other Members arising out of or resulting from any directive, order, procedure, action or requirement of SPP, under the then effective Bylaws and Criteria.
- (d) SPP waives any future claim it might have against any Member arising out of or resulting from any actions taken by a Member pursuant to any directive, order, procedure, action or requirement of SPP, under the then effective Bylaws and Criteria.

3.15.2 Insurance

The President is authorized to procure insurance to protect SPP, its directors, Regional Entity Trustees, officers, agents, employees, or other representatives against damages arising out of or related to any directive, order, procedure, action or requirement of SPP, under the then effective Bylaws and Criteria or pursuant to the OATT.

3.15.3 Indemnification of Directors, Officers, Agents and Employees

Except for actions which are unlawful, undertaken in bad faith, or are the result of gross negligence or willful misconduct, SPP shall indemnify its directors, officers, agents, employees, or other representatives to the maximum extent allowed by law consistent with these Bylaws. Each director, Regional Entity Trustee, officer, agent, employee, or other representative of SPP shall be indemnified by SPP against all judgments, penalties, fines, settlements, and reasonable expenses, including legal fees, incurred as a result of, or in connection with, any threatened, pending or completed civil, criminal, administrative, or investigative proceedings to which the incumbent may be made a party by reason of acting or having acted in official capacity as a director, Regional Entity Trustee, officer, agent, employee, or representative of SPP, or in any other capacity which the incumbent may hold at the request of SPP, as its representative in any other organization, subject to the following conditions:

- (a) Such director, Regional Entity Trustee, officer, agent, employee, or other representative must have acted in good faith and, in the case of criminal proceedings, must have had no reasonable cause to believe that conduct was unlawful; provided, that SPP shall not provide indemnification of any conduct judged unlawful in criminal proceedings. When acting in official capacity, the incumbent must have reasonably believed that conduct was in the best interests of SPP, and, when acting in any other capacity, must have reasonably believed that conduct was at least not opposed to the best interests of SPP.
- (b) If the proceeding was brought by or on behalf of SPP, however, indemnification shall be made only with respect to reasonable expenses referenced above. No indemnification of any kind shall be made in any such proceeding in which the director, Regional Entity Trustee, officer, agent, employee, or other representative shall have been adjudged liable to SPP.

- (c) In no event, however, will indemnification be made with respect to any described proceeding which charges or alleges improper personal benefit to a director, Regional Entity Trustee, officer, agent, employee, or other representative and where liability is imposed on the basis of the receipt of such improper personal benefit.
- (d) In order for any director, Regional Entity Trustee, agent, employee, or other representative to receive indemnification under this provision, the person shall vigorously assert and pursue any and all defenses to those claims, charges, or proceedings covered herein which are reasonable and legally available and shall fully cooperate with SPP or any attorneys involved in the defense of any such claim, charges, or proceedings on behalf of SPP.
- (e) No indemnification shall be made in any specific instance until it has been determined by SPP that indemnification is permissible in that specific case, under the standards set forth herein and that any expenses claimed or to be incurred are reasonable. These two (2) determinations shall be made by a majority vote of at least a quorum of the Board of Directors consisting solely of directors who were not parties to the proceeding for which indemnification or reimbursement of expenses is claimed. If such a quorum cannot be obtained, a majority of at least a quorum of the full Board of Directors, including directors who are parties to said proceeding, shall designate a special legal counsel who shall make said determinations on behalf of SPP.
- (f) Any reasonable expenses, as shall be determined above, that have been incurred by a director, Regional Entity Trustee, officer, agent, employee, or other representative who has been made a party to a proceeding as defined herein, may be paid or reimbursed in advance upon a majority vote of a quorum of the full Board of Directors, including those who may be a party to the same proceeding. However, such director, Regional Entity Trustee, officer, agent, employee, or other representative shall have provided SPP with (i) a written affirmation under oath that the incumbent, in good faith, believes the

conditions of indemnification herein have been met; and (ii) a written undertaking that the incumbent shall repay any amounts advanced, with interest accumulated at a reasonable rate, if it is ultimately determined that such conditions are not met.

3.15.4 Limitations

The provisions of this section 3.15 are subject to applicable state and federal laws, if any, which limit the ability of a Member to waive liability or enter into agreements of indemnity. Any benefits under this Section 3.15 shall not extend to any Member so limited by state or federal law in complying with the provisions thereof.

3.16 Compliance Membership Requirements

Compliance monitoring of Members and Staff shall be performed to ensure compliance with all requirements of Membership. Certain SPP compliance monitoring and enforcement functions, as detailed in Section 9.0, shall be performed in concert with related ERO programs, and will be overseen by the Regional Entity Trustees. Other monitoring functions shall be provided by appropriate SPP staff under the oversight of the Oversight Committee and the Board of Directors. Compliance monitoring shall be an after-the-fact investigative and assessment function.

Monitoring functions shall include but are not limited to:

- (a) Investigation of all reports or discoveries of non-compliance with approved Bylaws, Regional Criteria, OATT, and agreements between SPP and its Members,;
- (b) Obtaining all information needed to investigate all facets of possible non-compliance with Membership requirements;
- (c) Performance of in-depth reviews of operations in order to investigate non-compliance with Membership requirements upon approval from the Oversight Committee;
- (d) Comprehensive audits when recurring issues covering a broad spectrum of violations of Membership requirements are determined and documented;
- (e) Imposition of financial penalties and/or sanctions for non-compliance associated with the results of investigations or audits pursuant to approved standards, policies and/or Criteria;
- (f) Confirmation that SPP is conforming to its own Regional Criteria, OATT, business practices, and reliability operations in a manner that does not stifle the efficiency of the energy markets;
- (g) Utilization of dispute resolution procedures as necessary to resolve conflicts or appeals; and
- (h) Coordination of policy modifications to clearly define requirements, and penalties in order to objectively monitor compliance with Membership requirements.

3.17 Market Monitoring

SPP shall establish and provide appropriate support to a market monitoring function in accordance with its OATT~~through an independent contractor possessing the requisite experience and qualifications~~. Market monitoring functions shall be carried out in a manner consistent with the safe and reliable operation of the SPP transmission system, the operation of a robust, competitive and non-discriminatory electric power market, and the principle that a **Member Market Participant as defined in the SPP OATT**, or group of ~~Members-Market Participants~~ shall not have undue influence or impact.

