

**ARIZONA INDEPENDENT SCHEDULING  
ADMINISTRATOR ASSOCIATION**

Minutes from the 42<sup>nd</sup> Special Meeting of Board of Directors  
Friday, April 25, 2003

TELECONFERENCE

**APPROVED MINUTES**

**I. Call to Order**

A teleconference was established at 9:30 a.m. Prior to a quorum being established, a general discussion regarding the proposed plans was held. Upon establishment of a quorum at 10:15 a.m., Acting Executive Director Patrick J. Sanderson called the meeting to order.

**II. Establish Quorum**

The presence of a quorum was ascertained.

*Directors Present:* Ed Beck, Charles Emerson, Kevin Higgins, Larry Huff, Dimitrios Laloudakis, Mike McElrath, Vicki Sandler, and Patrick J. Sanderson (Chair). *Directors Not Present:* Mona Petrochko, Brian Walker, and John Wallace.

*Others Present:* Peggy Drumm, Greg Patterson, Alan Propper, and Ray Williamson.

**III. Welcome and Introductions**

All present were welcomed and introduced.

**IV. Az ISA Downsizing Proposal**

Pat Sanderson reviewed the three proposed plans for downsizing the Az ISA, which had been provided previously via e-mail. The following summarizes the three plans, which are attached to these minutes:

**Plan 1 Cost Reductions**

1. Salary, administrative and overhead costs for 1.25 FTE
  2. Legal costs
- Percent change from approved 2003 budget (-47%)

**Plan 2 Cost Reductions**

Plan 1 reductions, and additional cost reductions for:

1. Office space
2. D&O and E&O insurance coverage
3. Accounting Fees

Percent change from approved 2003 budget (-54%)

**Plan 3 Cost Reductions**

Plan 1 and 2 reductions, and additional cost reductions for:

1. Close office
2. Administration and overhead for running office
3. Additional reduction in accounting fees
4. Additional reduction in D&O and E&O insurance

Percent change from approved 2003 budget (-60%)

After some discussion, Kevin Higgins moved to direct Pat Sanderson to implement Plan 2 as of June 1, 2003, and to place on the agenda for the May 14 meeting an executive session to address a fair severance package for Peggy Drumm. Vicki Sandler seconded the motion. The motion was approved.

**V. Next Board Meeting**

A regular Board meeting is scheduled for Wednesday, May 14, 2003, 9:30 a.m., at the WAPA offices, APO Building conference room.

**VI. Adjourn**

The meeting was adjourned at approximately 11:00 a.m.

Respectfully submitted,

Peggy A. Drumm, Acting Corporate Secretary

**ARIZONA INDEPENDENT SCHEDULING  
ADMINISTRATOR ASSOCIATION**

42<sup>nd</sup> Special Board Meeting of Board of Directors  
Friday, April 25, 2003 at 9:30 a.m. MST

**TELECONFERENCE**

**DRAFT AGENDA**

- I.** Call to Order
- II.** Introductions
- III.** Az ISA Downsizing Proposal
- IV.** Next Meeting
- V.** 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)

April 6, 2003

To the Az ISA Board of Directors

Subject: Az ISA Downsizing Study

As instructed by the Board at its April 3, 2003 Board meeting, I have prepared three options for "downsizing" the Az ISA. Enclosed are 3 budgets for various levels of downsizing plans. The base line for cost comparisons is the Board approved 2003 budget.

Downsizing plans cost reduction descriptions:

Plan 1

1. Salary, administrative and overhead costs for eliminating 1.25 FTE
2. Legal costs

Plan 2 Plan 1 reductions, and additional cost reductions for:

1. Office space
2. D&O and E&O insurance coverage
3. Accounting Fees

Plan 3 Plan 1 and 2 reductions, and additional cost reductions for:

1. Close office
2. Administration and overhead for running office
3. Additional reduction in accounting fees
4. Additional reduction in D&O and E&O insurance

Supporting data is in the enclosed file. Supporting data consists of a Plan cost summary and 3 detailed budgets for each Plan.

Please call or email me with any comments or questions.

