

Arizona Independent Scheduling Administrator Association

Minutes from the 43rd Special Meeting of the Board of Directors
Friday, November 2, 2007 at 9:30 AM

I. Call to Order

Patrick Sanderson, Acting Executive Director (“ED”), called the Board of Directors (“Board”) Meeting of the Arizona Independent Scheduling Administrator Association (“AZ ISA”) to order at approximately 9:30 AM.

II. Determine Quorum

The quorum requirement is two-thirds of the members of the Board. A quorum was present: nine of nine members were present.

The following Directors were present: Ed Beck, Kevin Higgins, David Getts (present telephonically), Bill Chen, Jennifer Chamberlin, Eric Treese, Jerry Smith, Mike McElrath and Patrick Sanderson (Chair).

Also present were Greg Patterson, Lenin Arthanari of Low & Childers, P.C. and Erin Andreas of APS (present telephonically).

III. Welcome and Introductions

All present were welcomed and introduced.

IV. Appoint Meeting Secretary

Lenin Arthanari of Low & Childers, P.C. was appointed as Corporate Secretary for the meeting.

V. Approve Board Agenda

Mike McElrath made and Ed Beck seconded a motion to approve the agenda for the November 2, 2007 Special Board Meeting. The Board unanimously approved the motion.

VI. Approve September 11, 2007 Annual Board Meeting Minutes

The Board reviewed the Minutes for the September 11, 2007 Annual Meeting of the Board. Kevin Higgins suggested that the words “and recent” be inserted in the last paragraph of Section IX on Page 3 to read, “It was agreed that the current and recent Board’s expectation”

Ed Beck made and Kevin Higgins seconded a motion to approve the minutes from the September 11, 2007 Annual Board Meeting as amended. The Board unanimously approved the motion.

VII. Use of AZ ISA Attorneys

Mr. Sanderson indicated that there were certain entries on the September 2007 invoices from Low & Childers which were not authorized by himself as the ED or the entire AZ ISA Board.

Jerry Smith advised that because the ED or the entire Board did not authorize the legal work in question, he would not recommend that APS pay for that portion of the Low & Childers bill for the legal work in question. He stated that if the entire Board was aware of the legal work in question, APS would approve payment for this legal work.

Lenin Arthanari clarified two entries on the invoice that related to the September 2007 Annual Board meeting which the Board agreed to pay for. He informed the Board that Low & Childers would agree to accept the Board's decision regarding payment of the unauthorized legal work in question.

Patrick Sanderson discussed how to set up a special board meeting and special meetings with a written waiver. The Board agreed that other than the two entries Mr. Arthanari mentioned, the remaining entries were unauthorized and thus the Board would not pay for this legal work.

VIII. Duties of AZ ISA Executive Director

Mr. Sanderson discussed the materials he prepared for the meeting. His discussion included the hours he works, which is the minimum required to keep AZ ISA functioning. He mentioned that previous board members wanted him to curtail the amount of time he spent on AZ ISA activities, and that he was reduced to 3/4 time from full time and his assistant was terminated.

He then talked about the historical scope of AZ ISA and how it was originally limited to ARNDT.

Mr. Sanderson asked the Board to give him guidance on his duties and the level of activity that he should take on. The Board offered the following:

- Ed Beck: Improved communication and updates on the AZ ISA website would be helpful and that the website has outdated messages on it. Concerns with the list of ED duties prepared by Mr. Sanderson – 1) attendance at transmission meeting no longer applicable, and 2) some organizations mentioned are no longer in existence.

- Jennifer Chamberlin: The ED's job can be done in 3/4 time. She is surprised at how much time is spent on bookkeeping and billing given the size of the budget and number of parties being billed.

Mr. Sanderson said that he must keep the books "squeaky clean" and went to quarterly accounting instead of monthly accounting to decrease the administrative burden.

- Jennifer Chamberlin: Suggested that outsourcing some of these duties to a billing agent would free Mr. Sanderson's time.

