

**ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION**

Minutes from the First Regular Meeting (2002) of Board of Directors
January 9, 2002

Arizona Independent Scheduling Administrator Association
615 South 43rd Avenue, APO Building (WAPA Complex)
Phoenix, Arizona

APPROVED MINUTES

I. Call to Order

Acting Executive Director Patrick J. Sanderson called the meeting to order at 9:35 a.m.

II. Establish Quorum

The presence of a quorum was ascertained.

Directors Present: Ed Beck, Andrew D. Gregorich, Kevin Higgins, Larry D. Huff, Curtis Kebler, Mike McElrath, Vann E. Prater, Vicki Sandler (via teleconference), and Patrick J. Sanderson (Chair). *Director Absent:* Charles N. Emerson.

Others Present: Resal Craven, Peggy Drumm, and Steven R. Henry. Jane Daly, Barbara Jost, and Marcie Otondo joined the meeting via teleconference.

III. Welcome and Introductions

All present, in person and via teleconference, were welcomed and introduced.

IV. Appoint Corporate Secretary

Peggy Drumm was appointed as Corporate Secretary for the meeting.

V. Approve Agenda

It was duly moved and seconded by Larry Huff and Ed Beck, respectively, to approve the agenda. The motion was approved.

VI. Approve Minutes from December 4, 2001 Meeting

Pat Sanderson referred to copies of the December 4, 2001 Special Board meeting minutes, which were provided in the Board package. It was duly moved and seconded by

Larry Huff and Vann Prater, respectively, to approve the December 4 minutes as written. The motion was approved.

VII. ACC AZ ISA Docket Position Paper

Pat Sanderson advised the Board that, based on a motion from the December 4 Board meeting, he had drafted and circulated a position paper regarding the ACC Docket #E-00000A-01-0630. A copy of the paper and a copy of a redlined paper that included comments received from the Board was included in the Board package. A lengthy discussion followed, including the following points and issues:

- Whether or not the paper should address the ACC Staff report
- Whether the paper should be more specific, i.e., less vague and non-committal
- What the position of the paper should be on various points
- Why the paper was written and what it should be called
- Az ISA oversight of only retail access versus wholesale
- What is the timing and process for the ACC Docket, and what is the appropriate time and means for the Az ISA to submit additional input
- Whether and how the protocols would remain if the Az ISA were suspended
- Whether to have staff continue working on the paper, further developing the Board position, to be used for presentation at ACC hearings instead of submitting a position paper under the docket now
- Whether this docket will be merged with the APS variance request or the broader review of the competition rules
- That the Az ISA should get copies of the TPs' legal comments that were submitted to the ACC under the Docket, as requested in the ACC staff report.

It was suggested and generally agreed that staff will continue to work on the document and further develop the Board position, as it will be necessary for the ACC hearings if and when they occur. In addition, copies of the TP documents submitted to ACC under the docket need to be obtained and provided to the Board for discussion at the next Board meeting.

Due to time constraints, the discussion was postponed in order to discuss the Az ISA FERC 205 filing.

VIII. Az ISA FERC 205 Filing

Pat Sanderson advised the Board that the FERC has issued a letter (dated January 4, 2002; included in Board package) requesting additional information regarding the Az ISA Section 205 filing (Docket #ER02-348-000). At Mr. Sanderson's request, Barbara Jost reviewed the Az ISA request for an extension of the temporary ARNT mechanism past December 15, 2001. She advised the Board that the FERC has not yet acted on the request and that this information request demonstrates that the FERC wants to know the status of retail activity in the state and the status of matters at the ACC before acting on the request. There was a discussion of matters to be included in response to each of the five questions posed in the letter, and it was generally agreed that the narrative responses

to be provided should be broad enough to provide the FERC with an accurate understanding of the reasons for the Board's decision to request that FERC grant the temporary ARNT mechanism extension. Mr. Sanderson will obtain the information from the ACC required by question #5. It was agreed that FERC counsel would prepare the response to the FERC letter request by January 24 or 25, which will then be circulated by Mr. Sanderson to the Board for comments. A Board meeting will be held via teleconference at 2:00 p.m., Wednesday, January 30, to discuss and/or approve the response. A second Board meeting via teleconference is scheduled for 9:00 a.m., February 8, if substantial revisions to the draft require further Board review.

ACC AZ ISA Docket Position Paper (Continued Discussion)

Kevin Higgins requested that Pat Sanderson prepare a draft of the re-written position paper, using elements of the current paper, and that the paper specifically address the ACC staff's recommendation of suspending the Az ISA, noting that staff asks for suspension prior to a hearing. The document would be given a different title, would not be sent, and would be available for discussion at the January 30 teleconference.

