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ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR ASSOCIATION

**Annual Members' Meeting
September 11, 2001, 9:00 a.m.**

SRP PERA Club
1 East Continental Drive, Tempe, Arizona

DRAFT MINUTES

I. Welcome and Introductions

Members' Chair, Kevin Higgins, called the meeting to order at 9:30 a.m. Members and guests were welcomed and introduced.

Present: Ken Bagley, Ed Beck, Thomas Broderick, Keith Cardillo, Resal Craven, Dennis Delaney, Peggy Drumm, Lindy Funkhouser, Andrew Gregorich, Steven Henry, Kevin Higgins, Larry D. Huff, Steven A. Huhman, Barbara S. Jost, Barbara Klemstine, Dimitrios Laloudakis, Choi Lee, Steve Lines, Glenn Martin, Mike McElrath, Steve Messer, John D. Newman, Marcie Otondo, Greg Patterson, Vann, E. Prater, and Patrick J. Sanderson, Vicki Sandler, Chuck Skidmore, Jerry D. (ACC) Smith, Jerry (APS) Smith, Elizabeth Story, Brian Townsend, and Jim Tramuto.

II. Member Class Meetings

A quorum was established in three of the five classes, thus establishing the required quorum to hold the annual members' meeting. Kevin Higgins reviewed the meeting process and agenda, as well as, procedures for voting and for filling Board vacancies according to the Az ISA By-Laws.

Mr. Higgins, Members' Chair, directed the members to move into class groups, at which time Class Chairs and Board Representatives were elected. The Class Chairs then elected a Members' Chair. Members were elected to vacant positions, as follows:

Transmission Facilities Providers Class:

- Class Chair: Larry Huff, Southwest Transmission Cooperative, Inc.
- Board Rep (term 9/01-9/03): Larry Huff, Southwest Transmission Cooperative, Inc.

Local Load Serving Entities Class:

- No Quorum

Aggregators Class:

- No Quorum

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Independent Generators and Wholesale Power Marketers Class:

- Class Chair: Thomas Broderick, PG&E National Energy Group
- Board Rep (term 9/01-9/03): Greg Patterson, Arizona Competitive Power Alliance

End Users Class:

- Class Chair: Kevin Higgins, Arizonans for Electric Choice and Competition
- Board Rep (term 9/01-9/03): Kevin Higgins, Arizonans for Electric Choice and Competition
- Board Rep (term 9/00-9/02): Andrew D. Gregorich, ASARCO Inc.

Members Chair: Kevin Higgins, Arizonans for Electric Choice and Competition

(**Note:** A current list of the Board of Directors, based on the Annual Members' Meeting and the subsequent actions at the 37th Special Board Meeting, is attached to the minutes of the 37th Special Board Meeting.)

III. Az ISA Status Report

Patrick J. Sanderson, Acting Executive Director, presented a report on the status of the Az ISA, which included a review of Az ISA milestones for 2000 and 2001, the upcoming year September 2001 through August 2002, the balance sheet for July 31, 2001, and the budget/cash flow projections for 2001. (A copy of the report summary is attached to these minutes.) In addition, Barbara Jost provided a review of the FERC filings for the past year.

IV. Adjourn

There being no further business, the meeting was adjourned at 10:45 a.m.

Respectfully Submitted

Peggy A. Drumm, Acting Corporate Secretary

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**Arizona Independent Scheduling Administrator Association
September 12, 2000
Annual Members' Meeting**

