

MINUTES

JOINT INTERIM COMMITTEE ON ADVANCED COMMUNICATIONS AND INFORMATION TECHNOLOGY

Tuesday, December 1, 2015

10:00 a.m.

Southwest Power Pool, 201 Worthen Drive, Little Rock, Arkansas

The Joint Interim Committee on Advanced Communications and Information Technology met on Tuesday, December 1, 2015, at 10:00 a.m., at Southwest Power Pool, 201 Worthen Drive, in Little Rock, Arkansas.

Members in attendance: Senators; Bobby Pierce, Vice Chair; Jimmy Hickey, Ronald Caldwell and Greg Standridge. Representatives Stephen Meeks, Chair; Michael John Gray, Vice Chair; Charles Blake, Jim Dotson, Justin Gonzales, Sheilla Lampkin, Mathew Pitsch.

Other legislators present: Senator Linda Chesterfield. Representatives Trevor Drown and Kenneth Ferguson.

Representative Stephen Meeks called the meeting to order.

Committee consideration to approve the Minutes of November 16, 2015. Without objection, the minutes were approved. [EXHIBIT B]

Welcome to Southwest Power Pool (SPP) [HANDOUT 2]

Mr. Nick Brown, President and CEO of SPP, was recognized and extended a warm welcome to the Committee and guests. He gave a brief overview of SPP. According to Mr. Brown, SPP has been based in Little Rock approximately 75 years. SPP has approximately 600 employees and its mission is to help its members work together to keep the lights on today and in the future. Mr. Brown reported that SPP has 93 members in various electric utility industries across 14 states. SPP's function is totally wholesale not retail. Members have the responsibility to serve retail customers. Mr. Brown said SPP is the planning authority for a bulk electric network, noting that bulk electric system reliability is the number one priority. According to Mr. Brown SPP has an extraordinary need for technical talent. Furthermore, SPP is a relationship-based organization and its strategy is to hire local individuals. Moreover, SPP does not have a revolving door with its employee base. Mr. Brown noted that Arkansas schools and universities are not producing students that are capable of being successful in the STEM technologies. He stressed the importance of Arkansas focusing its energy on developing talent in the state.

Overview of SPP

Mr. Mike Ross, Senior Vice President of Government Affairs and Public Relations, SPP, was recognized and presented a PowerPoint presentation entitled, "Southwest Power Pool" [Handout 1]. He said there are 7 regional transmission organizations in America, noting that one of them is located in Arkansas. According to Mr. Ross, SPP controls the electric grid for the middle of America. He said the need for electricity has grown. In addition, SPP is heavily regulated and incorporated in Arkansas as a 501(c)(6) nonprofit corporation. SPP is audited by the Federal Energy Regulatory Commission (FERC) and is a founding member of the North American Electric Reliability Corporation (NERC). SPP is governed by an independent board of directors, members committee, regional state committee, and working groups.

Mr. Ross stated that SPP was founded in 1941 with 11 members; 9 days after the bombing of Pearl Harbor. Ironically, the Northeast Blackout of 1965 led to Congress implementing the Electric Reliability Act of 1967 and the creation of the NERC. SPP has members in 14 states and membership is strictly voluntary. SPP's operating region consists of 575,000 miles of service territory; nearly 18 million people; 825 generating plants; 4,782 substations, and approximately 56,000 miles of transmission. SPP's tariff requires the company to dispatch the most economical, least costly fuel first. SPP's

major services include reliability coordination, market operation and transmission planning. Last year, SPP's market operation generated a total savings of \$370 million to its rate payers. Mr. Ross stated that no new transmission lines can be built in the region unless SPP directs or orders it. He noted there are three primary reasons for building new transmission lines: reliability, economics, and public policy. Notably, over the last 10 years, SPP has constructed over \$8 billion in new transmission projects. In 2014, SPP's training program awarded more than 18,000 continuing education hours to member companies.

The Role of Information Technology (IT) at SPP

Ms. Barbara Sugg, Vice President of Information Technology, SPP, was recognized and discussed SPP's information technology component. She said SPP is a technology dependent organization with 150 IT employees. Some primary drivers of growth in IT include: security coordination, tariff administration, regional scheduling, contract services, energy imbalance market and integrated marketplace. Ms. Sugg reported that SPP's three primary IT groups are: maintenance and support, development, and management. SPP's primary IT data center is located in Chenal and the backup recovery center is located in Maumelle. Currently, SPP has over 1,800 servers; 700 physical workstations; 1,200 monitors and 500 virtual desktop images.

Briefing on Cyber Security

Ms. Barbara Sugg gave a brief overview of cyber security. She said IT and cyber security are very dependent upon each other. Some interesting things to learn about cyber security and how to reduce risks include:

- understanding the threats,
- understanding the motivations and capabilities,
- minimizing and mitigating vulnerabilities, and;
- ensuring business continuity and recovery.

According to Ms. Sugg, SPP is protecting its system in many ways that include: web content filtering, intrusion prevention system, firewalls, defense in depth, vulnerability scanning and assessment, dual factor authentication into the secure perimeter, and access lists. Ms. Sugg stated that the future and vision of IT at SPP will include being more of a consultant to its business partners and enabling the business with technology.

Representative Meeks asked how much broadband SSP has coming in; and how important is it for communications across the network. Ms. Sugg replied, SPP members use private network connections to communicate, noting that all members have T1 and DS3 connections that are private between the Chenal and Maumelle locations. Ms. Sugg noted that the information requested is not available and even if the information was gathered it would be an estimate.

Next Meeting Date

The committee will meet on December 7, 2015 at 1:00 p.m., at the University of Arkansas at Fayetteville, Engineering and Research Center in Fayetteville, Arkansas.

Adjournment

Upon adjournment, the ACIT Committee toured the SPP's operations data center.

There being no further business, the meeting adjourned at 11:35 a.m.