- Ed Beck: Five hours of billing time for APS seems a bit much

- Jerry Smith: Less time should be spent on billing and more time spent on keeping up with the industry, such as recent developments with NERC and NASBD, and providing the Board with reports on same.

- Ed Beck and Jennifer Chamberlin: If the Board is not aware of industry developments, then they can't comment on new standards that may affect billing rates for AZ ISA members.

- Kevin Higgins: Because some of the previous Board members wanted to terminate AZ ISA, the ED was not given a clear mandate. When direct retail access became less likely to occur, the decision was made that AZ ISA employees would be decreased from 2 to 0.75. Since the Board now wants to expand the role of AZ ISA, it is the ED's role and responsibility to keep the Board informed and to comply with the Board's expectations.

- Jerry Smith: Delegate the billing to someone else so that Mr. Sanderson can attend to keeping up with the industry.

- Ed Beck: Clarified that he was one of the Board members who wanted to do away with AZ ISA because there were already protocols affecting tariff rates and, thus, the organization was no longer necessary.

Mr. Sanderson asked if APS and Tucson Electric would object to changing from monthly to quarterly billing.

- Ed Beck: FERC requires monthly billing. To change would create a lot of time and expense.

- Jerry Smith, Jennifer Chamberlin and Mike McElrath: Too much time is spent on billing and bookkeeping rather than monitoring industry development.

- Mike Elrath: Thought Mr. Sanderson had been given sufficient direction on what to do but he is not providing enough response or direction to members.

- Ed Beck: Indicated that he has to go to the Arizona Corporation Commission (“ACC”) meetings to determine what exactly the AZ ISA is doing. The only direct communications he gets from the ED is a monthly invoice and periodic Board meetings.

Mr. Sanderson stated that this is the first time that the Board has gone into numbers and spreadsheets. He has to fit his duties and responsibilities within 3/4 time.

- Jennifer Chamberlin and Ed Beck: Four hours to update membership and email distribution lists is just too much. Mr. Sanderson should prioritize his time to monitor industry developments.

Mr. Sanderson advised that it takes time to do these things: 1 ½ - 2 hours a week, especially around the time of annual Board and member meetings.

- Kevin Higgins and Jennifer Chamberlin: Mr. Sanderson should “engage” the Board members which is the only way to find out what the Board wants.

- Jennifer Chamberlin: Mr. Sanderson could have reported to the members that the ACC Biennial Transmission Assessment reports adequate transmission until 2015. This is just one example of how Mr. Sanderson can keep AZ ISA members informed.

- Ed Beck: Reiterated monthly newsletter idea would be a good way of getting the Board members informed.

Mr. Sanderson informed the Board that he used to do a monthly “What’s New” email. When he stopped, no Board member asked why. He is asking the Board for detailed input on what is expected of him.

- Bill Chen: As a new Board member, he is not privy to the old Board’s discussions. However, he has spoken with Mona Tierney, his predecessor, and other AZ ISA Board members and it is his opinion that a \$90,000 salary is more than adequate to perform bookkeeping, billing and the substantive role of ED. The ED must be able to spot issues and communicate with the Board regarding same and that it is the Board’s responsibility to deliberate and form AZ ISA’s position and to then advise the ED about it. If having a bookkeeper is necessary, then the Board can discuss it, but there is enough time to do all that is involved. Everyone has administrative tasks as part of their job.

- Jennifer Chamberlin and Ed Beck: Mr. Sanderson should have prepared his written expectation of the ED role by the time of this Special Board Meeting.

Mr. Sanderson’s understanding is that he has to work within the constraints of 30 hours (3/4 time), streamline his administrative functions and list areas that he should focus on.

- Ed Beck: The Board can provide a list to Mr. Sanderson of what to focus on but the Board is looking for that from Mr. Sanderson.

- Kevin Higgins: Similar discussions have taken place in previous Board meetings.
- Mike McElrath: The Board is receptive to free up Mr. Sanderson's administrative burden if that is what is needed so that he can focus on the substantive part of his job.

Mr. Sanderson suggests that they start with a baseline concept and go from there.

