



2015 Business Plan and Budget

Southwest Power Pool Regional Entity

Approved by SPP Regional Entity Trustees

June 17, 2014

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Introduction

TOTAL RESOURCES (in whole dollars)				
	2015 Budget	U.S.	Canada	Mexico
Statutory FTEs	32.75			
Non-statutory FTEs	-			
Total FTEs	32.75			
Statutory Expenses	\$ 11,808,110			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 11,808,110			
Statutory Inc(Dec) in Fixed Assets	\$ -			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ -			
Statutory Working Capital Requirement Adjustment	\$ (1,662,962)			
Non-Statutory Working Capital Requirement	\$ -			
Total Working Capital Requirement	\$ (1,662,962)			
Total Statutory Funding Requirement	\$ 10,145,148			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 10,145,148			
Statutory Funding Assessments	\$ 10,145,148	\$ 10,145,148		
Non-Statutory Fees	\$ -	\$ -		
NEL	216,655,989	216,655,989		
NEL%	100%	100%		

Organizational Overview

Southwest Power Pool, Inc. (SPP), founded in 1941 and based in Little Rock, Arkansas, is a nonprofit organization whose primary mission is maintaining electric reliability. SPP is one of nine Federal Energy Regulatory Commission (FERC) approved Independent System Operators/Regional Transmission Organizations and one of eight North American Electric Reliability Corporation (NERC) Regional Entities.

Southwest Power Pool Regional Entity (SPP RE), an independent and functionally separate division of SPP, was created to fulfill the functions and duties specified in the SPP Regional Delegation Agreement with NERC originally approved by FERC in 2007 and again in October 2010. As a NERC Regional Entity, SPP RE promotes and works to improve the reliability of the bulk power system (BPS). Specifically, SPP RE is responsible for developing regional reliability standards, monitoring and enforcing registered entity compliance with reliability standards, and assessing and evaluating BPS reliability. SPP RE provides technical expertise and assistance to BPS owners, operators and users, in particular to the approximately 150 registered entities located within the SPP RE's footprint, an eight-state area that includes all or a portion of Arkansas, Kansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, and Texas.

Sections A and B of this business plan and budget (BP&B) detail the programs and costs for the activities the SPP RE performs to fulfill the duties specified in the Regional Entity Delegation Agreement between SPP and NERC.

The SPP's RTO activities, which are listed in Section C of this BP&B, are non-statutory, and as such, are not included in the SPP RE's BP&B.

Membership and Governance

Pursuant to the SPP bylaws, SPP RE is governed by three independent Regional Entity Trustees, who are not on the SPP Board and operate separately from the SPP Board. The SPP RE Trustees have autonomy over decisions in fund allocation and approval of the SPP RE budget, as well as oversight of SPP RE decisions on regional standards, compliance enforcement actions, and penalties. The SPP RE's General Manager reports directly to the SPP RE Trustees. Only the SPP RE Trustees and certain direct SPP RE Staff members have the authority to make compliance and enforcement decisions. SPP RE direct staff is independent of all BPS users, owners, and operators.

To avoid the appearance of any conflicts of interest, SPP RE has engaged SERC Reliability Corporation to serve as the compliance enforcement authority for SPP's registered functions in the SPP RE region.

SPP RE's governance, which has been approved by NERC and FERC, meets the requirements of the Energy Policy Act of 2005.

Statutory Functional Scope

SPP RE performs various activities in the execution of its delegated functions and in support of NERC's responsibilities as the electric reliability organization (ERO). These activities include:

- Reliability Standard Development
- Compliance Enforcement
- Organization Registration and Certification
- Reliability Assessment and Performance Analysis
- Training and Education
- Situation Awareness and Infrastructure Security

2015 Key Assumptions

The key assumptions underlying the SPP RE 2015 Business Plan and Budget (BP&B) are consistent with ERO BP&B Assumptions as found in NERC's 2015 BP&B. The assumptions that are of particular importance to the SPP RE's 2015 BP&B include the expectation that:

1. NERC and the Regional Entities will continue to work collaboratively to promote and improve the reliability of the BPS.
2. NERC and the Regional Entities will continue to work under the regulatory framework governing the establishment and enforcement of reliability standards for the BPS established by Energy Policy Act of 2005.
3. SPP RE's delegated authorities and responsibilities will remain relatively constant.

4. NERC and the Regional Entities will work collaboratively to identify additional ways to improve efficiency and leverage overall ERO resources.
5. Cyber and critical asset security will continue to be a priority in the United States, with significant oversight by applicable government authorities.
6. Through efficiency gains and limited additional resources, NERC and the Regions will strive to achieve and maintain a 12-month total average processing time for alleged violations over the planning period.
7. Cost pressures may affect stakeholder resources available to participate in NERC and Regional Entity activities. NERC and the Regional Entities business plans, budgets, and resource requirements will continue to be established based upon the assumption of continued industry participation in support of key program areas, including but not limited to event analysis, reliability assessments, and standards development.
8. NERC and the Regional Entities will work collaboratively on the Reliability Assurance Initiative (RAI) to improve focus on high-risk areas of reliability and give credit to entities that demonstrate a strong culture of reliability.
9. NERC and the Regional Entities will work collaboratively to improve the registration and certification process through Risk-Based Registration. NERC and the Regions will work to ensure entities are properly registered and have been assigned the proper compliance responsibilities.
10. SPP RE supports NERC's efforts to determine if a shared compliance and enforcement tool is needed to replace the current tools utilized by the regions and NERC.

In addition to the above assumptions, which are shared among NERC and the Regional Entities, assumptions that are unique to SPP RE include:

1. SPP RE continues to operate as an independent and functionally separate division of SPP.
2. SPP RE continues to utilize SPP Shared staff to conduct certain activities in the SPP RE's Reliability Assessment and Performance Analysis program.
3. SPP Inc. recently became a Balancing Authority as part of the Integrated Marketplace project. As a result, the number of SPP RE's Balancing Authority registrations have decreased and the Operations and Planning audit team is expected to see a slight decrease in compliance activity.
4. SPP RE will continue to engage SERC to perform the compliance enforcement authority activities for the SPP registered functions that would otherwise be performed by SPP RE.

Key assumptions specific to individual programs are provided in Section A of this BP&B.

Goals and Key Deliverables

As part of the implementation of the Electric Reliability Organization Strategic Goals through 2017 (ERO Strategic Plan)¹, NERC and the Regional Entities developed a set of Common Assumptions² that are now used to guide budget resource projections for each regional entity and the ERO overall. In addition to the ERO Strategic Goals, the SPP RE Strategic Plan – 2012-2015³, which was developed in a collaborative manner, seeking input from RE staff, RTO staff, stakeholders, RE Trustees, the SPP Board, and the SPP Strategic Planning Committee, also serves as a guide for SPP RE’s planning processes and ongoing actions.

SPP RE-specific goals and deliverables include:

- Effectively and efficiently perform the delegated functions of registration, compliance monitoring and enforcement, reliability assessments, performance analysis, and situational awareness with independence, without conflict of interest, with objectivity and fairness.
- Conduct outreach activities, including compliance workshops, training seminars and videos, and newsletters, that facilitate a learning environment and promote a strong culture of reliability excellence and compliance.
- Identify current “gap” areas for reliability and grid security improvement and pursue implementation through new or revised reliability standards and other SPP RE or NERC processes.
- Participate in NERC-sponsored ERO compliance auditor and enforcement staff training.

¹<http://www.nerc.com/gov/bot/FINANCE/Hidden%20Documents/Electric%20Reliability%20Organization%20Enterprise%20Strategic%20Plan%202014-2017.pdf>

² See NERC 2015 Business Plan and Budget, Exhibit A.

<http://www.nerc.com/gov/bot/FINANCE/2015nercbsnspnbgt/2015%20NERC%20Business%20Plan%20and%20Budget.pdf>

³ http://www.spp.org/publications/RE_Strategy_2012_2015%20Clean.pdf

2015 Overview of Cost Impacts

The \$11.8 million operating budget reflects an approximate \$16 thousand decrease or -0.1%. Funding assessments increased by \$462 thousand or 5%, from \$9.2 million to \$9.7 million. A partial reduction of the SPPRE cash position will be used to offset the increase in the 2015 funding assessment. A summary of the funding by program area is shown in the chart below.

Program	Budget 2014	Projection 2014	Budget 2015	Change 2015 Budget v 2014 Budget	% Change
Reliability Standards	79,330	65,857	114,693	35,363	44.6%
Compliance Enforcement and Regist	8,662,902	8,523,804	8,583,743	(79,159)	-0.9%
Reliability Assess and Perf Analysis	2,756,961	2,685,907	2,978,437	221,476	8.0%
Training and Education	279,252	96,006	88,086	(191,166)	-68.5%
Situation Awareness	45,184	45,300	43,152	(2,032)	-4.5%
	<u>11,823,629</u>	<u>11,416,874</u>	<u>11,808,110</u>	<u>(15,519)</u>	<u>-0.1%</u>
Working Capital Reserve	\$ -	\$ -	\$ -	\$ -	
Total Funding	11,823,629	11,416,874	11,808,110	(15,519)	-0.1%

As shown in the chart that follows, the net decrease in budgeted FTEs is 1.10 and reflects the reduction in the number of SPP Shared Staff FTEs used to help coordinate and facilitate the development of regional reliability standards and the elimination of a full-time enforcement case manager. Other changes in individual program FTEs are primarily due to reallocation of existing staff.

Total FTEs by Program Area	Budget	Projection	Direct FTEs	Shared	Total FTEs	Change
	2014	2014	2015 Budget	FTEs ¹ 2015 Budget	2015 Budget	from 2015 Budget
STATUTORY						
Operational Programs						
Reliability Standards	0.25	0.15	0.15	0.00	0.15	-0.10
Compliance and Organization Registration and Certification	22.10	21.35	20.85	0.00	20.85	-1.25
Training and Education	1.25	0.00	0.00	0.00	0.00	-1.25
Reliability Assessment and Performance Analysis	7.13	6.63	3.38	3.75	7.13	0.00
Situation Awareness and Infrastructure Security	0.13	0.13	0.13	0.00	0.13	0.00
Total FTEs Operational Programs	30.85	28.25	24.50	3.75	28.25	-2.60
Administrative Programs						
Technical Committees and Member Forums	0.00	0.00	0.00	0.00	0.00	0.00
General & Administrative	3.00	4.50	4.50	0.00	4.50	1.50
Information Technology	0.00	0.00	0.00	0.00	0.00	0.00
Legal and Regulatory	0.00	0.00	0.00	0.00	0.00	0.00
Human Resources	0.00	0.00	0.00	0.00	0.00	0.00
Finance and Accounting	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs Administrative Programs	3.00	4.50	4.50	0.00	4.50	1.50
Total FTEs	33.85	32.75	29.00	3.75	32.75	-1.10

¹A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

Compared to the 2014 budget, the net increase in direct expenses and the net decrease in SPP, Inc. indirect expenses are approximately \$241 thousand and \$257 thousand, respectively. The increase in direct expenses is principally due to an increase in consultant costs. The primary driver of this increase is a SPP, Inc. Engineering Data Validation tool. The decrease in SPP, Inc. indirect expenses is due to a decrease in the indirect expense rate compared to the rate used in preparation of the 2014 budget.⁴ Additional information regarding the changes to the SPP RE operating budget is detailed in the Statutory Statement of Activities and Capital Expenditures table on the next page.