The market monitoring ~~entity-unit~~ shall ~~be selected by and~~ report to the Board of Directors. Any public reports submitted shall be ~~concurrently~~ provided to the Board of Directors and concurrently to the appropriate regulatory body or bodies. The President shall ensure that the market monitoring entity has adequate resources, access to information, and the full cooperation of Staff and Organizational Groups for the effective execution of its duties.

Market monitoring functions shall include but are not limited to:

- (a) Monitoring and reporting on compliance and market power issues relating to transmission services, including compliance and market power issues involving congestion management and ancillary services and the potential of any market participant(s) to exercise market power within the region by affecting available transmission capacity;
- (b) Evaluation and recommendation of any required modifications to the OATT, standards or Criteria;

- (c) Ensuring that the monitoring program is conducted in an independent and objective manner;
- (d) Development of reporting procedures to inform governmental agencies and others concerning market monitoring activities;
- (e) Monitoring the behavior of market participants to determine whether there is any behavior that hinders the reliable, efficient and non-discriminatory provision of transmission service by SPP; ~~and~~
- (f) Ensuring that SPP's involvement in markets does not discriminate in favor of any market participant or its own interests; ~~and~~
- ~~(g) Developing plans for mitigating market power, subject to appropriate regulatory approval.~~

4.0 BOARD OF DIRECTORS

4.1 Duties

The Board of Directors shall at all times act in the best interest of SPP in its management, control and direction of the general business of SPP. The Board of Directors shall solicit and consider a straw vote from the Members Committee as an indication of the level of consensus among Members in advance of taking any actions other than those occurring in executive session. Its duties shall include, but are not limited to the following:

- (a) Direct activities of all SPP Organizational Groups;
- (b) Serve on SPP Organizational Groups;
- (c) Remove Members, and approve the re-entry of Members that have been removed;
- (d) Authorize all ~~major substantive~~ contracts and debt instruments;
- (e) Select and review the performance of SPP Officers, who shall serve at the pleasure of the Board of Directors;
- (f) Determine policies by which positions, duties, qualifications, salaries, benefits and other necessary matters pertaining to the SPP ~~Staff Officers are determined~~;
- (g) Review, approve, disapprove or recommend revision to the actions of any Organizational Group;
- (h) Act on appeals pursuant to Section 3.10;

- (i) Approve and implement Regional Criteria for enforcement under the terms and conditions of the SPP Membership Agreement.
- (j) Provide input with the Members Committee to the Regional Entity Trustees, on SPP Regional Reliability Standards presented by the MOPC to the Trustees or otherwise developed under the auspices of the Trustees for submission to the ERO for its approval.
- (k) Approve or revise the operating and capital budgets and any additional expenditures;
- (l) Convene a meeting of Members at least annually;
- (m) Approve amendments to these Bylaws as permitted by these Bylaws;
- (n) Approve amendments to the Membership Agreement as permitted by the Membership Agreement;
- (o) Approve Regional Criteria pertaining to planning and operating standards and policies and penalties for non-compliance with such Criteria; and
- (p) Authorize filings with regulatory bodies.

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.

4.2.3 Conflicts of Interest

Directors shall not be a director, officer, or employee of, and shall have no direct business relationship, financial interest in, or other affiliation with, a Member or customer of services provided by SPP. Directors may **indirectly own** ~~invest securities through a mutual fund or similar arrangement (other than a fund or arrangement specifically targeted toward the electric industry or any segments thereof) under which the director does not control the purchase or sale of such securities~~ in accordance with SPP's Standards of Conduct. Participation in a pension plan of a Member or customer shall not be deemed to be a direct financial benefit if the Member's or customer's financial performance has no material effect on such pension plan.

4.3 Term and Election

Except for the President, a director shall be elected at the meeting of Members to a three-year term commencing upon election and continuing until his/her duly elected successor takes office. ~~Initial staggering of terms will be decided by lottery with two directors' terms to expire in the first year, two in the second year, and two in the third year.~~ The election process shall be as follows:

- (a) At least ~~three months~~90 calendar days prior to the meeting of Members when election of new directors is required, the Corporate Governance Committee shall commence the process to nominate persons equal in number to the directors to be elected;
- (b) At least ~~one month~~30/45 calendar days prior to the meeting of Members, the Corporate Governance Committee shall ~~notify the President in writing of~~determine the persons it nominates for election as directors, specifying the nominee for any vacancy to be filled. The ~~President-Corporate Secretary~~ shall prepare the ballot accordingly, ~~leaving space for additional names,~~ and shall deliver same to Members at least ~~two weeks~~30 calendar days prior to the meeting of Members;
- (c) For purposes of electing or removing directors only, each group of Members with Affiliate Relationships shall be considered a single Member;
- (d) At the meeting of Members, any ~~Any~~ additional nominee(s) ~~or nominees~~ may be added to the ballot if a ~~motion is made and seconded by Members~~petition is received by the Corporate Secretary 15 calendar days prior to the meeting of Members and evidencing support of at least 20 percent of the then current Membership; and
- (e) ~~At the meeting of Members, the required number of directors shall be elected by written ballot. Each sector of the Membership votes separately with the result for that sector being a percent of approving votes to the total number of Members voting.~~ 1) If only one candidate is nominated for a seat, Each each Member shall be entitled to cast a ~~number of votes equal to the number of directors to be elected~~vote for ~~or~~ against eachthe nominee. ~~A Member may not cumulate votes.~~

~~The candidates receiving the highest percent of the average of approving vote ratios within each Membership sector will fill vacancies~~The votes will be calculated in accordance with Section 3.9 *Voting* of these Bylaws. In the event a director position is not filled, the Corporate Governance Committee will determine a new nominee for recommendation for election by the Membership at a special meeting of Members to be held no later than the next regular Board of Directors/Members Committee meeting no more than 90 calendar days from the date of the annual meeting.:

2) If multiple candidates are nominated for a seat, each Member shall be entitled to cast a vote for one nominee. A simple majority of votes cast will determine which nominee is elected. Run-offs will be held until a nominee is elected, if needed.