**AZ ISA STATUS REPORT
By Patrick J. Sanderson**

YEAR IN REVIEW

- **August 2000**
 - Board approves a package of agreements and protocols for filing with FERC
- **September 2000**
 - Az ISA hosts 2nd Annual Members' Meeting
 - Az ISA files the following documents with FERC:
 - 1. Transmittal Letter
 - 2. Protocols Manual
 - 3. Form ISA-TP Agreement
 - 4. Form ISA-SC-TP Agreement
 - 5. Rate Schedule No. 1
 - 6. Affidavit of Jerry W. Smith
- **October 2000**
 - AZ ISA files response to Interventions
- **November 2000**
 - FERC issues order in Az ISA docket
- **December 2000**
 - Membership renewal notices
 - Az ISA Board considers dissolution of Az ISA
 - PM revisions started
- **January 2001**
 - Additional startup funding requested by Az ISA
 - Work continues on revising PM
- **February 2001**
 - Az ISA requests indefinite stay for submittal of a compliance filing
 - Work continues on revising PM
- **March 2001**
 - Final draft PM completed
- **April 2001**
 - Final revisions to FERC compliance and 205 filing
- **May 2001**
 - Board approves FERC Compliance and 205 Filings
 - APS and TEP sign Az ISA-TP Agreements
 - Az ISA begins billing for services
 - Begin startup activities
- **June 2001**
 - Az ISA updates web-site
 - Continue to coordinate billing invoicing
 - Filed revision to Original Service Agreement No. 2 between the

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- Az ISA and APS (SC Agreement)
- **July 2001**
 - Continue with Az ISA startup activities
 - Filed revision To Original Service Agreement No. 4 between the
 - Az ISA and TEP (SC Agreement)
- **August 2001**
 - Continue with Az ISA startup activities
 - Start preparations for Annual Members' meeting

UPCOMING YEAR

- **September 2001 to August 2002**
 - Automate billing invoice process
 - Automate OASIS access
 - Complete Web site upgrades
 - Upgrade file server
 - Revisit temporary ARNT allocation
 - Upgrade accounting software
 - Replace Office Manager's PC
 - Complete evaluation of employee benefit options
 - Update ADR list

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ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR ASSOCIATION BALANCE SHEET AS OF JULY 31, 2001

	<u>July 31, '01</u>
ASSETS	
Current Assets	
Checking/Savings	
Bank of America	<u>119,221.37</u>
Total Checking/Savings	119,221.37
Accounts Receivable	
Accounts Receivable	<u>82,289.78</u>
Total Accounts Receivable	<u>82,289.78</u>
Total Current Assets	201,511.15
Fixed Assets	
Office Furniture and Equipment	<u>8,426.56</u>
Total Fixed Assets	<u>8,426.56</u>
TOTAL ASSETS	201,511.15
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	<u>11,804.02</u>
Total Accounts Payable	11,804.02
Other Current Liabilities	
Refundable Advances	3,675.00
Capital Loans, Current Portion	761,151.42
Payroll Liabilities	<u>17,243.01</u>
Total Other Current Liabilities	<u>782,069.43</u>
Total Current Liabilities	793,873.45
Long Term Liabilities	
Capital Loans, Long Term Portion	<u>575,667.76</u>
Total Long Term Liabilities	575,667.76
Total Liabilities	1,369,541.21
Equity	
Retained Earnings	(1,176,497.03)
Net Income	<u>16,893.53</u>
Total Equity	<u>(1,159,603.50)</u>
TOTAL LIABILITIES & EQUITY	<u>209,937.71</u>

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2001 BUDGET/JCASH FLOW – AUGUST 21 PROTOCOLS MANUAL, PHASE 1, STARTUP

	2001 TOTALS
<i>CASH AND INCOME</i>	
Cash Carry Over From Previous Month	
Carry over from 2000	125,025
Capitalization Loan	--
Membership Dues	7,500
Tariff (Loan)	303,134
Tariff (O&M)	251,739
Funding Utilities - Misc. Income	<u>205,000</u>
CASH IN - TOTAL	892,398
Az ISA CORE EXPENSES - TOTAL	541,148
Budget Contingency	<u>10,400</u>
EXPENSES PLUS CONTINGENCIES - TOTAL	551,548
Capitalization Loan plus Accrued Interest	
Adjust Debt Repayment for 2 Month O&M Expenses	78,739
Debt Repayment	<u>303,133</u>
Total Debt Repayment	<u>224,394</u>
Az ISA EXPENSES - TOTAL	<u>775,943</u>
CASH REMAINING (Deficit)	<u>116,455</u>