⁴ A table showing the derivation of the Indirect Expense Rate is presented in Section E.

2014 Budget and Projection and 2015 Budget Comparisons

Statement of Activities and Capital Expenditures 2014 Budget & Projection, and 2015 Budget

Funding	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
SPP RE Funding					
SPP RE Assessments	\$ 9,219,123	\$ 9,219,123	\$ -	\$ 9,680,648	\$ 461,525
Penalty Sanctions	508,333	508,333	-	464,500	(43,833)
Total SPP RE Funding	\$ 9,727,456	\$ 9,727,456	\$ -	\$ 10,145,148	\$ 417,692
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 9,727,456	\$ 9,727,456	\$ -	\$ 10,145,148	\$ 417,692
Expenses					
Personnel Expenses					
Salaries	\$ 4,103,334	\$ 3,714,463	\$ (388,871)	\$ 3,890,082	\$ (213,252)
Payroll Taxes	313,905	284,156	(29,749)	297,591	(16,314)
Benefits	330,805	332,045	1,240	346,900	16,095
Retirement Costs	164,133	148,579	(15,555)	155,603	(8,530)
Total Personnel Expenses	\$ 4,912,177	\$ 4,479,243	\$ (432,934)	\$ 4,690,177	\$ (222,000)
Meeting Expenses					
Meetings	\$ 91,500	\$ 91,500	\$ -	\$ 86,500	\$ (5,000)
Travel	486,000	551,200	65,200	603,000	117,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 577,500	\$ 642,700	\$ 65,200	\$ 689,500	\$ 112,000
Operating Expenses					
Consultants & Contracts	\$ 1,031,000	\$ 1,155,000	\$ 124,000	\$ 1,370,600	\$ 339,600
Office Rent	-	-	-	-	-
Office Costs	8,000	8,000	-	8,000	-
Professional Services	466,100	460,000	(6,100)	477,645	11,545
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 1,505,100	\$ 1,623,000	\$ 117,900	\$ 1,856,245	\$ 351,145
Total Direct Expenses	\$ 6,994,777	\$ 6,744,943	\$ (249,834)	\$ 7,235,922	\$ 241,145
SPP Inc. Indirect Expenses	\$ 4,828,852	\$ 4,671,931	\$ (156,921)	\$ 4,572,188	\$ (256,664)
SPP RE Indirect Expenses ⁽¹⁾	-	-	-	-	-
Total Indirect Expenses	\$ 4,828,852	\$ 4,671,931	\$ (156,921)	\$ 4,572,188	\$ (256,664)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 11,823,629	\$ 11,416,874	\$ (406,755)	\$ 11,808,110	\$ (15,519)
Change in Assets	\$ (2,096,173)	\$ (1,689,418)	\$ 406,755	\$ (1,662,962)	\$ 433,211
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets (C)	-	-	-	-	-
TOTAL BUDGET (=B + C)	\$ 11,823,629	\$ 11,416,874	\$ (406,755)	\$ 11,808,110	\$ (15,519)
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (2,096,173)	\$ (1,689,418)	\$ 406,755	\$ (1,662,962)	\$ 433,211

(1) SPP RE Indirect Expenses which represent direct expenses for SPP RE Administrative Services, are included in direct expenses.

Section A – Statutory Programs
2015 Business Plan and Budget



Section A — 2015 Business Plan

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.25	0.150	(0.100)
Direct Expenses	\$ 33,744	\$ 69,181	\$ 35,437
Indirect Expenses- SPP Inc.	\$ 35,664	\$ 20,941	\$ (14,723)
Indirect Expenses- SPP RE	\$ 9,922	\$ 24,571	\$ 14,649
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Total Funding Requirement	\$ 79,330	\$ 114,693	\$ 35,363

Program Scope and Functional Description

The Reliability Standards Program is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 300. The 0.10 FTE reduction in this program area is due to the expectation that there will not be a regional standard under development during 2015.

The 0.15 FTEs represents the time spent by the Enforcement Group staff member on reliability standards development activities. Specifically, SPP RE Staff coordinate with NERC to develop and maintain technically sound, fair and balanced reliability standards that enable NERC and Regional Entities to measure the reliability performance of bulk power system owners, operators, and users.

2015 Key Assumptions

The key assumptions concerning the SPP RE's Reliability Standards Program are consistent with the assumptions contained in the ERO BP&B Assumptions.

2015 Goals and Key Deliverables

- Meet directives of ERO governmental authorities regarding standards development and procedures;
- Communicate with stakeholders and regulators regarding standards development;
- Participate and represent SPP region in NERC standard development activities that may have significant influence on the planning and business practices of the entities registered with SPP RE

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- The decrease in personnel expenses of \$14,563 is due to a reduction of allocated resources focused on the development of regional reliability standards.

Meeting Expenses

- The \$50,000 increase in meeting expenses is for travel reimbursement for registered entities representing the SPP region on Standard Drafting Teams.

Operating Expenses

- There are no changes in operating expenses for this program, i.e. the budgeted amount remains zero.

Indirect Expenses

- SPP, Inc. Indirect Expenses, which are assessed to SPP RE, are based on a fixed rate per hour per FTE. SPP, Inc. Indirect Expenses have been adjusted to reflect the 0.10 FTE reduction in this program area.
- SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Reliability Standards Program

Funding sources and related expenses for the reliability standards section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2014 Budget & Projection, and 2015 Budget					
Reliability Standards					
	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	\$ 75,211	\$ 75,211	\$ -	\$ 112,227	\$ 37,016
Penalty Sanctions	4,119	4,119	-	2,466	(1,653)
Total SPP RE Funding	<u>\$ 79,330</u>	<u>\$ 79,330</u>	<u>\$ -</u>	<u>\$ 114,693</u>	<u>\$ 35,363</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	<u>\$ 79,330</u>	<u>\$ 79,330</u>	<u>\$ -</u>	<u>\$ 114,693</u>	<u>\$ 35,363</u>
Expenses					
Personnel Expenses					
Salaries	\$ 28,372	\$ 29,167	\$ 795	\$ 16,019	\$ (12,353)
Payroll Taxes	2,170	2,231	61	1,225	(945)
Benefits	2,067	1,240	(827)	1,296	(771)
Retirement Costs	1,135	1,167	32	641	(494)
Total Personnel Expenses	<u>\$ 33,744</u>	<u>\$ 33,805</u>	<u>\$ 61</u>	<u>\$ 19,181</u>	<u>\$ (14,563)</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	50,000	50,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Direct Expenses	<u>\$ 33,744</u>	<u>\$ 33,805</u>	<u>\$ 61</u>	<u>\$ 69,181</u>	<u>\$ 35,437</u>
SPP Inc. Indirect Expenses	\$ 35,664	\$ 21,398	\$ (14,266)	\$ 20,941	\$ (14,723)
SPP RE Indirect Expenses	9,922	10,654	732	24,571	14,649
Total Indirect Expenses	<u>\$ 45,586</u>	<u>\$ 32,052</u>	<u>\$ (13,534)</u>	<u>\$ 45,512</u>	<u>\$ (74)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ 79,330</u>	<u>\$ 65,857</u>	<u>\$ (13,473)</u>	<u>\$ 114,693</u>	<u>\$ 35,363</u>
Change in Assets	<u>\$ -</u>	<u>\$ 13,473</u>	<u>\$ 13,473</u>	<u>\$ -</u>	<u>\$ 1</u>
Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-
Inc (Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (=B + C)	\$ 79,330	\$ 65,857	\$ (13,473)	\$ 114,693	\$ 35,363
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	<u>\$ -</u>	<u>\$ 13,473</u>	<u>\$ 13,473</u>	<u>\$ -</u>	<u>\$ 1</u>
FTEs	0.25	0.15	-0.10	0.15	-0.10

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)			
	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	22.10	20.85	(1.25)
Direct Expenses	\$ 4,258,217	\$ 4,186,132	\$ (72,085)
Indirect Expenses- SPP Inc.	\$ 3,152,662	\$ 2,910,843	\$ (241,819)
Indirect Expenses- SPP RE	\$ 1,252,024	\$ 1,486,767	\$ 234,743
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Total Funding Requirement	\$ 8,662,903	\$ 8,583,743	\$ (79,160)

Program Scope and Functional Description

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program (CMEP) is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 400. There are approximately 150 registered entities with a combined total of approximately 420 registered functions located within the SPP RE's footprint. The SPP RE CMEP is administered by the SPP RE Staff. Only the SPP RE Trustees and certain SPP RE Staff members have the authority to make compliance and enforcement decisions.

To avoid the appearance of any conflicts of interest, SPP RE has engaged SERC Reliability Corporation to serve as the compliance enforcement authority for SPP's registered functions in the SPP RE region. In accordance with the terms of the agreement between SERC and SPP, SPP RE has included \$3,500 in its budget to compensate SERC for performing the 2015 CMEP activities for SPP's registered functions in the SPP RE region.

SPP RE CMEP activities are organized into three distinct groups: Compliance Monitoring; Critical Infrastructure Protection (CIP); and Enforcement. The SPP RE Director of Compliance and Events is responsible for the oversight of the Compliance Monitoring Group, the Director of Critical Infrastructure Protection (CIP) is responsible for the oversight of the CIP Group, and the SPP RE Manager of Enforcement is responsible for the oversight of the Enforcement Group.

Compliance Groups

The FTEs assigned to the Compliance Groups are responsible for registering owners, operators and users of the BPS and monitoring and assessing registered entities' compliance with NERC-approved reliability standards. The various activities performed by the staff members assigned to the Compliance groups include: 1) conducting compliance audits, spot checks, and self-certifications of entities registered in the SPP RE footprint, 2) reviewing CIP technical feasibility exception requests (TFEs), periodic data submittals and self-reports made by entities registered in the SPP RE footprint, 3) participating in SPP RE workshops and webinars, and 4) participating in various SPP and NERC working groups. The Compliance Groups also make the initial determination of whether a registered entity is non-compliant with a reliability standard.

A total of 11.00 FTEs are assigned to the Compliance Groups, and include: the SPP RE Director of Compliance and Events, allocated at 0.5 FTEs, five Compliance Monitoring positions, Director of Critical Infrastructure Protection, four CIP audit positions, and one Compliance Coordinator, allocated at 0.5 FTEs.

In addition to the SPP RE Staff, SPP RE uses consultants to assist the SPP RE with operations and planning (693) and CIP audits. On average, two consultants participate on each SPP RE onsite 693 and CIP audit team and one consultant participates on SPP's offsite 693 audit team and CIP field tests audit team. SPP RE has included \$705,100 in its budget for compliance consulting costs.

Enforcement Group

The FTEs assigned to the Enforcement group are responsible for reviewing the Compliance Groups' findings of non-compliance, notifying registered entities and NERC of possible violations, reviewing and verifying the registered entities' mitigation plans, determining proposed monetary penalties and non-monetary sanctions, and participating in settlement negotiations. The various activities performed by the staff members assigned to the Enforcement Group include: 1) conducting discovery, 2) preparing and issuing Preliminary Notice of Possible Violations, Notice of Alleged Violations and Penalties and Sanctions, and Confirmed Notice of Violation, 3) reviewing, accepting, and verifying completion of mitigation plans, 4) participating in settlement negotiations, 5) participating in hearings of contested violations, as necessary, and 6) participating in various SPP and NERC working groups and SPP RE workshops.