Pat Sanderson  
Acting Executive Director

CC: Linda Spell, APSES  
Alan Propper, APS

### Az ISA Downsizing Study

Plan	Description	Budget	Change from 2003 Budget	% Change from 2003 Budget
2003 Budget	Board Approved Budget	332,650	0	0%
1	Cost reductions for: 1. Salary, administrative and overhead costs for 1.25 FTE 2. Legal costs	177,208	(155,441)	-47%
2	Plan 1 reductions , and additional cost reductions for: 1. Office space 2. D&O and E&O insurance coverage 3. Accounting Fees	154,270	(178,380)	-54%
3	Plan 1 and 2 reductions, and additional cost reductions for: 1. Close office 2. Administration and overhead for running office 3. Additional reduction in accounting fees 4. Additonal reduction in D&O and E&O insurance	133,950	(198,700)	-60%

**Az ISA Downsizing Study  
Budget Required to Implement Plan1**

	Dec '02	Jan '03	Feb '03	Mar '03	Apr '03	May '03	Jun '03	Jul '03	Aug '03	Sep '03	Oct '03	Nov '03	Dec '03	2003 TOTALS
<b>CASH AND INCOME</b>														
Cash Carry Over From Previous Month	50,000	59,664	76,515	64,472	63,981	69,424	68,724	60,531	67,743	66,531	62,552	67,743	67,743	
Membership Dues	-	6,250	-	-	-	-	-	-	-	-	-	-	-	6,250
Tariff (Loan)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tariff (O&M ISA)	25,313	15,648	5,047	17,091	17,581	12,139	12,839	21,031	13,820	15,032	19,011	13,820	13,820	176,878
Misc. Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CASH IN TOTAL</b>	<b>75,313</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	
<b>CASH IN without CARRY OVER</b>	<b>25,313</b>	<b>21,898</b>	<b>5,047</b>	<b>17,091</b>	<b>17,581</b>	<b>12,139</b>	<b>12,839</b>	<b>21,031</b>	<b>13,820</b>	<b>15,032</b>	<b>19,011</b>	<b>13,820</b>	<b>13,820</b>	<b>183,128</b>
<b>EXPENSES</b>														
<b>Insurance</b>														
Workers Compensation	-	-	-	-	-	-	-	-	612	-	-	-	-	612
D&O, Liability, and E&O Insurance	1,402	1,402	6,835	3,285	1,883	1,883	6,735	3,564	4,164	3,564	3,564	3,564	1,681	42,124
<b>Payroll and Relocation Expenses</b>														
Includes Payroll, Benefits and Relocation	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	103,148
<b>Professional Fees</b>														
Accounting and EOY Acct & Tax Preparation	650	650	650	650	650	1,200	650	650	650	650	650	650	650	8,350
Consulting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FERC and Local Legal Fees	300	300	300	300	300	300	300	300	300	300	300	300	300	3,600
<b>Office Expenses and Supplies</b>														
Office Furniture and Supplies	150	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Rent	4,041	-	-	4,041	-	-	4,041	-	-	4,041	-	-	4,041	16,164
Postage and Delivery	150	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Printing and Reproduction	100	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Telephone	100	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Dues and Subscriptions	-	50	50	50	50	50	50	50	50	50	50	50	50	600
Web Page and Internet	60	60	60	60	60	60	60	60	60	60	60	60	60	720
<b>Travel &amp; Entertainment</b>														
Meals	50	200	50	50	50	200	50	50	50	1,200	50	50	50	2,050
Travel	50	50	50	50	50	50	50	50	50	50	50	50	50	600
<b>Other Expenses</b>														
Credit--Membership Dues	-	(6,760)	-	-	-	-	-	-	-	-	-	-	-	(6,760)
<b>Az ISA CORE EXPENSES - TOTAL</b>	<b>15,648</b>	<b>5,047</b>	<b>17,091</b>	<b>17,581</b>	<b>12,139</b>	<b>12,839</b>	<b>21,031</b>	<b>13,820</b>	<b>15,032</b>	<b>19,011</b>	<b>13,820</b>	<b>13,820</b>	<b>15,978</b>	<b>177,208</b>
<b>Capitalization Loan plus Accrued Interest</b>														
Adjust Debt Repayment for 3 Month O&M Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Debt Repayment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Az ISA EXPENSES - TOTAL</b>	<b>15,000</b>	<b>5,047</b>	<b>17,091</b>	<b>17,581</b>	<b>12,139</b>	<b>12,839</b>	<b>21,031</b>	<b>13,820</b>	<b>15,032</b>	<b>19,011</b>	<b>13,820</b>	<b>13,820</b>	<b>15,978</b>	<b>177,208</b>
<b>CASH REMAINING (Deficit)</b>	<b>59,664</b>	<b>76,515</b>	<b>64,472</b>	<b>63,981</b>	<b>69,424</b>	<b>68,724</b>	<b>60,531</b>	<b>67,743</b>	<b>66,531</b>	<b>62,552</b>	<b>67,743</b>	<b>67,743</b>	<b>65,585</b>	<b>65,585</b>