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4.4 Resignation and Removal of Directors

Any director may resign by written notice to the President noting the effective date of the resignation. The Membership may remove a director with cause by ~~the vote of a majority of each Membership sector~~those voting at a meeting of Members in accordance with Section 3.9 Voting of these Bylaws. Removal proceedings may only be initiated by a petition signed by not less than twenty percent of the Members. The petition shall state the specific grounds for removal and shall specify whether the removal vote is to be taken at a special meeting of Members or at the next regular meeting of Members. A director who is the subject of removal proceedings shall be given fifteen days to respond to the Member petition in writing to the President.

4.5 Vacancies

If a vacancy occurs, the Corporate Governance Committee will present a nominee to the ~~Board of Directors~~Membership for consideration and election to fill the vacancy for the unexpired term ~~an interim director to serve until a replacement director is elected and takes office. A special election shall be held at the next~~ special meeting of Members ~~to fill the vacancy for the unexpired term~~ following 30 calendar days notice from the Corporate Secretary. The election will be held in accordance with Section 4.3 Term and Election of these Bylaws.

The replacement director shall take office immediately ~~following the~~upon election.

4.6 Functioning of the Board of Directors

In reaching any decision and in considering the recommendations of any Organizational Group or task force, the Board of Directors shall abide by the principles in these Bylaws.

4.6.1 Meetings and Notice of Meetings

The Board of Directors shall meet at least three times per calendar year and additionally upon the call of the Chair or upon concurrence of at least four directors. At least fifteen days' written notice shall be given by the President to each director, the Members Committee, and the Regional State Committee of the date, time, place and purpose of a meeting of the Board of Directors, unless such notice is waived by the Board of Directors. Telephone conference meetings may be called as appropriate by the Chair with at least one-day prior notice. Board of Directors' meetings shall include the Members Committee, ~~and~~ a representative from the

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Regional Entity Trustees, and a representative from the Regional State Committee (as defined in
Section 7.2) for all meetings except when in executive

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session; provided however, the failure of representatives of the Members Committee and/or of the Regional Entity Trustees and/or of the Regional State Committee to attend, in whole or in part, shall not prevent the Board of Directors from convening and conducting business, and taking binding votes. The Chair shall grant any Member's request to address the Board of Directors.

4.6.2 Chair and Vice Chair; Election and Terms

The Board of Directors shall elect from its membership a Chair and Vice Chair for two-year terms commencing upon election and continuing until their duly elected successors take office or until their term as a director expires without re-election. The President of SPP may not serve as the Chairman of the Board of Directors. The Vice Chair shall act for the Chair:

- (a) at the request of the Chair;
- (b) in the event the Chair should become incapacitated and unable to discharge the functions of the office; or
- (c) if the office of Chair becomes vacant, until the next regularly scheduled meeting of the Board of Directors, at which meeting a new Chair shall be elected by the Board of Directors to fill the vacancy. The Chair shall appoint a director to fill a vacant Vice Chair position until the next meeting of the Board of Directors, at which meeting a new Vice Chair shall be elected by the Board of Directors to fill the vacancy.

4.6.3 Quorum and Voting

Five of the directors shall constitute a quorum of the Board of Directors; provided, that a lesser number may adjourn the meeting to a later time. Decisions of the Board of Directors shall be by simple majority vote of the directors present and voting. Directors must be present at a meeting to vote; no votes by proxy are permitted. Voting will be by secret ballot. The Corporate Secretary will collect and tally the ballots, and announce the results of a vote. Only voting results will be announced and recorded in the minutes; individual votes will not be announced or recorded.

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4.6.4 Compensation of Directors

Directors shall receive compensation as recommended by the Corporate Governance Committee, and approved by the Membership, and shall be reimbursed for actual expenses reasonably incurred or accrued in the performance of their duties.

4.6.5 Executive Session

Executive sessions (open only to directors and to parties invited by the Chair) shall be held as necessary upon agreement of the Board of Directors to safeguard confidentiality of sensitive information regarding employee, financial, or legal matters.

5.0 COMMITTEES ADVISING THE BOARD OF DIRECTORS

5.1 Members Committee

The Members Committee shall work with the Board of Directors to manage and direct the general business of SPP. Its duties shall include, but are not limited to the following:

- (a) Provide individual and collective input to the Board of Directors, including but not limited to a straw vote from the Members Committee representatives as an indication of the level of consensus among Members, on all actions pending before the Board of Directors; and
- (b) Serve on committees reporting to the Board of Directors as appointed by the Board of Directors.
- (c) Provide input with the Board of Directors to the Regional Entity Trustees on SPP Regional Reliability Standards presented by the MOPC to the Trustees or otherwise developed under the auspices of the Trustees for submission to the ERO for its approval.

5.1.1 Composition and Qualifications

5.1.1.1 Composition

Provided that Membership is sufficient to accommodate these provisions, the Members Committee shall consist of up to 19 persons. Four representatives shall be investor owned utilities Members; four representatives shall be cooperatives Members; two representatives shall be municipals Members (including municipal joint action agencies); three representatives shall

be independent power producers/marketers Members; two representatives shall be a state/federal power agencies Member; two representatives shall be alternative power/public interest Members; one representative shall be a large retail customer Member; defined as non-residential end-use customers with individual or aggregated loads of 1-MW or more; and one representative shall be a small retail customer Member, defined as residential customers and other customers with individual or aggregated loads of less than 1-MW. Representatives will be elected in accordance with Section 5.1.2 of these Bylaws.

5.1.1.2 Qualifications

A representative shall be an officer or employee of a Member with decision-making responsibility over SPP related activities, and must be the Member's representative to the Membership.

5.1.2 Term and Election

Representatives shall be nominated by the Corporate Governance Committee and elected each year at the meeting of Members to staggered three-year terms commencing upon election and continuing until their duly elected successors take office. ~~Initial staggering of terms will be decided by lottery.~~ The election process shall be as follows:

- (a) At least ~~three months~~90 calendar days prior to the meeting of Members at which election of new representatives is required, the Corporate Governance Committee shall nominate persons equal in number to the representatives to be elected;
- (c) At least ~~one month~~30 calendar days prior to the meeting of Members, the Corporate Governance Committee shall ~~notify the President in writing of determine~~ the persons it nominates for election as representatives, specifying the nominee for any vacancy to be filled. The ~~President~~Corporate Secretary shall prepare the ballot accordingly, leaving space for additional names, and shall deliver same to Members at least two weeks prior to the meeting of Members;
- (c) For purposes of electing and removing representatives only, each group of Members with Affiliate Relationships shall be considered a single vote;
- (d) At the meeting of Members, any additional nominee or nominees may be added to the ballot if a motion is made and seconded to add such nominee or nominees; and
- (e) ~~At the meeting of Members, the~~The required number of representatives shall be elected by written ballot. A Member shall be entitled to cast a number of votes equal to the number of representatives to be elected. A Member may not cumulate votes. The candidates in each sector receiving the greatest number of votes will fill vacancies.