A total of 9.85 FTEs are assigned to this group, and include: the Manager of Enforcement, four enforcement attorneys, one compliance enforcement specialist, one mitigation plan analyst, one mitigation plan engineer, one paralegal, and two law clerks (an equivalent of 1.0 FTEs). To recognize that staff members assigned to the Enforcement group are also responsible for participating and representing SPP RE in NERC standard development activities, 0.15 FTEs assigned to the Enforcement group has been allocated to the Reliability Standards Program.

In addition to the SPP RE Staff, SPP RE uses consultants to assist SPP RE with reviewing, accepting, verifying completion of mitigation plans, and processing possible violations. SPP RE has included \$150,000 in its budget for compliance consulting costs.

2015 Key Assumptions

The assumptions for this program are consistent with those contained in the ERO BP&B Assumptions. NERC and the Regional Entities will continue to collaborate and define ongoing training needs, priorities, and implementation schedules for the auditors, enforcement, and investigation staff. As part of the training effort, at least two compliance enforcement authority (CEA) workshops will occur. It is expected that this training and possible certification effort will have an impact on staffing needs and costs (e.g., travel, lodging, and labor) to participate and attend this training. SPP RE has provided time for staff to maintain industry certifications, such as NERC System Operator Certification, Critical Infrastructure Protection (CIP) certifications, professional auditing certifications, Professional Engineering License, etc.

Given these key assumptions and based on actual 2013 resource requirements, SPP RE believes the resources assigned to this program area are adequate to achieve the goals and deliverables detailed below.

2015 Goals and Key Deliverables

- Ensure that bulk power system owners, operators, and users are correctly registered, ensure the revised BES definition is correctly applied, and process Exception Requests in a timely manner;
- Engage contractors to assist in the evaluation of whether to grant or deny a registered entity's request for a declaration that elements of its system are not part of the Bulk Electric System
- Perform six to eight on-site FERC Order 693 compliance audits of registered TOP entities (3-year cycle entities);
- Perform fifteen to eighteen off-site FERC Order 693 compliance audits of other registered entities (6-year cycle entities);
- Perform six to eight on-site CIP compliance audits of registered entities;
- Perform fifteen to twenty off-site CIP compliance audits of registered entities;
- Perform spot check, self-certifications, and periodic data submittals of specified standards as dictated by NERC's 2015 Compliance Monitoring and Enforcement Program Annual Implementation Plan;
- Perform Compliance Investigations, as necessary;
- Perform secondary review of initial findings of possible violations;
- Create Notices of Alleged Violation and Penalties and Sanctions (NAVAPS) and Notices of Confirmed Violations (NOCV);
- Negotiate and develop settlements of violations;
- Verify that findings of non-compliance are and/or have been appropriately mitigated;
- Serve as SPP RE liaisons to SPP working groups and attend approximately 30 SPP working group meetings in 2015;
- SPP RE supports NERC's implementation of the Reliability Assurance Initiative (RAI), expansion of the Find, Fix and Track process, the Risk-Based Registration Initiative and CIP v5 transition as joint ERO Enterprise initiatives that have benefit to NERC, the Regional Entities and Registered Entities.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- Personnel expenses are expected to decrease by \$369,630, which reflects the elimination of one attorney case manager position and reassignment of RE staff to Administrative and General. Partially offsetting this decrease is the budgeted merit pay increase for 2015 and a slight increase in benefit costs. The RAI initiatives, Risk-Based Registration Initiative and CIP v5 transition are major ERO-Enterprise Initiatives and the impact to staffing in 2015 is unknown. However, SPP RE will reallocate existing staff and/or utilize the open positions to provide the resource support to successfully implement these major activities.

Meeting Expenses

- Meeting expenses are expected to increase by \$35,000. This increase is primarily due to increased travel by the enforcement and compliance groups related to NERC RAI initiatives and increased participation in NERC working group meetings.

Operating Expenses

- The net change in Consultant and Contract Expenses is an increase of approximately \$238,600 or 33%. Due to staff reassignment, the number of contractors budgeted for CIP audits was increased.
- The budgeted amount for Professional Services is due to the cost associated with professional licenses, certifications and training for SPP RE staff. SPP RE staff training and certifications were previously captured in the Training & Education program area. Beginning in 2015, the Training and Education program area will only contain costs associated with training and education for Registered Entities.

Indirect Expenses

- SPP, Inc. Indirect Expenses, which are assessed to SPP RE, are based on a fixed rate per hour per FTE. SPP, Inc. Indirect Expenses have been decreased to reflect a 1.25 FTE reduction and a slight reduction in the SPP fixed rate.
- SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2014 Budget & Projection, and 2015 Budget					
Compliance and Organization Registration and Certification					
	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	\$ 8,298,748	\$ 8,298,748	\$ -	\$ 8,240,917	\$ (57,831)
Penalty Sanctions	364,154	364,154	-	342,826	(21,328)
Total SPP RE Funding	\$ 8,662,902	\$ 8,662,902	\$ -	\$ 8,583,743	\$ (79,159)
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 8,662,902	\$ 8,662,902	\$ -	\$ 8,583,743	\$ (79,159)
Expenses					
Personnel Expenses					
Salaries	\$ 2,680,693	\$ 2,505,302	\$ (175,391)	\$ 2,349,882	\$ (330,811)
Payroll Taxes	205,073	191,656	(13,417)	179,766	(25,307)
Benefits	222,723	216,522	(6,201)	222,444	(279)
Retirement Costs	107,228	100,212	(7,016)	93,995	(13,232)
Total Personnel Expenses	\$ 3,215,717	\$ 3,013,691	\$ (202,025)	\$ 2,846,087	\$ (369,630)
Meeting Expenses					
Meetings	\$ 6,500	\$ 6,500	\$ -	\$ 1,500	\$ (5,000)
Travel	310,000	375,200	65,200	350,000	40,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 316,500	\$ 381,700	\$ 65,200	\$ 351,500	\$ 35,000
Operating Expenses					
Consultants & Contracts	\$ 726,000	\$ 770,000	\$ 44,000	\$ 964,600	\$ 238,600
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	23,945	23,945
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 726,000	\$ 770,000	\$ 44,000	\$ 988,545	\$ 262,545
Total Direct Expenses	\$ 4,258,217	\$ 4,165,391	\$ (92,825)	\$ 4,186,132	\$ (72,085)
SPP Inc. Indirect Expenses	\$ 3,152,662	\$ 3,045,671	\$ (106,991)	\$ 2,910,843	\$ (241,819)
SPP RE Indirect Expenses	1,252,024	1,312,741	60,717	1,486,767	234,743
Total Indirect Expenses	\$ 4,404,686	\$ 4,358,412	\$ (46,274)	\$ 4,397,610	\$ (7,076)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 8,662,902	\$ 8,523,804	\$ (139,098)	\$ 8,583,743	\$ (79,160)
Change in Assets	\$ -	\$ 139,098	\$ 139,098	\$ -	\$ -
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-
Inc (Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (=B + C)	\$ 8,662,902	\$ 8,523,804	\$ (139,098)	\$ 8,583,743	\$ (79,160)
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ -	\$ 139,098	\$ 139,098	\$ -	\$ -
FTEs	22.10	21.35	(0.75)	20.85	(1.25)

Reliability Assessment and Performance Analysis Program

Reliability Assessments and Performance Analysis (in whole dollars)			
	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	7.13	7.13	-
Direct Expenses	\$ 1,345,065	\$ 1,463,824	\$ 118,760
Indirect Expenses- SPP Inc.	\$ 1,016,413	\$ 994,713	\$ (21,700)
Indirect Expenses- SPP RE	\$ 395,483	\$ 519,899	\$ 124,416
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Total Funding Requirement	\$ 2,756,961	\$ 2,978,437	\$ 221,476

Program Scope and Functional Description

The Reliability Assessment and Performance Analysis Program is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 800. SPP RE direct and Shared Staff members assigned to this program support NERC's efforts in preparing three reliability assessments each year: a long-term reliability assessment (LTRA) report, a summer assessment report, and a winter assessment report. These reports analyze electricity demand and adequacy of supply throughout the North American bulk power system, as well as examine the adequacy of the transmission system. SPP Shared staff also conducts inter-regional studies and other planning studies.

SPP RE is responsible for overseeing and conducting Event Analyses on reliability events within the SPP RE footprint. The analysis may be conducted by the entity involved in the event, an assigned SPP Working Group/Committee, a technical team comprised of industry experts or may be conducted by the RE, NERC or FERC staff. SPP RE is responsible for producing a final technical report on each reportable event. Any issues that surface which may lead to standards compliance questions will be handled through the CMEP portion of this Business Plan.

2015 Key Assumptions

SPP RE expects to continue to utilize SPP Shared Staff to assist SPP RE in fulfilling its non-CMEP activities in this program. Key assumptions shared by NERC and the Regional Entities affecting the SPP RE budget in this program area include:

- NERC and the Regional Entities will prioritize and budget for two special reliability assessment initiatives per year;
- SPP RE will continue to support the NERC Reliability Assessment Subcommittee;
- NERC and the Regional Entities will continue to define clear, uniform criteria/ranking for reporting and categorizing of system events and security incidents;
- NERC and the Regional Entities will continue to work together to develop joint processes and resourcing for triage, analysis, and reporting of system events to the regulators and will coordinate with regulators regarding these issues;

-
- NERC and the Regional Entities will provide timely publication of lessons learned and recommendations and track responses to recommendations;
 - NERC and the Regional Entities will continue to refine the criteria and process to encourage prompt and complete self-analysis of events and disturbances to promote continuous improvement and information sharing; and
 - The number of events requiring review and analysis are expected to increase.

2015 Goals and Key Deliverables

- Maintain and host a library of solved power flow models, a system dynamics database, and dynamics simulation cases for use by regional reliability organizations and their registered entities to assist with planning and evaluating future systems and current operating conditions;
- Provide regional input to NERC’s three reliability assessments each year: a long-term reliability assessment report, a summer assessment report, and a winter assessment report;
- Perform a Probabilistic Assessment in support of the LTRA;
- Participate in NERC meetings to discuss reliability assessment and analyses of the impact of these assessments;
- Conduct inter-regional and other planning studies, including participation in the Eastern Interconnection Reliability Assessment Group (ERAG);
- Participate in NERC’s model validation efforts;
- Investigate, assess, and report on the potential impacts of new and evolving electricity market practices, new or proposed regulatory procedures, and new or proposed legislation (e.g., environmental requirements) on the adequacy and operating reliability of the bulk power system;
- Maintain a working dialog on bulk power system reliability and adequacy issues with SPP members; and
- Participate actively in the following NERC working groups/committees/task forces:
 - Event Analysis Subcommittee (EAS)
 - Reliability Assessment Database Working Group (RADWG)
 - Reliability Assessment Subcommittee (RAS)
 - Performance Analysis Subcommittee (PAS)
 - Generator Availability Data System Working Group (GADSWG)
 - Transmission Availability Data System Working Group (TADSWG)
 - Demand Response Availability Data System Working Group (DADSWG)

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- Personnel Expenses for this program increased by \$16,160 as a result of budgeted merit pay increases for existing employees and estimated salaries for two open positions.

Meeting Expenses

- There are no changes in meeting expenses for this program.