- Jennifer Chamberlin: Mr. Sanderson needs to engage with the ACC and show that AZ ISA is a useful organization.
- Mike McElrath: Not so much a monthly newsletter, but when there are industry developments, there should be a newsletter informing the Board members of same, such as an ad hoc letter.
- Jennifer Chamberlin and Ed Beck: An ad hoc letter should not be annual; it should be monthly or with sufficient frequency to keep the Board informed. Even if there is no news, it should so advise.
- Kevin Higgins: Communicating industry development to the ACC will show that the AZ ISA is a useful organization.

Mr. Sanderson stated that the ACC staff tells the ACC commissioners that the AZ ISA is a FERC entity and that it is useful. He cannot approach the ACC as an advocate of competition because that is not his role. Between now and Thanksgiving, he will approach each ACC commissioner to update them on the AZ ISA activities.

- Ed Beck, Jennifer Chamberlin and Mike McElrath: Not a good idea to approach the ACC commissioners because AZ ISA's "house is not in order" and adequate responses to potential questions have not been formed.

Mr. Sanderson feels that the foregoing comments clarifies that there is no immediate need for a meeting with the ACC commissioners but that the ACC staff still believes that AZ ISA is a FERC entity and that it is not necessary but that it won't go away either.

- Kevin Higgins: Do not want to be in a position of having to choose between FERC and ACC and having the ACC tell APS and TEP to stop funding AZ ISA.

Mr. Sanderson reminded the Board that it will be another year or so before the ACC looks at competition, if and when the CCN gets issued.

- Kevin Higgins and Ed Beck: Although AZ ISA probably won't come up at CCN hearing, Mr. Sanderson should attend and be prepared to answer questions on AZ ISA status and what it is currently doing.

Besides going national as Jennifer Chamberlin suggests and going to STEP, Mr. Sanderson asked what else he should focus on at the CCN hearing.

- Ed Beck: It is the ED's prerogative to decide what his focus should be on and for the Board to provide feedback.
- Jennifer Chamberlin: Assume that the Board is not that informed on Arizona power competition issues and that it's the ED's role to educate the Board on developments in the area.

The General Session of this Special Meeting of the Board of Directors was temporarily adjourned for an Executive Session. Mr. Sanderson was not present during the Executive Session. The following Board members were present: Ed Beck, Kevin Higgins, David Getts, Bill Chen, Jennifer Chamberlin, Eric Treese, Jerry Smith and Mike McElrath. Also present was Lenin Arthanari.

Following the Executive Session, Mr. Sanderson was invited to rejoin the General Session of the Special Meeting of the Board of Directors.

Mr. Higgins relayed the following directives to Mr. Sanderson:

1. Future Board meetings shall be held in person until the ED Action Plan issues are resolved.
2. Prepare a written description of what your expectations are for the Executive Director role and deliver it to the Board by December 1, 2007.
3. Prepare an Action Plan which includes a description of the ED position, an explanation of how to streamline the administrative duties to allow more time for substantive duties and a summary of the areas of industry activity that AZ ISA should focus on and why.
4. Prepare monthly newsletters summarizing industry meetings attended, any information obtained at such meetings and any other relevant industry developments. The first of these newsletters should be completed and disseminated to the Board by November 15, 2007.
5. Mr. Sanderson should insure that the AZ ISA website is current because there will be a lot of activity if the CCN is approved.
6. Act as an advocate and information resource for the AZ ISA and the industry and provide the initiative and leadership requisite of the Executive Director position.

Mr. Sanderson requested that the items discussed at the board meeting be memorialized in writing. He is glad that everyone on the Board has reached a consensus.

IX. Notice of Next Board Meeting

The next regular Board meeting is scheduled for January 9, 2008 and a special Board meeting is tentatively scheduled for January 17, 2008 at 1:00 PM at Greg Patterson's office.

X. Adjourn

Patrick Sanderson, Acting Executive Director, adjourned the meeting at approximately 2:00 PM..

Respectfully submitted,

Lenin Arthanari
Meeting Secretary