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5.1.3 Resignation and Removal of Members Committee Representatives

Any representative may resign by written notice to the President noting the effective date of the resignation. A representative may be removed, with cause, by the affirmative vote of a majority of the Members at a meeting of Members. Removal proceedings may only be initiated by a petition signed by not less than twenty percent of the Members. The petition shall state the specific grounds for removal and shall specify whether the removal vote is to be taken at a special meeting of Members or at the next regular meeting of Members. A representative who is the subject of removal proceedings shall be given fifteen days to respond to the Member petition in writing to the President.

5.1.4 Vacancies

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 replacement representative shall take office immediately following the election.

5.1.5 Meetings

The Members Committee shall meet only with the Board of Directors.

6.0 COMMITTEES REPORTING TO THE BOARD OF DIRECTORS

This section describes the general scopes and responsibilities of the Organizational Groups reporting directly to the Board of Directors. Nothing in this section is meant to limit these responsibilities or activities in the effort to fulfill SPP's mission.

6.1 Markets and Operations Policy Committee

Each SPP Member shall appoint a representative to the Markets and Operations Policy Committee (MOPC) ~~at the regular meeting of the Board of Directors immediately following each annual meeting of Members.~~ Each representative designated shall be an officer or employee of

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the Member. The Board of Directors will appoint the Chair and Vice Chair of the MOPC. Each member of the MOPC may continue to be a member thereof until the appropriate Member appoints a successor.

The MOPC shall meet at least three times per calendar year, and additionally as needed. The MOPC shall report to the Board of Directors following each MOPC meeting with respect to its activities and with such recommendations, as the MOPC deems necessary.

The responsibilities of the Markets and Operations Policy Committee shall include:

- (a) Recommend practices for system design, planning, adequacy, regional transmission service tariff, interconnections, operation, reliability, market designs and efficiency, and market power mitigation that will help to assure efficient and reliable power supply among the systems in SPP and SPP transmission customers;
- (b) Coordinate and review with ERO Policies and Standards and their applicability to SPP, its Members, and Registered Entities in the SPP footprint;
- (c) Present any Regional Reliability Standards for ERO adoption in accordance with SPP's Standards Development Process.
- (d) Coordinate and oversee the work of any Standards Development Team(s).
- (e) Report to the Trustees on all standards recommended by working groups reporting to the MOPC.
- (f) Make appropriate recommendations to the Board of Directors and Regional Entity Trustees regarding SPP's compliance with ERO Policies and Standards;
- (g) Review Member operating plans and problems that are pertinent to SPP planning and operation;
- (h) Maintain an annual series of load flow and short circuit models and associated stability data bases representing the current and planned electric network of the region, and maintain a data base of all transmission, generation, and supporting facilities within SPP;
- (i) Review and assess the current and planned electric system of the region;
- (j) Make use of studies available from other regions;
- (k) Recommend to the Board of Directors criteria for planning, operations, and to assist in the efficiency and vitality of the wholesale electricity market;

- (l) Coordinate inter-regional and intra-regional plans and facilitate planning, information exchange, and operations between inter-regional and intra-regional groups;
- (m) Develop a coordinated plan for intra-regional transmission for greater efficiency and reliability of electric power supply;
- (n) Recommend to the Board of Directors and Members individual or joint action to improve the operation of the systems comprising SPP;
- (o) Respond to activities as requested by the Strategic Planning Committee and the Board of Directors;
- (p) Monitor the current state and evolution of the electric energy supply industry and proactively recommend commercial practices that meet industry needs and promote commerce;
- (q) Work with all SPP Organizational Groups to promote a high standard of operational reliability;
- (r) Continue coordination of its efforts with the efforts of North American Energy Standards Board (NAESB) and the ISO/RTO Council (IRC), including periodic review of NAESB business practices and IRC policies and their applicability to SPP and its Members;
- (s) Complete a self-assessment annually to determine how effectively the MOPC is meeting its responsibilities; and
- (t) Perform such other functions as the Board of Directors may delegate or direct.

6.2 Strategic Planning Committee

The Strategic Planning Committee (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 ~~at the regular meeting of the Board of Directors immediately following each annual meeting of Members.~~ 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.

The responsibilities of the Strategic Planning Committee shall include:

- (a) Gather information from SPP Members, customers, Staff, regulatory jurisdictions, market monitors, and legislative bodies on industry trends, forecasts and directions;
- (b) Assess the industry environment in which SPP will be operating;
- (c) Assess SPP's capabilities and competencies against the industry environment, including coordination with neighboring entities;
- (d) Develop and recommend to the Board of Directors a mission and vision statement and accompanying goals and objectives;
- (e) Formulate strategies to ensure achievement of SPP's mission statement, goals, objectives, and responsibilities, and recommend necessary modifications to SPP processes to carry out these strategies;
- (f) Work with other Organizational Groups in developing related action plans, schedules and budgets;
- (g) ~~Review annually the structure of the Organizational Groups, and together with the Organizational Group Chairs, the charters of each Organizational Group, and recommend changes to the Board of Directors, as appropriate;~~
- (f) ~~Review the self-assessments of the Organizational Groups to assure that they are being done on a consistent basis;~~
- (h) Complete a self-assessment annually to determine how effectively the SPC is meeting its responsibilities; and
- (j) Perform such other functions as the Board of Directors may delegate or direct.

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6.3 Human Resources Committee

The Human Resources Committee (HRC) 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.

The Board of Directors shall appoint the representatives of the HRC ~~at the regular meeting of the Board of Directors immediately following each annual meeting of Members.~~ Each representative of the HRC 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 HRC shall meet at least twice per calendar year, and additionally as needed, provided that a quorum, as defined in these Bylaws, is present. The HRC shall report to the Board of Directors following each HRC meeting with respect to its activities and with such recommendations, as the HRC deems necessary.

