

**ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION**

Minutes from the Regular Meeting of Board of Directors
January 8, 2003

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 9:40 a.m.

II. Establish Quorum

The presence of a quorum was ascertained.

Directors Present: Ed Beck, Charles N. Emerson, Kevin Higgins, Mike McElrath, and Patrick J. Sanderson (Chair). *Directors Present via teleconference:* Vicki Sandler and Brian Walker. *Director Absent:* Larry D. Huff.

Others Present: David Childers, Peggy Drumm, Dimitrios Laloudakis, Alan Propper, and John Wallace. *Others Present via teleconference:* Marcie Otondo and Mona Petrochko.

III. Welcome and Introductions

All present were welcomed and introduced.

IV. Appoint Corporate Secretary

Peggy Drumm was appointed as Corporate Secretary for the meeting.

V. Approve Agenda

After some discussion it was decided to add an agenda item #V(a) in order to appoint new Board members. It was duly moved and seconded by Charles Emerson and Ed Beck, respectively, to approve the amended agenda. The motion was approved.

V(a). Appoint New Board Members

After a brief description of Dimitiros Laloudakis' pertinent qualifications, Kevin Higgins nominated Mr. Laloudakis as a Board member representing the End Users' Class, replacing Andrew Gregorich. Ed Beck seconded the nomination. Mr. Laloudakis' appointment passed unanimously.

Charles Emerson provided a brief synopsis of John Wallace's background and nominated Mr. Wallace to represent the Local Load Serving Entities Class, replacing Resal Craven. Ed Beck seconded the nomination, which then passed unanimously.

VI. Approve Minutes from September 10, 2002 Meeting

Pat Sanderson referred to the copy of the September 10, 2002 minutes, which was provided in the Board package. It was duly moved and seconded by Ed Beck and Mike McElrath, respectively, to approve the September 10 minutes as written. The motion was approved unanimously.

VII. Draft 2003 Annual Budget

Pat Sanderson explained that the Az ISA draft budget for 2003, included in the Board package, reflects Phase I activities only, not Phase II activities. He also noted that the legal expenses reflect only normal local governance and FERC advice, i.e., expenses that would be incurred in the normal course of business only and not other expenses such as dissolution legal services. After brief discussion, it was moved and seconded by Ed Beck and Kevin Higgins, respectively, to adopt the 2003 Az ISA budget as written. The motion was approved unanimously.

VIII. D&O Insurance Renewal

Pat Sanderson advised the Board of the status of the D&O insurance application for renewal and reviewed the current coverage, which expires February 5, 2003. The broker expects a probable 20-25% increase. According to David Childers, it is also possible to see an increase in the deductible.

IX. Articles of Incorporation Sunset Clause

Pat Sanderson advised the Board that, according to the sunset clause of the Az ISA Articles of Incorporation, the ending date of the corporation is September 15, 2003. He noted there are two regularly scheduled Board meetings before that date. He advised the Board that, according to legal advice, an amendment could be filed to extend the date for existence of the corporation. During discussion it was noted that the Westconnect RTO is not expected to be operational until at least 2006 and that it had originally been anticipated that the Az ISA would be in existence until an RTO was operational. There was some discussion regarding coordination of the transition between the Az ISA and Westconnect. It was also noted that the Az ISA is not meant to be a perpetual entity. It

was agreed that Pat Sanderson and David Childers would draft language for an amendment to the Articles of Incorporation, which will be presented at the next meeting. Mr. Sanderson will distribute the draft for review one month prior to the meeting.

X. Status of Az ISA ACC Docket (E-00000A-01-0630)

Pat Sanderson briefed the Board on the Az ISA's monitoring of the ACC Docket. He noted that the Az ISA has not been the focus of the procedure yet, but it could be addressed in early 2003. There is no procedural schedule yet.

a. Electric Competition Advisory Group. Mr. Sanderson referred to an ACC letter, provided in the Board package, inviting participation in an Electric Competition Advisory Group. He asked for direction from the Board as to what level the Az ISA should participate. After some discussion it was agreed that Mr. Sanderson should attend the first meeting, be included on the information list, and offer the Az ISA as an informational resource to the group.

XI. Az ISA Staff Report

a. Financial Report (November Financial Statement). Pat Sanderson referred to the November Financial Statements provided in the Board package. He explained that the statements have been prepared in accordance with GAAP standards since mid-2002. He noted that actual costs for 2002 would probably be less than budgeted amounts. There was brief discussion.

b. Budget/Cash Flow (2002). Pat Sanderson explained that the Budget/Cash Flow report, which was included in the Board package, presents an actual cash basis view of the budget. This is to provide information in addition to the Financial Statements, which are accrual based. Alan Propper suggested that it would be useful to show when/if the 10% contingency was used. Mr. Sanderson said he would provide that for the next meeting.

c. Cash Flow Report (December – January). Pat Sanderson referred to the Cash Flow Report included in the Board package and explained that it provides the most comprehensive view of the cash flow and includes projected obligated costs.

d. Membership Renewal. Pat Sanderson advised the Board that the membership report shows the probable membership and the membership dues paid to date. He noted that most fees are received later in January, due to the holidays.

XII. Other Business

Kevin Higgins introduced Mona Petrochko, who joined the meeting via teleconference. Ms. Petrochko provided a brief synopsis of the Constellation company, her background, and her interest in filling a seat on the Az ISA Board. Mr. Higgins nominated Ms. Petrochko to represent the Independent Generators and Wholesale Power Marketers

Class, replacing Theresa Mead. Mike McElrath seconded the motion, which passed unanimously.

XIII. Next Board Meeting

The next regular Board meeting is scheduled for 9:30 a.m., Wednesday, May 14, at the Az ISA offices in Phoenix, Arizona.

XIV. Adjourn

There being no further business, the meeting adjourned at approximately 11:00 a.m.

Respectfully submitted,

Peggy A. Drumm, Acting Corporate Secretary

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Regular Meeting of Board of Directors
January 8, 2003 at 9:30 A.M. MST

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

APPROVED AGENDA

- | | | |
|--------------|---|------------------------|
| I. | Call to Order | |
| II. | Establish Quorum | |
| III. | Welcome and Introductions | |
| IV. | Appoint Corporate Secretary | |
| V. | Approve Agenda | Approval Item |
| V(a). | Appoint New Board Members | Approval Item |
| VI. | Approve Minutes from September 10, 2002 Board Meeting | Approval Item |
| VII. | Draft 2003 Annual Budget | Review/Approval |
| VIII. | D&O Insurance Renewal | Update |
| IX. | Articles of Incorporation Sunset Clause | Discussion |
| X. | Status of Az ISA ACC Docket (E-00000A-01-0630) | Update |
| | a. Electric Competition Advisory Group | |
| XI. | Az ISA Staff Report | |
| | a. Financial Report (November Financial Statement) | |
| | b. Budget/Cash Flow (2002) | |
| | c. Cash Flow Report (December – January) | |
| | d. Membership Renewal | |
| XII. | Other Business | |
| XIII. | Next Board Meeting | |
| XIV. | Adjourn | |

Conference Call for 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)