**Phase 1, Startup**

**AZ ISA Functions: 1- Limited Oversight of Az ISA Protocols 2- Provide ADR Services 3- Manage limited Az ISA Website**

**\* One part time employe. At 75%**

**Payroll includes benefits and FICA taxes**

**Az ISA Downsizing Study. Budget Required to Implement Plan 1**  
**This Plan supports one part time employee. The workload was set at 75% of full time. The Az ISA will maintain its present office location.**

**Budget Assumptions**

Annual revenue required to support three Az ISA functions approved for implementation by FERC: (1) Limited oversight of Az ISA protocols, (2) ADR services and (3) develop and manage a limited Az ISA website. See below for explanation

<b>CASH AND INCOME</b>	
Cash Carry Over From Previous Month	Amount carried forward from last month's Cash Remaining
Membership Dues	Az ISA annual membership fees. \$250 per member. Estimate 27 members for 2003
Tariff (Loan)	Amount collected by the Az ISA under the Az ISA FERC tariff for repayment of startup funds advanced by the participating transmission providers.
Tariff (O&M ISA)	Amount collected by the Az ISA under the Az ISA FERC tariff for Az ISA operating costs
Misc. Income	Used for other income
<b>CASH IN - TOTAL</b>	Total of all income
<b>EXPENSES</b>	
<b>Insurance</b>	
Workers Compensation	State workers compensation premium
D&O, Liability, and E&O Insurance	Insurance premiums for Directors and Officers, Errors and Omissions, and general business liability coverage. \$Mil for D&O and \$1Mil for E&O
<b>Payroll and Relocation Expenses</b>	
Includes Payroll, Benefits and Relocation	Payroll includes: Salary, benefits, company paid FICA taxes, company paid unemployment taxes at 75
<b>Professional Fees</b>	
Accounting and EOY Acct & Tax Preparation	CPA services for end of month/end of year accounting, IRS and State tax return preparation, and payroll preparation
Consulting	For technical, computer and management consulting
Contract Labor	For temporary administrative support
FERC and Local Legal Fees	Az ISA local attorney [Low and Childers], and FERC attorney [Huber Lawrence and Abell] --Monthly legal expense estimates for routine business matters, only.
<b>Office Expenses and Supplies</b>	
Office Furniture and Supplies	Computer equipment, office furniture, and office supplies
Rent	WAPA office lease. Lease Includes: 10 local telephone lines, voice mail, internet analog lines, electricity, 24 hr security, janitorial, and parking
Postage and Delivery	WAPA contract mail service (includes twice daily PO Box pickup and delivery). Stamps.
Printing and Reproduction	Az ISA use of WAPA's copier,
Telephone	AT&T Long distance service, Qwest conferencing services, long distance access, and wireless phone
Dues and Subscriptions	IEEE, and Daily Electric Power news
Web Page and Internet	Web site hosting, domain registration, and 2 ISP connections
<b>Travel &amp; Entertainment</b>	
Meals	Board meetings, OC and other Az ISA meetings, Annual Members' meeting
Travel	POV (Bank, post office, office supplies, etc), Meetings requiring air travel (WECC, FERC, Other), requiring surface travel (CATS, other regional transmission study meetings, ACC)
<b>Other Expenses</b>	
Credit--Membership Dues	Adjustment to cash carryover
<b>Az ISA CORE EXPENSES - TOTAL</b>	Total of operating expenses
<b>Capitalization Loan plus Accrued Interest</b>	
Adjust Debt Repayment for 3 Month O&M Expenses	Current monthly loan balance
Debt Repayment	Any adjustments to current payment
<b>Total Debt Repayment</b>	Current month's debt repayment
<b>Az ISA EXPENSES - TOTAL</b>	Amount repaid
<b>Az ISA EXPENSES - TOTAL</b>	Sum of Cash In, Expenses and Debt Repayment
<b>CASH REMAINING (Deficit)</b>	Sum of (Cash Carry Over From Previous Month) and (Az ISA EXPENSES - TOTAL)