The responsibilities of the Human Resources Committee shall include assistance to the Board of Directors in fulfilling its responsibility to the Members, and investment community with respect to the oversight of:

- (a) The development and administration of employee benefit programs;
- (b) The effectiveness of SPP's compensation plan for employees ~~and directors~~;
- (c) The activities of investment managers charged with managing employee benefit assets, including evaluation of performance;
- (d) Approve and monitor SPP staffing structure to ensure it accomplishes organizational mission;
- (e) Maintain current job description for the President and conduct annual performance evaluation;

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- (f) Other duties and responsibilities detailed in the Human Resources Committee charter; and
- (g) Perform such other functions as the Board of Directors may delegate or direct.

6.4 Oversight Committee

The Oversight Committee (OC) shall be comprised of three members from the Board of Directors.

The Board of Directors shall appoint the representatives of the OC ~~at the regular meeting of the Board of Directors immediately following each annual meeting of Members~~. Each representative of the OC shall continue to be a representative thereof until the Board of Directors appoints his/her successor. Where a vacancy occurs, the Board of Directors will fill the vacancy.

The OC shall meet as needed, provided that a quorum, as defined in these Bylaws, is present. The OC shall report to the Board of Directors following each OC meeting with respect to its activities and with such recommendations, as the OC deems necessary.

The responsibilities of the Oversight Committee shall include:

- (a) Oversee the process of monitoring compliance to SPP and NERC policies other than that assigned to the Regional Entity Trustees under these Bylaws;
- (b) Independently review activities of the Staff;
- (c) Hear and rule on appeals from Members regarding penalty assessment or fine distribution prior to dispute resolution proceedings;
- (d) Recommend Regional Criteria changes necessary for enforcement of mandatory compliance and in response to unclear enforcement provisions of Regional Criteria;
- (e) Grant specific additional authority to the Staff responsible for the oversight monitoring function when needed to perform challenging investigations;
- (f) Complete a self-assessment annually to determine how effectively the OC is meeting its responsibilities; and
- (g) Perform such other functions as the Board of Directors may delegate or direct.

6.5 Finance Committee

The Finance Committee (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.

The Board of Directors shall appoint the representatives of the FC ~~at the regular meeting of the Board of Directors immediately following each annual meeting of Members~~. Each representative of the FC 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 FC shall meet at least twice per calendar year, and additionally as needed, provided that a quorum, as defined in these Bylaws, is present. The FC shall report to the Board of Directors following each FC meeting with respect to its activities and with such recommendations, as the FC deems necessary.

The responsibilities of the Finance Committee shall include assistance to the Board of Directors in fulfilling its responsibility to the Members, and investment community with respect to its oversight of:

- (a) The quality and integrity of SPP's financial statements;
- (b) SPP's compliance with financially-based legal and regulatory requirements;
- (c) The independent auditor's qualifications, selection, and independence;
- (d) The performance of SPP's internal audit function and independent auditors;
- (e) The development and implementation of annual and long-term operating and capital budgets;
- (f) The management of risk;
- (g) Develop policies for management of debt financing and for long-term contracting;
- (h) Monitoring methodology for cost recovery to ensure continuing equity for Members;

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- (i) Other duties and responsibilities detailed in the Finance Committee charter; and
- (h) Perform such other functions as the Board of Directors may delegate or direct.

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; one representative shall be 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, the Members Committee, or the Trustees 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) In the event of a vacancy or the replacement of an existing Trustee, provide candidates for consideration to the Members for election to the Regional Entity Trustees;

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- (d) In the event of a vacancy or the replacement of an existing Members Committee representative, provide candidates for consideration to the Membership for election to the Members Committee;
- (e) Fill vacancies for Organizational Groups in accordance with these Bylaws;
- ~~(df)~~ 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;
- ~~(eg)~~ Recommend to the Board of Directors the appointment of Organizational Group representatives and leadership except for the Corporate Governance Committee, whose representatives are elected by members in each category; the Members Committee, whose representatives are elected by the Membership; and the Market and Operations Policy Committee, whose representatives are appointed by the Members;
- ~~(fh)~~ Develop criteria governing the overall composition of the Board of Directors for recommendation to the ~~Board of Directors~~Membership;
- ~~(gi)~~ Develop criteria governing the overall composition of the Regional Entity Trustees for recommendation to the Membership;
- ~~(hj)~~ Coordinate an annual review and assessment of the effectiveness of the Board of Directors, its structure, and process;
- ~~(ik)~~ Coordinate an annual review and assessment of the effectiveness of the Regional Entity Trustees, its structure, and process;
- (l) Review annually the structure of the Organizational Groups, and together with the Organizational Group Chairs, the charters of each Organizational Group, and recommend changes to the Board of Directors, as appropriate;
- (m) Review the self-assessments of the Organizational Groups to assure that they are being done on a consistent basis;
- ~~(jn)~~ Develop recommendations for the Board of Directors regarding a ~~director~~ Chair/Vice Chair succession policy;

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- (k) Recommend compensation levels for the Board of Directors and Regional Entity Trustees to the Membership;
- (l) Complete a self-assessment annually to determine how effectively the CGC is meeting its responsibilities; and
- (m) Perform such other functions as the Board of Directors may delegate or direct.

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7.0 REGULATORY INVOLVEMENT AND REGIONAL STATE COMMITTEE

Any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP activities, including participation at the SPP Board of Directors meetings. These representatives shall have all the same rights as Members except the right to vote. Participation includes the designation of representatives by each of the regulatory jurisdictions to participate in any type of committee, working group, task force, and Board of Directors meetings.

7.1 Retention of State Regulatory Jurisdiction

Nothing in the formation or operation of SPP as a FERC recognized regional transmission organization is in any way intended to diminish existing state regulatory jurisdiction and authority. Each state regulatory agency is expressly reserved the right to exercise all lawful means available to protect its existing jurisdiction and authority.

7.2 Regional State Committee

An RSC, to be comprised of one designated commissioner from each state regulatory commission having jurisdiction over an SPP Member, shall be established to provide both direction and input on all matters pertinent to the participation of the Members in SPP. This direction and input shall be provided within the context of SPP's organizational group meetings as well as Board of Directors meetings. The SPP Staff will assist the RSC in its collective responsibilities and requests by providing information and analysis. SPP will fund the costs of the RSC pursuant to an annual budget developed by the RSC and submitted to SPP as part of its budgeting process, which budget must ultimately be approved by the Board of Directors.