Operating Expenses

- Operating Expenses, specifically budgeted consultant expenses, are expected to increase by \$100,000. This increase is primarily due to funds allocated to ERAG and a SPP Inc. Engineering Model Data Validation project.

Indirect Expenses

- SPP, Inc. Indirect Expenses, which are assessed to SPP RE, are based on a fixed rate per hour per FTE. SPP, Inc. Indirect Expenses have decreased to reflect a decrease in the fixed rate.
- SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2014 Budget & Projection, and 2015 Budget					
Reliability Assessment and Performance Analysis					
	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	\$ 2,639,558	\$ 2,639,558	\$ -	\$ 2,861,284	\$ 221,726
Penalty Sanctions	117,403	117,403	-	117,153	(250)
Total SPP RE Funding	\$ 2,756,961	\$ 2,756,961	\$ -	\$ 2,978,437	\$ 221,476
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 2,756,961	\$ 2,756,961	\$ -	\$ 2,978,437	\$ 221,476
Expenses					
Personnel Expenses					
Salaries	\$ 835,786	\$ 712,842	\$ (122,944)	\$ 847,886	\$ 12,100
Payroll Taxes	63,938	54,532	(9,405)	64,863	926
Benefits	61,910	57,776	(4,134)	64,560	2,651
Retirement Costs	33,431	28,514	(4,918)	33,915	484
Total Personnel Expenses	\$ 995,065	\$ 853,664	\$ (141,401)	\$ 1,011,224	\$ 16,160
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	100,000	100,000	-	100,000	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
Operating Expenses					
Consultants & Contracts	\$ 250,000	\$ 370,000	\$ 120,000	\$ 350,000	\$ 100,000
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	2,600	2,600
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 250,000	\$ 370,000	\$ 120,000	\$ 352,600	\$ 102,600
Total Direct Expenses	\$ 1,345,065	\$ 1,323,664	\$ (21,401)	\$ 1,463,824	\$ 118,760
SPP Inc. Indirect Expenses	\$ 1,016,413	\$ 945,085	\$ (71,328)	\$ 994,713	\$ (21,700)
SPP RE Indirect Expenses	395,483	417,158	21,675	519,899	124,416
Total Indirect Expenses	\$ 1,411,896	\$ 1,362,243	\$ (49,653)	\$ 1,514,612	\$ 102,716
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 2,756,961	\$ 2,685,907	\$ (71,054)	\$ 2,978,437	\$ 221,476
Change in Assets	\$ -	\$ 71,054	\$ 71,054	\$ -	\$ -
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-
Inc (Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (=B + C)	\$ 2,756,961	\$ 2,685,907	\$ (71,054)	\$ 2,978,437	\$ 221,476
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ -	\$ 71,054	\$ 71,054	\$ -	\$ -
FTEs	7.13	6.63	(0.50)	7.13	-

Training, Education, and Operator Certification Program

Training, Education and Operator Certification (in whole dollars)			
	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	1.25	-	(1.25)
Direct Expenses*	\$ 78,000	\$ 65,000	\$ (13,000)
Indirect Expenses- SPP Inc.	\$ 178,318	\$ -	\$ (178,318)
Indirect Expenses- SPP RE	\$ 22,934	\$ 23,086	\$ 152
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Total Funding Requirement	\$ 279,252	\$ 88,086	\$ (191,166)
* To maintain confidentiality, Personnel Expenses are included in General & Administrative.			

Program Scope and Functional Description

The Training, Education, and Operator Certification Program is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 900. SPP RE Staff design, develop, and conduct training and education via compliance workshops, CIP workshops, webinars, and videos.

Operator Certification Training is provided by SPP RTO staff, and as such, the expenses for this training continue to be excluded from the SPP RE budget and are included in the SPP, Inc. budget.

2015 Key Assumptions

SPP RE will continue its outreach activities designed to increase regional BPS reliability, educate stakeholders about compliance matters, and inform stakeholders of emerging issues and compliance program changes. NERC will continue to budget and incur the cost of a unified learning system for the regional audit staff and work with the Registered Entities to consolidate training resources. This promotes better coordination, planning, delivery and management of training efforts across the enterprise without adversely impacting region-specific training requirements.

2015 Goals and Key Deliverables

- Host three compliance workshops, one focused on CIP
- Publish a monthly newsletter
- Host at least five compliance webinars
- Maintain an online training video library to share compliance information with stakeholders.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- The personnel expenses for the Training and Education program are accounted for within the General and Administrative program.

Meeting Expenses

- Travel Expenses are expected to decrease by \$13,000 due to the ability to host some SPP RE workshops and meetings at the SPP corporate center.

Operating Expenses

- There are no changes in operating expenses for this program.

Indirect Expenses

- SPP, Inc. Indirect Expenses, which are assessed to SPP RE, are based on a fixed rate per hour per FTE. SPP, Inc. Indirect Expenses have been decreased to reflect a 1.25 FTE reduction in this program area and a slight decrease in the fixed rate.
- SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2014 Budget & Projection, and 2015 Budget					
Training and Education					
	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	\$ 258,655	\$ 258,655	\$ -	\$ 88,086	\$ (170,569)
Penalty Sanctions	20,597	20,597	-	-	(20,597)
Total SPP RE Funding	<u>\$ 279,252</u>	<u>\$ 279,252</u>	<u>\$ -</u>	<u>\$ 88,086</u>	<u>\$ (191,166)</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	<u>\$ 279,252</u>	<u>\$ 279,252</u>	<u>\$ -</u>	<u>\$ 88,086</u>	<u>\$ (191,166)</u>
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Meeting Expenses					
Meetings	\$ 60,000	\$ 60,000	\$ -	\$ 60,000	\$ -
Travel	13,000	13,000	-	-	(13,000)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ 73,000</u>	<u>\$ 73,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ (13,000)</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	5,000	-	(5,000)	5,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ 5,000</u>	<u>\$ -</u>
Total Direct Expenses	<u>\$ 78,000</u>	<u>\$ 73,000</u>	<u>\$ (5,000)</u>	<u>\$ 65,000</u>	<u>\$ (13,000)</u>
SPP Inc. Indirect Expenses	\$ 178,318	\$ -	-	\$ -	\$ (178,318)
SPP RE Indirect Expenses	22,934	23,006	-	23,086	152
Total Indirect Expenses	<u>\$ 201,252</u>	<u>\$ 23,006</u>	<u>\$ (178,246)</u>	<u>\$ 23,086</u>	<u>\$ (178,166)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ 279,252</u>	<u>\$ 96,006</u>	<u>\$ (183,246)</u>	<u>\$ 88,086</u>	<u>\$ (191,166)</u>
Change in Assets	<u>\$ -</u>	<u>\$ 183,246</u>	<u>\$ 183,246</u>	<u>\$ -</u>	<u>\$ (2)</u>
Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-
Inc (Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (=B + C)	<u>\$ 279,252</u>	<u>\$ 96,006</u>	<u>\$ (183,246)</u>	<u>\$ 88,086</u>	<u>\$ (191,166)</u>
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	<u>\$ -</u>	<u>\$ 183,246</u>	<u>\$ 183,246</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	1.25	-	(1.25)	-	(1.25)

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)			
	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	0.13	0.13	-
Direct Expenses	\$ 21,137	\$ 18,965	\$ (2,172)
Indirect Expenses- SPP Inc.	\$ 17,832	\$ 17,451	\$ (381)
Indirect Expenses- SPP RE	\$ 6,215	\$ 6,736	\$ 521
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Total Funding Requirement	\$ 45,184	\$ 43,152	\$ (2,032)

Program Scope and Functional Description

The Situation Awareness and Infrastructure Security Program is required under the Regional Entity Delegation Agreement, as well as NERC Rules of Procedure, Section 1000.

NERC coordinates electric industry activities to promote critical infrastructure protection of the bulk power system in North America. NERC has a leadership role in the critical infrastructure protection of the electricity sector to reduce vulnerability and improve mitigation and protection of the electricity sector's critical infrastructure. NERC acts as the electricity sector's Sector Coordinator and operates its Information Sharing and Analysis Center to gather and communicate information about security-related threats within the sector, United States and Canadian governmental authorities, and other critical infrastructure sectors. NERC also performs security planning activities focused on the critical infrastructure protection of the electricity sector, including sharing sensitive or classified information with federal, state, and provincial governmental authorities.

SPP Reliability Coordinator actively participates in NERC critical infrastructure protection activities and serves as an information conduit between NERC and SPP members. These activities are non-statutory. SPP also sponsors a Critical Infrastructure Protection Working Group (CIPWG), which:

- Serves as an expert advisory panel to the SPP Board of Directors, committees, and members, provides a forum for discussion of physical and cyber security issues within the SPP Region;
- Provides general guidance to SPP members on CIP Standards and related compliance efforts; and
- Serves as the interface between the NERC Critical Information Protection Committee (CIPC) and the SPP membership, including:
 - Serving as a conduit for information flow between the CIPC and SPP members

- Developing guidance and recommendations to CIPC members representing the SPP

The CIPWG consists of SPP members who are subject to the NERC CIP Cyber Security Standards (CIP-002 through CIP-009) and is facilitated by an SPP staff member. The working group meets quarterly at a member location. Additional meetings and conference calls are scheduled as required.

SPP RE is represented on the CIPC by three SPP member company representatives who represent the physical, cyber, and operations disciplines. Per the SPP Bylaws, SPP RE reimburses the member representatives for travel expenses incurred while performing CIPC responsibilities.

CIP compliance monitoring and enforcement is included in Compliance Monitoring and Enforcement and Organization Registration and Certification Program.

2015 Key Assumptions

In addition to the assumptions that are shared among NERC and the Regional Entities, SPP RE expects the continued support of the SPP CIPWG, and continued support for CIPC participation from designated SPP member representatives.

2015 Goals and Key Deliverables

- Continue sponsoring the Critical Infrastructure Protection Working Group (CIPWG)
 - Continue quarterly meetings
 - Maintain and Increase CIPWG membership
 - Provide progress updates on CIP standards drafting and CIP Version 3 to Version 5 transition
 - Provide a discussion forum for NERC-requested comments and ballot issues
 - Provide support to the RE-sponsored CIP “How-To” Workshop
- Provide enhanced support to SPP registered entities about CIP Standards
 - Provide general recommendations and discussion/outreach forum for CIP Version 5 implementation issues
 - Provide general recommendations on appropriate security best practices
 - Provide opportunities for technical and compliance-related training
 - Provide registered entities-Only discussion periods regarding CIP compliance progress
 - Maintain the CIPWG electronic mail lists for group discussion of CIP-related issues
- Continue supporting CIPC attendance by CIPWG representatives
 - Reimburse expenses for Physical, Cyber, and Operations representatives (or designated alternates)

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- Funding for this program is provided through assessments to LSEs or designees (mandatory in the U.S.).

Personnel Expenses

- There is no change to the budgeted FTEs for this program area.

Meeting Expenses

- There are no changes in the budgeted Meeting Expenses for this program, i.e. the budgeted amount remains zero.

Operating Expenses

- There are no changes in the budgeted Operating Expenses for this program, i.e. the budgeted amount remains zero.