**Az ISA Downsizing Study  
Budget Required to Implement Plan 2**

	Dec '02	Jan '03	Feb '03	Mar '03	Apr '03	May '03	Jun '03	Jul '03	Aug '03	Sep '03	Oct '03	Nov '03	Dec '03	2003 TOTALS
<b>CASH AND INCOME</b>														
Cash Carry Over From Previous Month	50,000	60,507	75,817	69,207	66,707	69,207	68,357	66,707	69,207	68,595	65,557	69,207	69,207	
Membership Dues	-	6,250	-	-	-	-	-	-	-	-	-	-	-	6,250
Tariff (Loan)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tariff (O&M ISA)	25,313	14,806	5,746	12,356	14,856	12,356	13,206	14,856	12,356	12,968	16,006	12,356	12,356	154,220
Misc. Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CASH IN TOTAL</b>	<b>75,313</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	
<b>CASH IN without CARRY OVER</b>	<b>25,313</b>	<b>21,056</b>	<b>5,746</b>	<b>12,356</b>	<b>14,856</b>	<b>12,356</b>	<b>13,206</b>	<b>14,856</b>	<b>12,356</b>	<b>12,968</b>	<b>16,006</b>	<b>12,356</b>	<b>12,356</b>	<b>160,470</b>
<b>EXPENSES</b>														
<b>Insurance</b>														
Workers Compensation	-	-	-	-	-	-	-	-	612	-	-	-	-	612
D&O, Liability, and E&O Insurance	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	27,000
<b>Payroll and Relocation Expenses</b>														
Includes Payroll, Benefits and Relocation	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	103,148
<b>Professional Fees</b>														
Accounting and EOY Acct & Tax Preparation	500	500	500	500	500	1,200	500	500	500	500	500	500	500	6,700
Consulting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FERC and Local Legal Fees	300	300	300	300	300	300	300	300	300	300	300	300	300	3,600
<b>Office Expenses and Supplies</b>														
Office Furniture and Supplies	150	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Rent	2,500	-	-	2,500	-	-	2,500	-	-	2,500	-	-	2,500	10,000
Postage and Delivery	150	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Printing and Reproduction	100	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Telephone	100	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Dues and Subscriptions	-	50	50	50	50	50	50	50	50	50	50	50	50	600
Web Page and Internet	60	60	60	60	60	60	60	60	60	60	60	60	60	720
<b>Travel &amp; Entertainment</b>														
Meals	50	200	50	50	50	200	50	50	50	1,200	50	50	50	2,050
Travel	50	50	50	50	50	50	50	50	50	50	50	50	50	600
<b>Other Expenses</b>														
Credit--Membership Dues	-	(6,760)	-	-	-	-	-	-	-	-	-	-	-	(6,760)
<b>Az ISA CORE EXPENSES - TOTAL</b>	<b>14,806</b>	<b>5,746</b>	<b>12,356</b>	<b>14,856</b>	<b>12,356</b>	<b>13,206</b>	<b>14,856</b>	<b>12,356</b>	<b>12,968</b>	<b>16,006</b>	<b>12,356</b>	<b>12,356</b>	<b>14,856</b>	<b>154,270</b>
<b>Capitalization Loan plus Accrued Interest</b>														
Adjust Debt Repayment for 3 Month O&M Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Debt Repayment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Az ISA EXPENSES - TOTAL</b>	<b>15,000</b>	<b>5,746</b>	<b>12,356</b>	<b>14,856</b>	<b>12,356</b>	<b>13,206</b>	<b>14,856</b>	<b>12,356</b>	<b>12,968</b>	<b>16,006</b>	<b>12,356</b>	<b>12,356</b>	<b>14,856</b>	<b>154,270</b>
<b>CASH REMAINING (Deficit)</b>	<b>60,507</b>	<b>75,817</b>	<b>69,207</b>	<b>66,707</b>	<b>69,207</b>	<b>68,357</b>	<b>66,707</b>	<b>69,207</b>	<b>68,595</b>	<b>65,557</b>	<b>69,207</b>	<b>69,207</b>	<b>66,707</b>	<b>66,707</b>
<b>Phase 1, Startup</b>														
<b>AZ ISA Functions: 1- Limited Oversight of Az ISA Protocols 2- Provide ADR Services 3- Manage limited Az ISA Website</b>														
<b>* One part time employe. At 75%</b>														
<b>Payroll includes benefits and FICA taxes</b>														