The RSC has primary responsibility for determining regional proposals and the transition process in the following areas:

- (a) whether and to what extent participant funding will be used for transmission enhancements;
- (b) whether license plate or postage stamp rates will be used for the regional access charge;
- (c) FTR allocation, where a locational price methodology is used; and
- (d) the transition mechanism to be used to assure that existing firm customers receive FTRs equivalent to the customers' existing firm rights.

The RSC will also determine the approach for resource adequacy across the entire region. In addition, with respect to transmission planning, the RSC will determine whether transmission upgrades for remote resources will be included in the regional transmission planning process and the role of transmission owners in proposing transmission upgrades in the regional planning process.

As the RSC reaches decisions on the methodology that will be used to address any of these issues, SPP will file this methodology pursuant to Section 205 of the Federal Power Act. However, nothing in this section prohibits SPP from filing its own related proposal(s) pursuant to Section 205 of the Federal Power Act.

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7.3 Retention of Other Regulatory Jurisdiction

Nothing in the formation or operation of SPP as a FERC recognized regional transmission organization is in any way intended to diminish the jurisdiction or authority of any other regulatory body. Any regulatory agency having utility rates or services jurisdiction over a Member or the regional transmission organization reserves the right to exercise all lawful means available to protect its existing jurisdiction and authority.

8.0 FISCAL ADMINISTRATION

The fiscal year shall coincide with the calendar year.

8.1 Operating Budget

SPP Staff and the Finance Committee will prepare an annual budget of expenditures for the next fiscal year and an estimate for an additional two years. The proposed budget shall be submitted to the Board of Directors not less than two weeks prior to the meeting at which the budget is to be considered for approval. Once approved by the Board of Directors, the budget shall constitute the authority required by the Officers for expenditures for the ensuing year. Modifications to the budget during the fiscal year must be recommended to the Board of Directors by the Finance Committee. The President shall have the authority to approve ~~unbudgeted expenditures of up to \$250,000 individually or in the aggregate during the fiscal year. The President may approve unbudgeted expenditures in excess of \$250,000 but less than \$1,000,000 with the concurrence of the Finance Committee. Unbudgeted expenditures in excess of \$1,000,000 require prior approval of~~ in accordance with SPP policy as approved by the Board of Directors.

8.2 Annual Membership Fee

All SPP Members will be subject to an annual membership fee in the amount of \$6,000, or other amount established by the Board of Directors. Unless otherwise agreed, Membership fees for new Members are due at the execution of the Membership Agreement. Membership fees are not subject to refund. The Board of Directors shall determine the annual membership fee for the upcoming year in advance of the last meeting of Members in a calendar year. Legitimate public interest groups (e.g. consumer advocates, environmental groups, or citizen participation groups)

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may seek a waiver of the annual membership fee. The request for waiver must be directed to the President in writing 90 days in advance of the start of each fiscal year.

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8.3 ERO and Regional Entity Costs

SPP is a Regional Entity of the Electric Reliability Organization and is subject to the terms of the Delegation Agreement executed by SPP and the ERO. SPP will have certain functions as signatory to the Delegation Agreement related to the establishment and submission of annual budgets related to fulfillment of Regional Entity functions as well as participation in the costs incurred by ERO. The Delegation Agreement may specify SPP's responsibility to collect ERO costs from SPP's Regional Entity footprint, and may specify ERO's responsibility to fund SPP's Regional Entity budget.

SPP will clearly set out the costs associated with its operation as a Regional Entity within SPP's annual budget.

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. 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 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.

8.5 Fiscal Agent

The President shall serve as the fiscal agent of SPP. The President shall keep an up-to-date record of receipts and disbursements and furnish reports to the Board of Directors and the Finance Committee.

8.6 Auditors

The Board of Directors shall annually engage an independent certified public accounting firm to perform an annual audit of SPP's financial records and prepare a report on the financial condition of SPP. The Finance Committee shall present the audit report to the Board of Directors upon completion.

8.7 Financial Obligation of Withdrawing Members

8.7.1 Existing Obligations

“Existing Obligations” are the following:

- a. Member's unpaid annual membership fee.
- b. Member's unpaid dues, assessments, and other amounts charged under Section 3.8 or otherwise under the Bylaws, plus the Member's share of costs SPP customarily includes in such dues, assessments or other charges, but which as of the Termination Date SPP had not included in such dues, assessments or other charges.
- c. Member's share (computed in accordance with the Bylaws) of the entire principal amounts of all SPP Financial Obligations outstanding as of the Termination Date. “Financial Obligations” are all long-term (in excess of six (6) months) financial obligations of SPP, including but not limited to the following:
 - i. debts under all loans, loan agreements, borrowings, promissory notes, bonds, and credit lines, under which SPP is obligated, including principal and interest;
 - ii. all payment obligations under equipment leases, financing leases, capital leases, real estate and office space leases, consulting contracts, and contracts for outsourced services;

- iii. any unfunded liabilities of any SPP employee pension funds, whether or not liquidated or demanded; and
 - iv. the general and administrative overhead of SPP for a period of three (3) months.
- d. Any costs, expenses or liabilities incurred by SPP directly due to the Termination, regardless of when incurred or payable, and including without limitation prepayment premiums or penalties arising under SPP Financial Obligations.
- e. Member's share (computed in accordance with the Bylaws) of all interest that will become due for payment with respect to all interest bearing Financial Obligations after the Termination Date and until the maturity of all Financial Obligations in accordance with their respective terms ("Future Interest"). In the event that a Financial Obligation carries a variable interest rate, the interest rate in effect at the Termination Date shall be used to calculate the applicable Future Interest. In determining the Member's share of Future Interest, SPP shall take into account any reduction of Financial Obligations due to mitigation under this Section.

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8.7.2 Computation of a Member's Existing Obligations

For purposes of computing the Existing Obligations of any withdrawing or terminated Member in accordance with the Membership Agreement, such "Member's share" is a percentage calculated as follows:

$$A = 100 [0.25(1/N) + 0.75(B/C)]$$

Where: A = Member's share (expressed as a percentage)

N = Total number of Members

B = The Member's previous year Net Energy for Load within SPP

C = Total of factor B for all Members

The Finance Committee shall have the discretion to reduce the Existing Obligations of any withdrawing or terminated Member, to reflect any SPP costs or expenses that may be mitigated in connection with such Member's withdrawal or termination. In the event of consolidation of affiliate memberships or the transfer of membership from one corporate entity to another, whereby one entity remains a member of SPP, the withdrawal obligation for the departing company(ies) may be waived at SPP's sole discretion.