Indirect Expenses

- SPP, Inc. Indirect Expenses, which are assessed to SPP RE, are based on a fixed rate per hour per FTE. SPP, Inc. Indirect Expenses have been adjusted to reflect a slight decrease in the fixed rate.
- The SPP RE Indirect Expenses (SPP RE Administrative Services Expenses) are allocated among the operational programs based on the program's relative share of direct expenses. The change in the SPP RE Indirect Expenses is the result of the program's relative share of direct expenses and the expected increase in the SPP RE Indirect Expenses.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2014 Budget & Projection, and 2015 Budget					
Situation Awareness and Infrastructure Security					
	2014 Budget	2014 Projection	Variance 2014 Projection v 2015 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	\$ 43,124	\$ 43,124	\$ -	\$ 41,097	\$ (2,027)
Penalty Sanctions	2,060	2,060	-	2,055	(5)
Total SPP RE Funding	\$ 45,184	\$ 45,184	\$ -	\$ 43,152	\$ (2,032)
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ 45,184	\$ 45,184	\$ -	\$ 43,152	\$ (2,032)
Expenses					
Personnel Expenses					
Salaries	\$ 18,006	\$ 17,781	\$ (225)	\$ 16,019	\$ (1,987)
Payroll Taxes	1,377	1,360	(17)	1,225	(152)
Benefits	1,034	1,034	-	1,080	47
Retirement Costs	720	711	(9)	641	(79)
Total Personnel Expenses	\$ 21,137	\$ 20,886	\$ (251)	\$ 18,965	\$ (2,172)
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Direct Expenses	\$ 21,137	\$ 20,886	\$ (251)	\$ 18,965	\$ (2,172)
SPP Inc. Indirect Expenses	\$ 17,832	\$ 17,832	-	\$ 17,451	\$ (381)
SPP RE Indirect Expenses	6,215	6,582	-	6,736	521
Total Indirect Expenses	\$ 24,047	\$ 24,414	\$ 367	\$ 24,187	\$ 140
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 45,184	\$ 45,300	\$ 116	\$ 43,152	\$ (2,031)
Change in Assets	\$ -	\$ (116)	\$ (116)	\$ -	\$ (1)
Fixed Assets					
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-
Inc (Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (=B + C)	\$ 45,184	\$ 45,300	\$ 116	\$ 43,152	\$ (2,031)
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ -	\$ (116)	\$ (116)	\$ -	\$ (1)
FTEs	0.13	0.13	-	0.13	-

Administrative Services

Administrative Services (in whole dollars)			
	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.25	4.50	1.25
Total Direct Expenses	\$ 1,686,578	\$ 2,061,059	\$ 374,481
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Less: Other Funding Sources	\$ -	\$ -	\$ -
Total Allocation to Statutory Programs as Indirect Expenses	\$ 1,686,578	\$ 2,061,059	\$ 374,481
Funding Requirement for Working Capital Requirement	\$ (2,096,173)	\$ (1,662,962)	\$ 433,211

Methodology for Allocation of Administrative Services Expenses to Programs

The expenses for finance and accounting, information technology, and human resources administrative support services that are provided to SPP RE by SPP (SPP, Inc. Indirect Expenses), which are separate and distinct from the services provided by SPP RE direct staff and consultants and contractors, are assessed to SPP RE based on a fixed rate per hour per FTE. The SPP Indirect Expense rate is calculated by dividing the total costs for these support functions (excluding certain IT costs that are specific to SPP's RTO functions) by the total hours worked by non-support personnel in the entire SPP organization. The indirect expense rate is then multiplied by each hour directly charged to SPP RE by SPP Shared staff and for designated number of hours for SPP RE direct staff. A table showing the derivation of the SPP, Inc. Indirect Expense rate is presented in Section E of this BP&B.

SPP RE Administrative Services Expenses, which are limited to expenses incurred for SPP RE General and Administrative and Legal and Regulatory programs, are allocated among the five operational programs based on the program's pro rata share of the total direct operational program expense.

Technical Committees and Member Forums

Technical Committees and Member Forums (in whole dollars)			
	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

SPP RE provides forums for registered entities within its footprint to discuss and share reliability concerns. This includes SPP committees, subcommittees, working groups, and task forces that are grouped by technical areas. The expenses incurred by SPP RE for these forums are included in the direct expenses of the applicable program.

SPP RE also conducts a minimum of three public workshops per year where registered entities are able to interact with SPP RE Staff and NERC staff and discuss reliability issues. These expenses are included in the Training, Education, and Operator Certification Program.

2015 Key Assumptions

- SPP RE liaisons to SPP working groups are projected to attend approximately 30 SPP working group meetings in 2015.

2015 Goals and Key Deliverables

- Provide input on ERO and RE issues, including but not limited to the NERC Members Representative Committee and other NERC standing committees
- Provide technical committee forums to act as standards-drafting teams in development of SPP regional reliability standards

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- N/A

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

General and Administrative

General and Administrative (in whole dollars)			
	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	3.00	4.50	1.50
Expenses	\$ 1,386,578	\$ 1,761,059	\$ 374,481
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ (2,096,173)	\$ (1,662,962)	\$ 433,211

Program Scope and Functional Description

The General and Administrative function consists of the RE General Manager, the RE Manager of Regulatory Interface and Process Improvement, RE Administrative Assistant, RE Outreach Coordinator, RE Business Analyst, and three independent Regional Entity Trustees.

The RE Trustees, who are independent of the SPP Board of Directors, any SPP member, SPP registered entity, industry stakeholder, or organizational group, have autonomy over decisions in fund allocation and approval of the SPP RE budget, as well as decisions on regional standards, compliance enforcement actions, and penalties.

The RE General Manager provides executive level support through, among other means, participation in meetings and conference calls with other Regional Entities and Senior NERC staff. The RE General Manager reports directly to the three independent RE Trustees.

The RE Manager of Regulatory Interface and Process Improvement is responsible for coordinating and developing the SPP RE processes for SPP RE's Regulatory Interface and performing process improvement activities for the RE operational program functions. The RE Manager of Regulatory Interface and Process Improvement also coordinates and facilitates the development of compliance plans, policies, and procedures and implementation of appropriate systems/software for the SPP RE compliance monitoring and enforcement activities to enhance implementation of the NERC Compliance Monitoring and Enforcement Program (CMEP) and Rules of Procedure (RoP).

The RE Administrative Assistant provides support to all SPP RE programs and SPP RE direct staff members.

2015 Key Assumptions

- SPP RE continues to operate as an independent and functionally separate division of SPP

2015 Goals and Key Deliverables

- Ensure that SPP RE fulfills the responsibilities of the Regional Delegation Agreement between SPP and NERC;
- Ensure that SPP RE is adequately staffed and has the resources needed to fulfill the responsibilities of the Regional Entity Delegation Agreement between SPP and NERC; and

- Continue to explore opportunities to enhance the effectiveness and efficiency of SPP RE in promoting and improving the reliability of the bulk power system

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The General and Administrative costs are allocated to the five operational programs resulting in zero funding requirements. The negative Funding amount shown for SPP RE Assessment in the Statement of Activities is the activity relating to the Working Capital Reserve – see Table B-1.

Personnel Expenses

- Personnel Expenses in this program area are expected to increase by approximately \$148,000 to reflect reassignment of 1.50 FTEs to the program area.

Meeting Expenses

- Meeting Expenses are expected to remain the same at \$25,000. Travel Expenses are expected to increase by \$40,000 due to reassignment of personnel and increased travel cost.

Operating Expenses

Operating Expenses are expected to decrease by \$14,000 due primarily to a decreased need for consultants.

Indirect Expenses

- SPP, Inc. Indirect Expenses are assessed to SPP RE based on a fixed rate per hour per FTE. The increase in the SPP, Inc. Indirect Expenses is due to an increase in budgeted FTEs offset by a slightly decreased fixed rate.

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2014 Budget & Projection, and 2015 Budget					
General and Administrative					
	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2015 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	\$ (2,096,173)	\$ (2,096,173)	\$ -	\$ (1,662,962)	\$ 433,211
Penalty Sanctions	-	-	-	-	-
Total SPP RE Funding	\$ (2,096,173)	\$ (2,096,173)	\$ -	\$ (1,662,962)	\$ 433,211
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	\$ (2,096,173)	\$ (2,096,173)	\$ -	\$ (1,662,962)	\$ 433,211
Expenses					
Personnel Expenses					
Salaries	\$ 540,477	\$ 449,371	\$ (91,106)	\$ 660,277	\$ 119,800
Payroll Taxes	41,346	34,377	(6,970)	50,511	9,165
Benefits	43,072	55,474	12,402	57,520	14,448
Retirement Costs	21,619	17,975	(3,644)	26,411	4,792
Total Personnel Expenses	\$ 646,515	\$ 557,197	\$ (89,318)	\$ 794,719	\$ 148,204
Meeting Expenses					
Meetings	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -
Travel	63,000	63,000	-	103,000	40,000
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 88,000	\$ 88,000	\$ -	\$ 128,000	\$ 40,000
Operating Expenses					
Consultants & Contracts	\$ 55,000	\$ 15,000	\$ (40,000)	\$ 56,000	\$ 1,000
Office Rent	-	-	-	-	-
Office Costs	8,000	8,000	-	8,000	-
Professional Services	161,100	160,000	(1,100)	146,100	(15,000)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 224,100	\$ 183,000	\$ (41,100)	\$ 210,100	\$ (14,000)
Total Direct Expenses	\$ 958,615	\$ 828,197	\$ (130,418)	\$ 1,132,819	\$ 174,204
SPP Inc. Indirect Expenses	\$ 427,963	\$ 641,945	\$ -	\$ 628,240	\$ 200,277
SPP RE Indirect Expenses	\$ (1,386,578)	\$ (1,470,142)	\$ -	\$ (1,761,059)	\$ (374,481)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ (2,096,173)	\$ (2,096,173)	\$ -	\$ (1,662,962)	\$ 433,211
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-
Inc (Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (=B + C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (2,096,173)	\$ (2,096,173)	\$ -	\$ (1,662,962)	\$ 433,211
FTEs	3.00	4.50	1.50	4.50	1.50

Legal and Regulatory

Legal and Regulatory (in whole dollars)			
	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	\$ 300,000	\$ 300,000	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

SPP RE has a Manager of Enforcement and Legal who provides exclusive legal support to SPP RE. The expenses related to the Manager of Enforcement and Legal are included in the Compliance Enforcement and Organization Registration Program area. If SPP RE is required to convene hearings under the Compliance Enforcement and Organization Registration program, independent hearing officers and outside legal counsel may be utilized.

2015 Key Assumptions

- Estimated hearing costs are included to support one fully litigated hearing in 2015.

2015 Goals and Key Deliverables

- Provide hearing officer if SPP RE is required to convene hearings

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The Legal and Regulatory costs are allocated to the five operational programs resulting in zero funding requirements.

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Legal and Regulatory

Funding sources and related expenses for the general and administrative section of the 2015 business plan are shown in the table below.

Statement of Activities and Capital Expenditures					
2014 Budget & Projection, and 2015 Budget					
Legal and Regulatory					
	2014 Budget	2014 Projection	Variance 2014 Projection v 2014 Budget Over(Under)	2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)
Funding					
SPP RE Funding					
SPP RE Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total SPP RE Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	300,000	300,000	-	300,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ -</u>
Total Direct Expenses	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ -</u>
SPP Inc. Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
SPP RE Indirect Expenses	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	<u>\$ -</u>	<u>\$ (300,000)</u>	<u>\$ -</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-
Inc (Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (=B + C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	0.00	0.00	0.00	0.00	0.00

Information Technology

Information Technology (in whole dollars)			
	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The SPP Information Technology department provides resources for SPP RE to fulfill the responsibilities of the RE Delegation Agreement.