Curtis Kebler requested that information on the TPs' responses to the ACC also be available for the January 30 teleconference.

IX. Financial Compilation Report

Pat Sanderson reviewed the letter provided by the CPA that discusses the costs and benefits of changing the accounting system to a full accrual system and making changes in order to conform to GAAP and eliminate any exceptions on the financial statements (copy in the Board package). There was some discussion. It was duly moved and seconded by Vann Prater and Mike McElrath, respectively, to authorize Pat Sanderson to proceed with the CPA's recommendations needed to comply with GAAP and other recommendations. The motion was approved.

X. D&O Insurance Renewal

Pat Sanderson asked Steve Henry to review the information received from the insurance broker regarding D&O insurance quotes. Mr. Henry explained that the current carrier would probably offer the current coverages at a 10% increase in premiums, which he considered to be very good. The broker is currently trying to get more quotes from other sources. He advised that the Az ISA could still ask for lower coverages, such as \$1M per occurrence/\$3M aggregate, based on funds and exposure. Limits can be scaled back or increased if and when needed. The current insurance policy expires February 1, 2002. Mr. Sanderson will ask the broker for quotes on \$1M/\$3M and \$2/\$5M. He will e-mail the quotes to the Board for comments in order to make a decision before February 1.

The meeting recessed for lunch at 12:05 p.m. and reconvened at 12:45 p.m. A quorum was no longer present, and the remainder of the meeting would be for informational purposes only.

Board members in attendance: Ed Beck, Andrew Gregorich, Kevin Higgins, Mike McElrath, Vann Prater, and Pat Sanderson.

XI. Az ISA Staff Report

- a. December – January Cash Flow Report.** Pat Sanderson reviewed the December – January Cash Flow Report provided in the Board package. He explained the basis for originally developing the report and asked whether the Board still found it useful. It was agreed that it would be continued.
- b. 2001 Budget/Cash Flow Preliminary Closeout.** Pat Sanderson referred to the 2001 budget spreadsheet provided in the Board package. There was a brief discussion.
- c. 2002 Membership Renewal Status.** Pat Sanderson reviewed the status of the membership. He advised the Board that RUCO and Navopache Electric Cooperative, Inc. would not be renewing their memberships for 2002.
- d. Employee Benefits Survey and Costs.** Pat Sanderson advised the Board of the status of employee benefits procurement.

XII. Other Business

There was no other business.

XIII. Next Board Meeting

A teleconference Board meeting is scheduled for 2:00 p.m., Wednesday, January 30, 2002. An additional Board meeting is scheduled for 9:00 am., Friday, February 8, if needed. The next regularly scheduled Board meeting is May 8, 2002.

XIV. Adjourn

There being no further business, the meeting adjourned at approximately 1:00 p.m.

Respectfully submitted,

Peggy A. Drumm, Acting Corporate Secretary

**ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION**

Regular Board Meeting of Board of Directors
January 9, 2002, at 9:30 A.M. MST

Arizona Independent Scheduling Administrator Association
615 South 43rd Avenue, APO Building (WAPA Complex)
Phoenix, Arizona

APPROVED AGENDA

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|--------------|---|----------------------------|
| I. | Call to Order | |
| II. | Establish Quorum | |
| III. | Welcome and Introductions | |
| IV. | Appoint Corporate Secretary | |
| V. | Approve Agenda | Approval Item |
| VI. | Approve Minutes from December 4, 2001 Board Meeting | Approval Item |
| VII. | ACC Az ISA Docket Position Paper | Discussion/Approval |
| VIII. | Az ISA FERC 205 Filing | Update |
| IX. | Financial Compilation Report | Discussion |
| X. | D&O Insurance Renewal | Update |
| XI. | Staff Report | |
| | a. December – January Cash Flow Report | |
| | b. 2001 Budget/Cash Flow Preliminary Closeout | |
| | c. 2002 Membership Renewal Status | |
| | d. Employee Benefits Survey and Costs | |
| XII. | Other Business | |
| XIII. | Next Board Meeting | |
| XIV. | Adjourn | |

Conference Call for Regular Board Meeting, as follows:

- 9:30 a.m. (Arizona time/MST)
- Call-in Number: 1-866-248-0553
- Enter Room Number (including star keys): *3523531*
- US West 1-800-263-3863 (in case of problems)