9.0 REGIONAL ENTITY FUNCTION

9.1 Regional Entity

SPP operates as a Regional Entity under FERC jurisdiction with oversight powers delegated to it by the ERO. The Regional Entity Trustees shall appoint representatives to ERO organizational groups as necessary to represent the interests of the SPP Regional Entity. SPP may pay appropriate associated travel expenses of those appointed representatives upon receipt by the Secretary to the Trustees of an expense report as normally filed within the representative's system.

9.2 Regional Entity Staff

The Regional Entity Trustees will oversee staffing requirements for the SPP Regional Entity. All SPP Regional Entity compliance enforcement staff shall report through the Executive Director of Compliance Regional Manager to the Trustees.

9.3 Executive Director of Compliance Regional Manager

The Executive Director of Compliance Regional Manager shall be elected-employed by and report to the SPP Regional Entity Trustees. The President shall ensure that the Executive

Director of Compliance Regional Manager has adequate resources, access to information, and the full cooperation of Staff and Organizational Groups for the effective execution of his/her duties.

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9.4 Duties of ~~Compliance-Regional Entity~~ Staff

~~Compliance-Regional Entity~~ functions **related to compliance monitoring and enforcement** shall include but are not limited to:

- (a) Investigation of all reports or discoveries of non-compliance with approved ERO policies and standards;
- (b) Obtaining all information needed to investigate all facets of possible noncompliance with ERO policies and standards;
- (c) Performance of in-depth reviews of operations in conjunction with the Compliance **Monitoring and Enforcement Program (CMEP)**;
- (d) Comprehensive audits when recurring issues covering a broad spectrum of violations of ERO policies and standards are determined and documented;
- (e) Recommendation of financial penalties and/or sanctions for non-compliance with ERO policies and standards pursuant to ERO guidelines;
- (f) Assist the Regional Entity Trustees with third party audits to confirm that SPP is conforming to ERO policies and standards;
- (g) Utilization of dispute resolution procedures as necessary to resolve conflicts or appeals; and
- (h) Coordination of policy modifications to clearly define ERO requirements, and penalties in order to objectively monitor compliance.

9.5 Regional Reliability Standards Development Process

When an SPP working group or task force is considering an SPP Regional Reliability Standard, it will be designated the Standards Development Team (SDT) for that Standard in accordance with the SPP Regional Entity Standards Development Process Manual. For purposes of an SDT, participation and voting will be open to any interested party in accordance with the Standards Development Process and without regard to membership status in SPP.

9.6 Compliance Monitoring and Enforcement Program

The Regional Entity Trustees will oversee SPP's Compliance Monitoring and Enforcement Program (CMEP). The CMEP will enforce compliance according to ERO reliability standards

for Registered Entities. Regional Entity **Compliance** staff shall oversee compliance auditing of registered entities, and will report audit results to the Regional Entity Trustees. All audits of SPP's compliance with ERO reliability standards will be performed by external third party auditors as coordinated and managed by the Regional Entity Trustees.

9.7 Regional Entity Trustees

9.7.1 Functions and Duties of the Regional Entity Trustees

The Regional Entity Trustees shall at all times act in the best interests of SPP's role as the SPP Regional Entity in its management, control, and direction of the general business of the Regional Entity functions. In reaching any decision and in considering the recommendations of an appropriate entity, the Regional Entity Trustees shall abide by the principles in these Bylaws. Its duties shall include, but are not limited to the following:

- (a) Monitor all Registered Entities in the SPP footprint for compliance with ERO/FERC requirements, including auditing and issuance of official findings.
- (b) Administer SPP's Compliance **Monitoring and** Enforcement Program.
- (c) Coordinate and manage third party audits to confirm that SPP is conforming to ERO policies and standards;
- (d) Impose penalties as prescribed and approved by ERO/FERC.
- (e) Regional Entity staff administration.
- (f) Regional Entity budget decisions.
- (g) Track and review Regional Standards from MOPC for submission to the ERO and FERC for approval and implementation.
- (h) Complete a self-assessment annually to determine how effectively the Regional Entity Trustees are meeting their responsibilities; and
- (i) Provide an annual report to the Board of Directors regarding the effectiveness of the Regional Entity function and processes.

9.7.2 Composition and Qualifications

9.7.2.1 Composition

The Regional Entity Trustees shall consist of three (3) persons. The trustees shall be independent of the SPP Board of Directors, any Member, industry stakeholder, or SPP organizational group. Regional Entity Trustees do not serve as members of the SPP Board of Directors. A trustee shall not be limited in the number of terms he/she may serve.

9.7.2.2 Qualifications

Regional Entity Trustees shall have relevant senior management expertise and experience in the reliable operation of the bulk electric transmission system in North America.

9.7.2.3 Conflicts of Interest

Regional Entity Trustees shall not be a director, officer, or employee of, and shall have no direct business relationship, financial interest in, or other affiliation with, a Member, a customer of services provided by SPP, or a Registered Entity in the SPP footprint. Trustees may ~~indirectly own securities invest through a mutual fund or similar arrangement (other than a fund or arrangement specifically targeted toward the electric industry or any segments thereof) under which the trustee does not control the purchase or sale of such securities~~ invest through a mutual fund or similar arrangement (other than a fund or arrangement specifically targeted toward the electric industry or any segments thereof) under which the trustee does not control the purchase or sale of such securities in accordance with the SPP Standards of Conduct. Participation in a pension plan of a Member, customer, or Registered Entity in the SPP footprint shall not be deemed to be a direct financial benefit if the Member's, customer's, or Registered Entity's financial performance has no material effect on such pension plan.