2015 Key Assumptions

- The SPP Information Technology department continues to provide resources for SPP RE.
- NERC and the Regional Entities will collaboratively work to refine existing strategies, governance and procurement practices applicable to the development, operation and maintenance of enterprise architecture, software and data systems supporting both NERC and Regional Entity operations. NERC's business plan and budget will include ongoing funding support for the development, operation and maintenance of NERC and Regional Entity approved enterprise applications. Enterprise application funding in any given year will be subject to the budget and funding limits set forth in NERC's approved business plan and budget.
- SPP RE will include appropriate funding for applications and supporting systems designed to satisfy Regional business needs, that are not within the mutually agreed upon scope of the ERO Enterprise applications which are funded by NERC.

2015 Goals and Key Deliverables

- To provide adequate information technology support for SPP RE to fulfill the responsibilities of the Regional Entity Delegation Agreement between SPP and NERC.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The costs for IT services to support all RE programs are accounted for within the SPP, Inc. Indirect Expenses. The SPP, Inc. cost for IT services does not include funding for the development of NERC's ERO Enterprise IT applications.

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Human Resources

Human Resources (in whole dollars)			
	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The SPP Human Resource department provides resources for SPP RE to fulfill the responsibilities of the RE Delegation Agreement.

2015 Key Assumptions

- The SPP Human Resource department continues to provide resources for SPP RE.

2015 Goals and Key Deliverables

- To provide adequate human resource support for SPP RE to fulfill the responsibilities of the Regional Entity Delegation Agreement between SPP and NERC.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The costs for human resource services to support all RE programs are accounted for within the SPP, Inc. Indirect Expenses.

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Finance and Accounting

Accounting and Finance (in whole dollars)			
	2014 Budget	2015 Budget	Increase (Decrease)
Total FTEs	-	-	-
Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

The SPP Accounting department provides resources for SPP RE to fulfill the responsibilities of the RE Delegation Agreement.

2015 Key Assumptions

- The SPP Accounting department continues to provide resources for SPP RE.

2015 Goals and Key Deliverables

- To provide adequate accounting and finance support for SPP RE to fulfill the responsibilities of the Regional Entity Delegation Agreement between SPP and NERC.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

- The costs for accounting and finance services to support all RE programs are accounted for within the SPP, Inc. Indirect Expenses, except for the expenses of the RE Manager of Financial and Process Improvement, which are budgeted and recorded in General and Administration.

Personnel Expenses

- N/A

Meeting Expenses

- N/A

Operating Expenses

- N/A

Indirect Expenses

- N/A

Other Non-Operating Expenses

- N/A

Fixed Asset Additions

- N/A

Section B – Supplemental Financial Information
2015 Business Plan and Budget



Section B — Supplemental Financial Information

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2014-2015	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2013	\$ 3,498,977 ¹
Less Penalties Received 7/1/2013- 12/31/2013	(115,000)
Less: 2013 Year-End True-Up	(23,264)
Plus: 2014 SPP RE Funding (from LSEs or designees)	9,219,123
Plus: Partial Return of SPP RE Cash Build-up	500,000
Less: 2014 Projected expenses & capital expenditures	(11,416,874)
Projected Working Capital Reserve (Deficit), December 31, 2014	1,662,962
Desired Working Capital Reserve, December 31, 2014	² \$ -
Less: Projected Working Capital Reserve, December 31, 2014	(1,662,962)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	(1,662,962)
2015 Expenses and Capital Expenditures	11,808,110
Less: Penalty sanctions to be used as offset to 2015 assessments ¹	(464,500)
Less: Other Funding Sources	0
Adjustment to achieve desired Working Capital Reserve	(1,662,962)
2015 SPP RE Assessment	9,680,648

¹ Represents collections on or prior to June 30, 2014. See Table B-2 for full disclosure.

² The SPP RE does not require a working capital reserve in that on a cash basis SPP, Inc. is able to fund shortfalls in its statutory (Regional Entity) funding through its operating cash balances, and also has access to liquidity through a bank credit facility.

Explanation of Changes in Reserve Policy from Prior Years

There have not been any changes in the SPP RE Reserve Policy. SPP RE does not maintain a working capital reserve. The expenses incurred by SPP RE are paid by SPP, Inc. from its operating cash balances and then reimbursed from SPP RE statutory funding on a monthly basis. If at any time SPP RE does not have sufficient statutory funds to finance its expenses, the statutory funding will be increased by the amount of the deficiency in the following year. When the funding is received from NERC, the SPP RE General Manager will authorize a reimbursement to SPP, Inc. for the amount of the shortfall. If needed, a line of credit is also available to SPP, Inc. to fund any shortfalls. SPP, Inc. would not charge any interest or penalties to SPP RE in the case of a shortfall.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of Statement of Activities and Capital Expenditures on page 8 of the 2015 RE Business Plan and Budget. All significant variances have been disclosed by program in the preceding pages.

Penalty Sanctions

Penalty monies received prior to June 30, 2014 are to be used to offset assessments in the 2015 Budget, as documented in the NERC Policy – ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD. Penalty monies received from July 1, 2014 through June 30, 2015 will be used to offset assessments in the 2016 Budget.

All penalties received prior to June 30, 2014 are detailed below, including the amount and date received.

Allocation Method: Penalty sanctions received have been allocated to the following statutory programs to reduce assessments: Reliability Standards; Compliance Monitoring & Enforcement and Organization Registration & Certification; Reliability Assessments and Performance Analysis; Training, Education and Operator Certification; and Situation Awareness and Infrastructure Security. Penalty sanctions are allocated based upon the number of FTEs in the Program divided by the aggregate total FTEs in the Programs receiving the allocation.

Table B-2

	Date Received	Amount Received
Name of Entity		
Entity 1	07/18/13	\$ 34,000.00
Entity 2	8/2/2013	\$ 3,500.00
Entity 3	10/2/2013	\$ 15,000.00
Entity 4	10/3/2013	\$ 30,000.00
Entity 5	11/4/2013	\$ 3,000.00
Entity 6	11/27/2013	\$ 4,500.00
Entity 7	11/15/2013	\$ 25,000.00
Entity 8	1/9/2014	\$ 9,000.00
Entity 9	1/9/2014	\$ 53,000.00
Entity 10	3/7/2014	\$ 6,000.00
Entity 11	3/5/2014	\$ 34,000.00
Entity 12	3/14/2014	\$ 15,000.00
Entity 13	3/13/2014	\$ 74,500.00
Entity 14	3/5/2014	\$ 5,000.00
Entity 15	2/28/2014	\$ 100,000.00
Entity 16	04/18/14	\$ 8,000.00
Entity 17	05/29/14	\$ 26,000
Entity 18	06/27/14	\$ 19,000
Entity 19		
Entity 20		
Entity 21		
Entity 22		
Total Penalties Received		<u>\$ 464,500</u>

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program (excluding SPP RE Assessments & Penalty Sanctions)	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget
Reliability Standards	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring, Enforcement & Org. Registration	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Reliability Assessment and Performance Analysis	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Training and Education	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Situation Awareness and Infrastructure Security	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Technical Committees and Member Forums				
Total	\$ -	\$ -	\$ -	\$ -
General and Administrative	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Total Outside Funding	\$ -	\$ -	\$ -	\$ -

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

SPP RE has not projected any interest income for 2015 because at the current market interest rate any interest income would be minimal.

Personnel Expenses**Table B-4**

Personnel Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Salaries					
Salaries	\$4,103,334	3,714,463	\$3,890,082	\$ (213,252)	-5.2%
Employment Agency Fees	-	-	-	-	
Temporary Office Services	-	-	-	-	
Total Salaries	\$4,103,334	\$3,714,463	\$3,890,082	\$ (213,252)	-5.2%
Total Payroll Taxes	\$ 313,905	\$ 284,156	\$ 297,591	\$ (16,314)	-5.2%
Benefits					
Workers Compensation	\$ -	\$ -	\$ -	\$ -	
Medical Insurance	274,568	275,597	287,927	13,359	4.9%
Life-LTD-LTC Insurance	19,848	19,923	20,814	966	4.9%
Education	36,389	36,525	38,159	1,770	4.9%
Relocation	-	-	-	-	
Total Benefits	\$ 330,805	\$ 332,045	\$ 346,900	\$ 16,095	4.9%
Retirement					
Discretionary 401k Contribution	\$ 164,133	\$ 148,579	\$ 155,603	\$ (8,530)	-5.2%
Savings Plan	-	-	-	-	
Total Retirement	\$ 164,133	\$ 148,579	\$ 155,603	\$ (8,530)	-5.2%
Total Personnel Costs	\$4,912,177	\$4,479,243	\$4,690,177	\$ (222,000)	-4.5%
FTEs	33.85	32.75	32.75	-1.10	-3.2%
Cost per FTE					
Salaries	\$ 121,221	\$ 113,419	\$ 118,781	(2,440)	-2.0%
Payroll Taxes	9,273	8,677	9,087	(186)	-2.0%
Benefits	9,773	10,139	10,592	819	8.4%
Retirement	4,849	4,537	4,751	(98)	-2.0%
Total Cost per FTE	\$ 145,116	\$ 136,771	\$ 143,212	\$ (1,904)	-1.3%

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

The decrease in salaries is principally due to the elimination of an Attorney Case Manager position.

Consultants and Contracts

Table B-5

Consultants	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	566,000	610,000	855,100	289,100	51%
Reliability Readiness Evaluation and Improvement	-	-	-	-	
Reliability Assessment and Performance Analysis	250,000	370,000	350,000	100,000	40%
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security Committee and Member Forums	-	-	-	-	
General and Administrative	55,000	15,000	56,000	1,000	2%
Legal and Regulatory	-	-	-	-	
Information Technology	-	-	-	-	
Human Resources	-	-	-	-	
Accounting and Finance	-	-	-	-	
Consultants Total	\$ 871,000	\$ 995,000	\$ 1,261,100	\$ 390,100	45%
				-	
Contracts	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Contracts					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	160,000	160,000	109,500	(50,500)	-32%
Reliability Readiness Evaluation and Improvement	-	-	-	-	
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security Committee and Member Forums	-	-	-	-	
General and Administrative	-	-	-	-	
Legal and Regulatory	-	-	-	-	
Information Technology	-	-	-	-	
Human Resources	-	-	-	-	
Accounting and Finance	-	-	-	-	
Contracts Total	\$ 160,000	\$ 160,000	\$ 109,500	\$ (50,500)	-32%
				\$	
Total Consulting and Contracts	\$ 1,031,000	\$ 1,155,000	\$ 1,370,600	\$ 339,600	33%

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

The \$339,600 increase in consultant and contracts costs is primarily due to the increase in budgeted consultant costs engaged to assist the SPP RE direct staff in the administration of its CMEP and RAPA programs.

Table B-6

Office Rent	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Office Rent	\$ -	\$ -	\$ -	\$ -	-
Utilities	-	-	-	-	-
Maintenance	-	-	-	-	-
Security	-	-	-	-	-
Total Office Rent	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

This cost is included in the SPP, Inc. Indirect Expense rate.