**Az ISA Downsizing Study. Budget Required to Implement Plan 2**

**This Plan supports one part time employee. The workload was set at 75% of full time. The Az ISA will maintain its present office location, but will require less office space.**

**Budget Assumptions**

Annual revenue required to support three Az ISA functions approved for implementation by FERC: (1) Limited oversight of Az ISA protocols, (2) ADR services and (3) develop and manage a limited Az ISA website. See below for explanation

<b>CASH AND INCOME</b>	
Cash Carry Over From Previous Month	Amount carried forward from last month's Cash Remaining
Membership Dues	Az ISA annual membership fees. \$250 per member. Estimate 27 members for 2003
Tariff (Loan)	Amount collected by the Az ISA under the Az ISA FERC tariff for repayment of startup funds advanced by the participating transmission providers.
Tariff (O&M ISA)	Amount collected by the Az ISA under the Az ISA FERC tariff for Az ISA operating costs
Misc. Income	Used for other income
<b>CASH IN - TOTAL</b>	Total of all income
<b>EXPENSES</b>	
<b>Insurance</b>	
Workers Compensation	State workers compensation premium
D&O, Liability, and E&O Insurance	Insurance premiums for Directors and Officers, Errors and Omissions, and general business liability coverage. Reduced by 25% of 2003 budget.
<b>Payroll and Relocation Expenses</b>	
Includes Payroll, Benefits and Relocation	Payroll includes: Salary, benefits, company paid FICA taxes, company paid unemployment taxes at 75% of 2003 budget for one part time employee
<b>Professional Fees</b>	
Accounting and EOY Acct & Tax Preparation	CPA services for end of month/end of year accounting, IRS and State tax return preparation, and payroll preparation
Consulting	For technical, computer and management consulting
Contract Labor	For temporary administrative support
FERC and Local Legal Fees	Az ISA local attorney [Low and Childers], and FERC attorney [Huber Lawrence and Abell] --Monthly legal expense estimates for routine business matters, only.
<b>Office Expenses and Supplies</b>	
Office Furniture and Supplies	Computer equipment, office furniture, and office supplies
Rent	WAPA office lease. Lease Includes: 10 local telephone lines, voice mail, internet analog lines, electricity, 24 hr security, janitorial, and parking
Postage and Delivery	WAPA contract mail service (includes twice daily PO Box pickup and delivery). Stamps.
Printing and Reproduction	Az ISA use of WAPA's copier,
Telephone	AT&T Long distance service, Qwest conferencing services, long distance access, and wireless phone
Dues and Subscriptions	IEEE, and Daily Electric Power news
Web Page and Internet	Web site hosting, domain registration, and 2 ISP connections
<b>Travel &amp; Entertainment</b>	
Meals	Board meetings, OC and other Az ISA meetings, Annual Members' meeting
Travel	POV (Bank, post office, office supplies, etc), Meetings requiring air travel (WECC, FERC, Other), requiring surface travel (CATS, other regional transmission study meetings, ACC)
<b>Other Expenses</b>	
Credit--Membership Dues	Adjustment to cash carryover
<b>Az ISA CORE EXPENSES - TOTAL</b>	Total of operating expenses
<b>Capitalization Loan plus Accrued Interest</b>	
Adjust Debt Repayment for 3 Month O&M Expenses	Current monthly loan balance
Debt Repayment	Any adjustments to current payment
	Current month's debt repayment
<b>Total Debt Repayment</b>	Amount repaid
<b>Az ISA EXPENSES - TOTAL</b>	Sum of Cash In, Expenses and Debt Repayment
<b>CASH REMAINING (Deficit)</b>	Sum of (Cash Carry Over From Previous Month) and (Az ISA EXPENSES - TOTAL)