9.7.3 Term and Election

Regional Entity Trustees shall be elected at the meeting of Members to a three-year term commencing upon election and continuing until his/her duly elected successor takes office. ~~Initial staggering of terms will be decided by lottery with one trustee's term to expire in the first year, one in the second year, and one in the third year.~~ The election process shall be as follows:

- (a) At least ~~three months~~ 90 calendar days prior to the meeting of Members when election of a new trustee is required, the Corporate Governance Committee shall commence the process to nominate persons for the position to be elected;

- (b) At least ~~one month~~ 30-45 calendar days prior to the meeting of Members, the Corporate Governance Committee shall ~~notify the President in writing of~~ determine the person it nominates for election as a trustee, specifying the nominee for any vacancy to be filled. The ~~President—Corporate Secretary~~ shall prepare the ballot accordingly, leaving space for additional names, and shall deliver same to Members at least ~~two weeks~~ 30 calendar days prior to the meeting of Members;
- (c) For purposes of electing or removing trustees only, Members with Affiliate Relationships shall be considered a single Member;
- (d) ~~At the meeting of Members,~~ any Any additional nominee(s) may be added to the ballot if a ~~motion is made and seconded by Members~~ petition is received by the Corporate Secretary 15 calendar days prior to the meeting of Members and evidencing support of at least 20 percent of the then current Membership; and
- (e) ~~At the meeting of Members, the required number of trustees shall be elected by written ballot. Each sector of the Membership votes separately with the result for that sector being a percent of approving votes to the total number of Members voting. 1) If only one candidate is nominated for a seat, Each each~~ Member shall be entitled to cast a ~~number of votes equal to the number of trustees to be elected~~ vote for or against each the nominee. ~~A Member may not cumulate votes. The candidate(s) receiving the highest percent of the average of approving vote ratios within each Membership sector will fill vacancy(ies)~~ The votes will be calculated in accordance with Section 3.9 Voting of these Bylaws. In the event a trustees position is not filled the Corporate Governance Committee will determine a new nominee for recommendation for election by the Membership at a special meeting of Members to be held but no later than the next regular Board of Directors/members Committee meeting no more than 90 days from the date of the annual meeting.:

2) If multiple candidates are nominated for a seat, each Member shall be entitled to cast a vote for one nominee. A simple majority of votes cast will determine which nominee is elected. Run-offs will be held until a nominee is elected, if needed.

9.7.4 Resignation and Removal of Regional Entity Trustees

Any Regional Entity Trustee may resign by written notice to the President noting the effective date of the resignation. The Membership may remove a trustee with cause by the vote of a majority of each Membership sector at a meeting of Members. Removal proceedings may only be initiated by a petition signed by not less than twenty percent of the Members. The petition shall state the specific grounds for removal and shall specify whether the removal vote is to be taken at a special meeting of Members or at the next regular meeting of Members. A trustee who is the subject of removal proceedings shall be given fifteen days to respond to the Member petition in writing to the President.

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9.7.5 Vacancies

If a vacancy occurs, the Corporate Governance Committee will present a nominee to the Membership for consideration and election to fill the vacancy for the unexpired term at a special meeting of Members following 30 calendar days notice from the corporate Secretary. The election will be held in accordance with Section 9.7.3 Term and Election of these Bylaws. ~~appoint an interim trustee to serve until a replacement trustee 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 replacement trustee shall take office immediately following the upon election.

9.7.6 Meetings and Notice of Meetings

Regular Regional Entity Trustees' meetings will be scheduled in conjunction with the regularly scheduled SPP Board of Directors meetings, provided the meeting schedule may be adjusted for good cause and with sufficient notice, and additionally upon the call of the chair or upon concurrence of at least two trustees. Except as otherwise provided in these Bylaws, all meetings will be open to any interested party. At least fifteen days' written notice shall be given by the chair to each trustee, the Board of Directors, and the Members Committee of the date, time, place and purpose of a meeting, unless such notice is waived by the trustees. Telephone conference meetings may be called as appropriate by the chair with at least one-day prior notice. The chair shall grant any party's request to address the Regional Entity Trustees.

9.7.7 Chair

The Regional Entity Trustees shall elect from its membership a chair for a two-year term commencing upon election and continuing until the chair's duly elected successor takes office or until the chair's term as a trustee expires without re-election. The panel may elect to rotate the chair to the senior member of the panel when the initial, or subsequent, chair's term expires.

9.7.8 Quorum and Voting

Two trustees shall constitute a quorum of the Regional Entity Trustees necessary for a binding vote. Decisions of the Regional Entity Trustees require two affirmative votes. Trustees must be present at a meeting to vote; no votes by proxy are permitted. All Regional Entity

Trustee decisions regarding the Regional Entity are final except as subject to oversight by the ERO and FERC.

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9.7.9 Compensation of Regional Entity Trustees

Regional Entity Trustees shall receive compensation as recommended by the Corporate Governance Committee, and approved by the Membership submitted for approval as part of the ERO budget process. Trustees shall be reimbursed for actual expenses reasonably incurred or accrued in the performance of their duties.

9.7.10 Executive Session

Executive sessions (open only to Trustees and parties invited by the chair of the Regional Entity Trustees) shall be held as necessary upon agreement of the Regional Entity Trustees to safeguard confidentiality of sensitive information regarding employee, financial or legal matters, or confidential information related to compliance matters.

10.0 AMENDMENTS TO THESE BYLAWS, THE ARTICLES OF INCORPORATION, AND MEMBERSHIP AGREEMENT

Except for modifications to Section 4.0 BOARD OF DIRECTORS, Section 5.0 COMMITTEES ADVISING THE BOARD OF DIRECTORS, Section 9.0 REGIONAL ENTITY FUNCTION and Section 10.0 AMENDMENTS, these Bylaws may be amended, repealed, or added to by the Board of Directors only upon 30 days written notice to the Membership of the proposed modification(s). Approval of amendments to the Bylaws by the Board of Directors must be by an affirmative vote of at least five directors. Sections 4.0, 5.0, 9.0, and 10.0 of these Bylaws and the Articles of Incorporation may be amended, repealed, or added to only by approval of the Membership. All amendments are subject to the requisite regulatory approval(s).

11.0 EFFECTIVE DATE AND TRANSITION PROVISIONS

These Bylaws shall become effective the day following acceptance at FERC and remain in force thereafter as may be amended. These Bylaws hereby cancel and supersede SPP Bylaws; provided, that these Bylaws do not relieve any Member from any financial obligation incurred thereunder. Binding obligations entered into by authority of Officers or the Board of Directors, or the Regional Entity Trustees under these Bylaws are hereby assumed and confirmed as obligations of SPP under these Bylaws.