Table B-7

Office Costs	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Telephone	\$ -	\$ -	\$ -	\$ -	-
Internet	-	-	-	-	-
Office Supplies	8,000	8,000	8,000	-	-
Computer Supplies and Maintenance	-	-	-	-	-
Publications & Subscriptions	-	-	-	-	-
Dues	-	-	-	-	-
Postage	-	-	-	-	-
Express Shipping	-	-	-	-	-
Copying	-	-	-	-	-
Reports	-	-	-	-	-
Equipment Repair/Service Contracts	-	-	-	-	-
Bank Charges	-	-	-	-	-
Taxes	-	-	-	-	-
Merchant Card Fees	-	-	-	-	-
Presentation & Publicity	-	-	-	-	-
Total Office Costs	\$ 8,000	\$ 8,000	\$ 8,000	\$ -	-

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Office Costs are included in the SPP, Inc. Indirect Expense rate. The \$8,000 reflects the costs for miscellaneous office supplies such as supplies needed for RE workshops and RE Trustee meetings.

Table B-8

Professional Services	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Independent Trustee Fees	\$ 145,000	\$ 145,000	\$ 145,000	\$ -	0.00%
Outside Legal	300,000	300,000	300,000	-	0.00%
Accounting & Auditing Fees	-	-	-	-	
Insurance Commercial	-	-	-	-	
Other	21,100	15,000	50,000	28,900	136.97%
Total Services	\$ 466,100	\$ 460,000	\$ 495,000	\$ 28,900	6.20%

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

The \$28,900 increase in Professional Services costs is primarily due to reimbursement for registered entities representing the SPP region on Standard Drafting Teams.

Table B-9

Other Non-Operating Expenses	Budget 2014	Projection 2014	Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
	\$ -	\$ -		\$ -	
	\$ -	\$ -		\$ -	
	\$ -	\$ -		\$ -	
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

N/A

2015, 2016 and 2017 Projections

Table B-10

**Statement of Activities and Capital Expenditures
2015 Budget & Projected 2016 and 2017 Budgets**

	2015 Budget	2016 Projection	\$ Change 16 v 15	% Change 16 v 15	2017 Projection	\$ Change 17 v 16	% Change 17 v 16
Funding							
ERO Funding							
ERO Assessments	\$ 9,680,648	\$ 12,162,353	\$ 2,481,706	25.64%	\$ 12,527,224	\$ 364,871	2.9%
Penalty Sanctions	464,500	-	(464,500)	-100.00%	-	-	
Total ERO Funding	\$ 10,145,148	\$ 12,162,353	\$ 2,017,206	19.9%	\$ 12,527,224	\$ 364,871	2.9%
Membership Dues	-	-	-		-	-	
Testing Fees	-	-	-		-	-	
Services & Software	-	-	-		-	-	
Workshops	-	-	-		-	-	
Interest	-	-	-		-	-	
Miscellaneous	-	-	-		-	-	
Total Funding	\$ 10,145,148	\$ 12,162,353	\$ 2,017,206	19.9%	\$ 12,527,224	\$ 364,871	3.0%
Expenses							
Personnel Expenses							
Salaries	\$ 3,890,082	\$ 4,006,785	\$ 116,702	3.0%	\$ 4,126,988	\$ 120,204	3.0%
Payroll Taxes	297,591	306,519	8,928	3.0%	315,715	9,196	3.0%
Benefits	346,900	357,307	10,407	3.0%	368,026	10,719	3.0%
Retirement Costs	155,603	160,271	4,668	3.0%	165,080	4,808	3.0%
Total Personnel Expenses	\$ 4,690,177	\$ 4,830,882	\$ 140,705	3.0%	\$ 4,975,809	\$ 144,926	3.0%
Meeting Expenses							
Meetings	\$ 86,500	\$ 89,095	\$ 2,595	3.0%	\$ 91,768	2,673	3.0%
Travel	603,000	621,090	18,090	3.0%	639,723	18,633	3.0%
Conference Calls	-	-	-		-	-	
Total Meeting Expenses	\$ 689,500	\$ 710,185	\$ 20,685	3.0%	\$ 731,491	\$ 21,306	3.0%
Operating Expenses							
Consultants & Contracts	\$ 1,370,600	\$ 1,411,718	41,118	3.0%	\$ 1,454,070	42,352	3.0%
Office Rent	-	-	-		-	-	
Office Costs	8,000	8,240	240	3.0%	8,487	247	3.0%
Professional Services	477,645	491,974	14,329	3.0%	506,734	14,759	3.0%
Miscellaneous	-	-	-		-	-	
Depreciation	-	-	-		-	-	
Total Operating Expenses	\$ 1,856,245	\$ 1,911,932	\$ 55,687	3.0%	\$ 1,969,290	\$ 57,358	3.0%
Total Direct Expenses	\$ 7,235,922	\$ 7,453,000	\$ 217,078	3.0%	\$ 7,676,590	\$ 223,590	3.0%
Indirect Expenses	\$ 4,572,188	\$ 4,709,354	\$ 137,166	3.0%	\$ 4,850,634	\$ 141,281	3.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Expenses	\$ 11,808,110	\$ 12,162,353	\$ 354,243	3.0%	\$ 12,527,224	364,871	3.0%
Change in Assets	\$ (1,662,962)	\$ -	\$ 1,662,962	-100.0%	\$ -	\$ -	
Fixed Assets							
Depreciation	\$ -	\$ -	\$ -		\$ -	\$ -	
Computer & Software CapEx	-	-	-		-	-	
Furniture & Fixtures CapEx	-	-	-		-	-	
Equipment CapEx	-	-	-		-	-	
Leasehold Improvements	-	-	-		-	-	
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -		\$ -	\$ -	
TOTAL CHANGE IN NET ASSETS	\$ (1,662,962)	\$ -	\$ 1,662,962	-100.0%	\$ -	\$ -	0.0%
FTEs	32.75	32.75	0.00	0.0%	32.75	0.00	0.0%

Explanation of 2015 and 2016 and 2017 Projections

At this time, SPP RE does not anticipate material changes in its personnel or business operations for the years 2016 and 2017.

- No projected change in FTEs
- No projected change in operating costs other than inflationary adjustments
- Budgeted merit pay increases

Section C – Non-Statutory Activities

2015 Business Plan and Budget



Section C — 2015 Non-Statutory Business Plan and Budget

Non-Statutory Functional Scope

As discussed in the Introduction, SPP is one of nine FERC-approved Independent System Operators/Regional Transmission Organizations (ISOs/RTOs). As an RTO, SPP helps ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity. These activities are budgeted for separately from SPP RE and constitute the non-statutory activities further described below.

Membership and Governance (for non-statutory activities)

SPP is a relationship-based organization with member-driven processes offering independence through diversity in Organizational Group membership and recognition that reliability and economic/equity issues are inseparable. SPP strives to continuously improve and implement new concepts in a deliberate evolutionary manner.

SPP membership is voluntary and 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 is also open to entities eligible to take service under the SPP Open Access Transmission Tariff (OATT). SPP offers its Members greater efficiency and service reliability through better coordination.

SPP members serve over 15 million customers across nine states: Arkansas, Kansas, Louisiana, Mississippi, Missouri, Nebraska, New Mexico, Oklahoma, and Texas.

SPP is governed in accordance with its Bylaws by an independent Board of Directors consisting of seven directors independent of any SPP Member. The Board of Directors works to ensure equity to all Members and acts in the best interest of SPP through its management, control and direction of the general business of SPP.

Non-Statutory Functional Scope

SPP is mandated by the Federal Energy Regulatory Commission (Commission) to ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale prices of electricity.

SPP provides the following primary services to our members and customers:

Tariff Administration: SPP provides independent administration of the Open Access Transmission Tariff that offers one-stop shopping for regional transmission service with consistent rates and terms.

Reliability Coordination: SPP monitors power flow throughout our footprint. We anticipate problems and take preemptive action to mitigate operating limit violations. SPP coordinates regional response in emergency situations or blackouts.

Regional Scheduling: SPP ensures that the amount of power sent is coordinated and matched with power received. SPP's regional scheduling service reduces the number of entities with which SPP members and customers have to coordinate.

Market Operations: SPP began developing new energy markets in 2009 to bring additional regional benefit to our members. The Integrated Marketplace launched in 2014 and includes a Day-Ahead Market with Transmission Congestion Rights, a Reliability Unit Commitment process, a Real-Time Balancing Market, replacing the Energy Imbalance Marketplace, and the incorporation of price-based Operating Reserve Procurement. The Integrated Marketplace also consolidated SPP footprint's 16 legacy Balancing Authorities into an SPP Balancing Authority.

Expansion Planning: SPP's planning process seeks to identify system limitations and develop transmission upgrades for increased capacity.

Contract Services: SPP provides reliability, tariff administration, and scheduling for non-members on a contract basis.

Finally, as a Public Utility under the Federal Power Act, SPP is required to submit its budget to the Commission. The Commission already has approved SPP's activities and has ordered that SPP's budgets be filed with the Commission.⁵

Schedule for Preparation and Approval of SPP Inc.'s Overall Annual Budget

SPP's overall annual budget is prepared on a budget cycle to be approved by its independent Board of Directors annually at its October meeting. Because of this timing difference with the NERC budget process SPP is unable to provide an accurate 2015 SPP budget for non-statutory activities at this time. The process begins during the second quarter when the SPP staff develops preliminary non-statutory budgets. During the third quarter the Finance Committee of SPP initially reviews and evaluates the budget prepared by SPP staff. Once the budget is approved by the Finance Committee, it is presented to the Board of Directors for their review and approval at its quarterly meeting held in October. The SPP overall annual budget is then submitted to FERC for approval. Because the 2015 SPP budget is not yet available, SPP is providing its Commission-approved 2014 budget and its 2013 actual results on the following table:

⁵ See Sw. Power Pool, Inc., 109 FERC ¶ 61,010, at P 98 (2004) (requiring SPP to file its operating budget on an annual basis). See also Sw. Power Pool, Inc., 109 FERC ¶ 61,009, at PP 3-5 (2004), order on reh'g, 110 FERC ¶ 61,137 (2005) (describing history of SPP RTO application, including approval and revision of SPP Bylaws); see also, generally, Sw. Power Pool, Inc., 108 FERC ¶ 61,003 (2004), order on reh'g, 110 FERC ¶ 61,138 (2005); Sw. Power Pool, Inc., 106 FERC ¶ 61,110 (2004).