**Az ISA Downsizing Study  
Budget Required to Implement Plan 3**

	Dec '02	Jan '03	Feb '03	Mar '03	Apr '03	May '03	Jun '03	Jul '03	Aug '03	Sep '03	Oct '03	Nov '03	Dec '03	2003 TOTALS
<b>CASH AND INCOME</b>														
Cash Carry Over From Previous Month	50,000	63,842	76,202	70,092	70,092	70,092	69,442	70,092	70,092	69,480	68,942	70,092	70,092	
Membership Dues	-	6,250	-	-	-	-	-	-	-	-	-	-	-	6,250
Tariff (Loan)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tariff (O&M ISA)	25,313	11,471	5,361	11,471	11,471	11,471	12,121	11,471	11,471	12,083	12,621	11,471	11,471	133,950
Misc. Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CASH IN TOTAL</b>	<b>75,313</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	<b>81,563</b>	
<b>CASH IN without CARRY OVER</b>	<b>25,313</b>	<b>17,721</b>	<b>5,361</b>	<b>11,471</b>	<b>11,471</b>	<b>11,471</b>	<b>12,121</b>	<b>11,471</b>	<b>11,471</b>	<b>12,083</b>	<b>12,621</b>	<b>11,471</b>	<b>11,471</b>	<b>140,200</b>
<b>EXPENSES</b>														
<b>Insurance</b>														
Workers Compensation	-	-	-	-	-	-	-	-	612	-	-	-	-	612
D&O, Liability, and E&O Insurance	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	21,600
<b>Payroll and Relocation Expenses</b>														
Includes Payroll, Benefits and Relocation	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	8,596	103,148
<b>Professional Fees</b>														
Accounting and EOY Acct & Tax Preparation	450	450	450	450	450	450	450	450	450	450	450	450	450	5,400
Consulting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FERC and Local Legal Fees	300	300	300	300	300	300	300	300	300	300	300	300	300	3,600
<b>Office Expenses and Supplies</b>														
Office Furniture and Supplies	50	50	50	50	50	50	50	50	50	50	50	50	50	600
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage and Delivery	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Printing and Reproduction	25	25	25	25	25	25	25	25	25	25	25	25	25	300
Telephone	60	60	60	60	60	60	60	60	60	60	60	60	60	720
Dues and Subscriptions	30	30	30	30	30	30	30	30	30	30	30	30	30	360
Web Page and Internet	60	60	60	60	60	60	60	60	60	60	60	60	60	720
<b>Travel &amp; Entertainment</b>														
Meals	50	700	50	50	50	700	50	50	50	1,200	50	50	50	3,050
Travel	50	50	50	50	50	50	50	50	50	50	50	50	50	600
<b>Other Expenses</b>														
Credit--Membership Dues	-	(6,760)	-	-	-	-	-	-	-	-	-	-	-	(6,760)
<b>Az ISA CORE EXPENSES - TOTAL</b>	<b>11,471</b>	<b>5,361</b>	<b>11,471</b>	<b>11,471</b>	<b>11,471</b>	<b>12,121</b>	<b>11,471</b>	<b>11,471</b>	<b>12,083</b>	<b>12,621</b>	<b>11,471</b>	<b>11,471</b>	<b>11,471</b>	<b>133,950</b>
<b>Capitalization Loan plus Accrued Interest</b>														
Adjust Debt Repayment for 3 Month O&M Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Debt Repayment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Az ISA EXPENSES - TOTAL</b>	<b>15,000</b>	<b>5,361</b>	<b>11,471</b>	<b>11,471</b>	<b>11,471</b>	<b>12,121</b>	<b>11,471</b>	<b>11,471</b>	<b>12,083</b>	<b>12,621</b>	<b>11,471</b>	<b>11,471</b>	<b>11,471</b>	<b>133,950</b>
<b>CASH REMAINING (Deficit)</b>	<b>63,842</b>	<b>76,202</b>	<b>70,092</b>	<b>70,092</b>	<b>70,092</b>	<b>69,442</b>	<b>70,092</b>	<b>70,092</b>	<b>69,480</b>	<b>68,942</b>	<b>70,092</b>	<b>70,092</b>	<b>70,092</b>	<b>70,092</b>