**SOUTHWEST POWER POOL
NET REVENUE REQUIREMENT GROWTH
\$000'S**

	<u>2014 Budget</u>	<u>2013 Actual</u>
Income		
Tariff Administration Service	\$132,600	\$112,623
Fees & Assessments	26,764	25,188
Contract Services Revenue	453	425
Miscellaneous Income	<u>3,350</u>	<u>4,502</u>
Total Income	\$163,166	\$142,737
Expense		
Salary & Benefits	\$82,247	\$79,661
Employee Travel	2,192	1,868
Administrative	4,675	3,967
Assessments & Fees	15,300	14,699
Meetings	919	930
Communications	3,916	3,666
Leases	183	432
Maintenance	15,866	11,300
Services	14,313	15,870
Regional State Committee	328	207
Depreciation & Amortization	49,718	19,398
Other Expense	<u>11,035</u>	<u>910</u>
Total Expense	\$200,692	\$152,906
Net Income (Loss)	<u>(\$37,526)</u>	<u>(\$10,168)</u>
Debt Repayment	\$13,000	\$12,700
MW/h Forecast	348,200	357,534
Net Revenue Requirement	\$132,600	\$123,336
Calculated Admin Fee / MWh	\$0.381	\$0.345
Recommended Admin Fee / MWh	\$0.381	\$0.315
Capital Expense	\$37,214	\$46,312
Headcount (including open positions)	598	569

2013 actual data corresponds to SPP's annual Accountant's Report. For footnote information and other statements and schedules please refer to spp.org>Newsroom from the *Southwest Power Pool, Inc. Accountant's Report and Financial Statements December 31, 2013 and 2012.*

Section D – Additional Consolidated Financial
Statements
2015 Business Plan and Budget



Section D — Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Section D 2015 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Statement of Activities and Capital Expenditures by Program 2015 Budget	Functions in Delegation Agreement													Non-Statutory Functions		
	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	Non-Statutory Total
Funding																
SPP RE Funding																
SPP RE Assessments	9,680,648	9,680,648	-	9,680,648	112,227	8,240,917	2,861,284	88,086	41,097	-	(1,662,962)	-	-	-	-	-
Penalty Sanctions	464,500	464,500	-	464,500	2,466	342,826	117,153	-	2,055	-	-	-	-	-	-	-
Total SPP RE Funding	10,145,148	10,145,148	-	10,145,148	114,693	8,583,743	2,978,437	88,086	43,152	-	(1,662,962)	-	-	-	-	-
Non-statutory Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding	10,145,148	10,145,148	-	10,145,148	114,693	8,583,743	2,978,437	88,086	43,152	-	(1,662,962)	-	-	-	-	-
Expenses																
Personnel Expenses																
Salaries	3,890,082	3,890,082	-	3,890,082	16,019	2,348,882	847,886	-	16,019	-	660,277	-	-	-	-	-
Payroll Taxes	297,591	297,591	-	297,591	1,225	179,766	64,863	-	1,225	-	50,511	-	-	-	-	-
Benefits	346,900	346,900	-	346,900	1,296	222,444	64,560	-	1,080	-	57,520	-	-	-	-	-
Retirement Costs	155,603	155,603	-	155,603	641	93,995	33,915	-	641	-	26,411	-	-	-	-	-
Total Personnel Expenses	4,690,177	4,690,177	-	4,690,177	19,181	2,646,087	1,011,224	-	18,965	-	794,719	-	-	-	-	-
Meeting Expenses																
Meetings	86,500	86,500	-	86,500	-	1,500	-	60,000	-	-	25,000	-	-	-	-	-
Travel	603,000	603,000	-	603,000	50,000	350,000	100,000	-	-	-	103,000	-	-	-	-	-
Conference Calls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meeting Expenses	689,500	689,500	-	689,500	50,000	351,500	100,000	60,000	-	-	128,000	-	-	-	-	-
Operating Expenses																
Consultants & Contracts	1,370,600	1,370,600	-	1,370,600	-	964,600	350,000	-	-	-	56,000	-	-	-	-	-
Office Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Costs	8,000	8,000	-	8,000	-	-	-	-	-	-	8,000	-	-	-	-	-
Professional Services	477,645	477,645	-	477,645	-	23,945	2,600	5,000	-	-	145,100	300,000	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	1,856,245	1,856,245	-	1,856,245	-	988,545	352,600	5,000	-	-	210,100	300,000	-	-	-	-
Total Direct Expenses	7,235,922	7,235,922	-	7,235,922	69,181	4,186,132	1,463,824	65,000	18,965	-	1,132,819	300,000	-	-	-	-
SPP Inc. Indirect Expenses	4,572,188	4,572,188	-	4,572,188	20,941	2,910,843	994,713	-	17,451	-	628,240	-	-	-	-	-
SPP RE Indirect Expenses	0	0	-	0	24,571	1,486,767	519,899	23,086	6,738	-	(1,761,059)	(300,000)	-	-	-	-
Total Indirect Expenses	4,572,188	4,572,188	-	4,572,188	45,512	4,397,610	1,514,612	23,086	24,187	-	(1,132,819)	(300,000)	-	-	-	-
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	11,808,110	11,808,110	-	11,808,110	114,693	8,583,743	2,978,437	88,086	43,152	-	-	-	-	-	-	-
Change in Assets	(1,662,962)	(1,662,962)	-	(1,662,962)	-	-	-	-	-	-	(1,662,962)	-	-	-	-	-
Fixed Assets																
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer & Software CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Inc)Dec in Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CHANGE IN NET ASSETS	(1,662,962)	(1,662,962)	-	(1,662,962)	-	-	-	-	-	-	(1,662,962)	-	-	-	-	-
FTEs	32.75	32.8	-	32.75	0.15	20.85	7.13	-	0.13	-	4.50	-	-	-	-	-
Percentage of FTEs	100%	100%	-	100%	0.5%	63.7%	21.8%	0.0%	0.4%	0.0%	13.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Functional Program FTEs	100%	100%	-	100%	0.5%	73.8%	25.2%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Functional Program Direct Expenses	100%	100%	-	100%	1.2%	72.1%	25.2%	1.1%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Indirect Cost Allocation																
SPP Inc. Indirect Costs	4,572,188	4,572,188	-	4,572,188	20,941	2,910,843	994,713	-	17,451	-	628,240	-	-	-	-	-
SPP RE Indirect Costs	2,061,059	2,061,059	-	2,061,059	24,571	1,486,767	519,899	23,086	6,738	-	-	-	-	-	-	-
Total Indirect Costs	6,633,247	6,633,247	-	6,633,247	45,512	4,397,610	1,514,612	23,086	24,187	-	628,240	-	-	-	-	-
Fixed Assets Allocation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Penalty Sanctions Allocation	464,500	464,500	-	464,500	2,466	342,826	117,153	-	2,055	-	-	-	-	-	-	-

Section E – Calculation of SPP, Inc. Indirect Expense
Rate
2015 Business Plan and Budget



Section E

CALCULATION OF THE SPP INC. INDIRECT EXPENSE RATE¹

<u>Support Groups</u> ²		<u>Overhead Costs to Allocate</u>
Administration	\$	18,800,747 *
Officers		5,121,360 **
Accounting		1,245,053
Corporate Services		5,101,970
SPP Compliance- Physical Security		-
Human Resources		-
Customer Services		-
Legal		1,470,717
Communications		378,593
Information Technology		15,066,273
Total Costs	\$	47,184,713 A
<u>Non-Support Resource Groups</u>		
Ending 2013 Headcounts		338
Average Work Hours/FTE in 2013		1880
# of Work Hours in 2013		635,440 B
2013 Indirect Overhead Expense Rate (A/B)	\$	74.26
Times Budgeted SPP RE FTEs		32.75
Times Average Work Hours/FTE in 2015		1,880
Budgeted SPP Inc. Indirect Costs	\$	4,572,188

¹Due to the timing of the budget process/schedule, the estimated overhead rate for 2015 is based on actual 2013 costs. Any variance between the estimated overhead rate and the actual 2013 overhead rate will be included in the annual 2015 Business Plan and Budget true-up filing.

² The services provided by these support groups are separate and distinct from the services provided by SPP RE direct staff and consultants and contractors.

* Does not include FERC Pass-Thru Fees and depreciation of market and transmission assets.

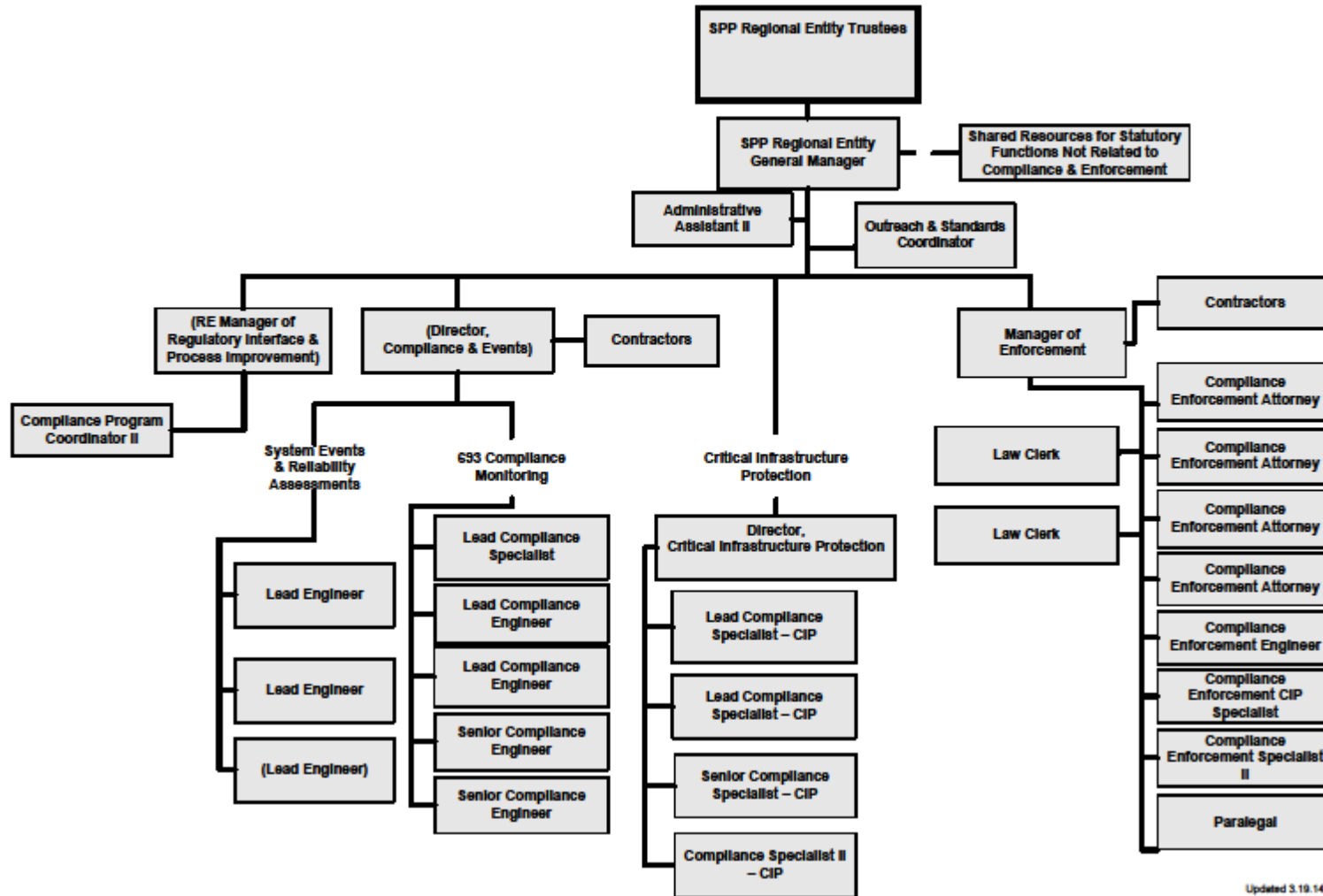
** Does not include costs for executives performing delegated functions.

Section F– Organizational Chart 2015 Business Plan and Budget





Organizational Chart – 2014



Updated 3.19.14



Organizational Chart – 2015 Proposed