**Plan 3**

**AZ ISA Functions: 1- Limited Oversight of Az ISA Protocols 2- Provide ADR Services 3- Manage limited Az ISA Website**

**\* One part time employe. At 75%**

**Payroll includes benefits and FICA taxes**

**Az ISA Downsizing Study. Budget Required to Implement Plan 3**  
**This Plan supports one part time employee. The workload was set at 75% of full time. The Az ISA will not maintain an office location.**

**Budget Assumptions**

Annual revenue required to support three Az ISA functions approved for implementation by FERC: (1) Limited oversight of Az ISA protocols, (2) ADR services and (3) develop and manage a limited Az ISA website. See below for explanation

<b>CASH AND INCOME</b>	
Cash Carry Over From Previous Month	Amount carried forward from last month's Cash Remaining
Membership Dues	Az ISA annual membership fees. \$250 per member. Estimate 27 members for 2003
Tariff (Loan)	Amount collected by the Az ISA under the Az ISA FERC tariff for repayment of startup funds advanced by the participating transmission providers.
Tariff (O&M ISA)	Amount collected by the Az ISA under the Az ISA FERC tariff for Az ISA operating costs
Misc. Income	Used for other income
<b>CASH IN - TOTAL</b>	Total of all income
<b>EXPENSES</b>	
<b>Insurance</b>	
Workers Compensation	State workers compensation premium
D&O, Liability, and E&O Insurance	Insurance premiums for Directors and Officers, Errors and Omissions, and general business liability coverage. Reduced by 35% of 2003 budget
<b>Payroll and Relocation Expenses</b>	
Includes Payroll, Benefits and Relocation	Payroll includes: Salary, benefits, company paid FICA taxes, company paid unemployment taxes at 75
<b>Professional Fees</b>	
Accounting and EOY Acct & Tax Preparation	CPA services for end of month/end of year accounting, IRS and State tax return preparation, and payroll preparation
Consulting	For technical, computer and management consulting
Contract Labor	For temporary administrative support
FERC and Local Legal Fees	Az ISA local attorney [Low and Childers], and FERC attorney [Huber Lawrence and Abell] --Monthly legal expense estimates for routine business matters, only.
<b>Office Expenses and Supplies</b>	
Office Furniture and Supplies	Computer equipment, office furniture, and office supplies
Rent	WAPA office lease. Lease Includes: 10 local telephone lines, voice mail, internet analog lines, electricity, 24 hr security, janitorial, and parking
Postage and Delivery	WAPA contract mail service (includes twice daily PO Box pickup and delivery). Stamps.
Printing and Reproduction	Az ISA use of WAPA's copier,
Telephone	AT&T Long distance service, Qwest conferencing services, long distance access, and wireless phone
Dues and Subscriptions	IEEE, and Daily Electric Power news
Web Page and Internet	Web site hosting, domain registration, and 2 ISP connections
<b>Travel &amp; Entertainment</b>	
Meals	Board meetings, OC and other Az ISA meetings, Annual Members' meeting
Travel	POV (Bank, post office, office supplies, etc), Meetings requiring air travel (WECC, FERC, Other), requiring surface travel (CATS, other regional transmission study meetings, ACC)
<b>Other Expenses</b>	
Credit--Membership Dues	Adjustment to cash carryover
<b>Az ISA CORE EXPENSES - TOTAL</b>	Total of operating expenses
<b>Capitalization Loan plus Accrued Interest</b>	
Adjust Debt Repayment for 3 Month O&M Expenses	Current monthly loan balance
Debt Repayment	Any adjustments to current payment
<b>Total Debt Repayment</b>	Current month's debt repayment
<b>Az ISA EXPENSES - TOTAL</b>	Amount repaid
<b>Az ISA EXPENSES - TOTAL</b>	Sum of Cash In, Expenses and Debt Repayment
<b>CASH REMAINING (Deficit)</b>	Sum of (Cash Carry Over From Previous Month) and (Az ISA EXPENSES - TOTAL)