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ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR ASSOCIATION

**Annual Members' Meeting
September 12, 2000, 10:30 a.m.**

Doubletree Guest Suites, Salon #1
320 North 44th Street, Phoenix, Arizona

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I. Welcome and Introductions

Members' Chair, Mike Raezer, called the meeting to order at 10:30 a.m. Members and guests were welcomed and introduced.

Present: Asher D. Emerson, Doug C. Nelson, Marcie Otondo, Don Esgar, Cary Deise, Robert S. Lynch, Steve Huhman, Elizabeth Story, David Rumolo, Larry D. Huff, Martin B. Ochotorena, Walter F. Wolf, Michael Raezer, Nelson Peck, Ray T. Williamson, Robert Kondziolka, Kevin Higgins, Dennis Delaney, Resal Craven, Vann Prater, Dan Woodfin, Jessica Youle, Donald R. Allen, Steven R. Henry, Lindy Funkhouser, Ken Fiscella, Ed Beck, Dave Madden, Peggy Drumm, and Patrick J. Sanderson.

II. Member Class Meetings

A quorum was established in four of the five classes, thus establishing the required quorum to hold the annual members' meeting. Pat Sanderson reviewed the meeting agenda, packet materials, procedures for voting according to the Az ISA By-Laws, and Board vacancies.

There was some discussion as to the requirements for establishing member representatives and quorums. Steven Henry advised the Board, relative to Section 4.5.2 of the Az ISA By-Laws, that courts have held in cases where a super majority board vote is required for effective board action that such provisions will be construed to require only a majority vote of the remaining directors to fill vacancies on the Board of Directors so as to prevent a deadlock where no corporate action could be taken. Robert Lynch requested that the minutes note Mr. Henry's explanation of the 2/3 quorum of the Board requirement being waived in order to appoint new Board members to fill vacancies.

Michael Raezer, 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:

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Class Chair: Larry Huff, Arizona Electric Power Cooperative
Board Rep (term 9/00-9/02): Ed Beck, Tucson Electric Power Company

Local Load Serving Entities Class:

Class Chair: Resal Craven, Citizens Utilities Company
Board Rep (term 9/00-9/02): Elizabeth Story, Tonopah Irrigation District

Aggregators Class:

No Quorum

Independent Generators and Wholesale Power Marketers Class:

Class Chair: Vann Prater, Dynegy, Inc.
Board Rep (term 9/00-9/02): Vann Prater, Dynegy, Inc.
Board Rep (term 9/00-9/01): Martin Ochotorena, California Power Exchange Corp.

End Users Class:

Class Chair: Kevin Higgins, Energy Strategies, Inc.
Board Rep (term 9/00-9/02): Lindy Funkhouser, Residential Utility Consumers Office

Members Chair: Kevin Higgins, Energy Strategies, Inc.

(**Note:** A current list of the Board of Directors, based on the Annual Members' Meeting and the subsequent actions at the 27th Special Board Meeting, is attached to the minutes of the 27th Special Board Meeting.)

III. Az ISA Status Report

Patrick J. Sanderson, Acting Executive Director, presented a report on the status of the ISA, which included a review of Az ISA milestones for 1999 and 2000, the next steps for Az ISA through December, the balance sheet for August 31, 2000, and cash flow projects for 2000. (A copy of the report summary is attached to these minutes.)

Dennis Delaney requested that a hard copy of the FERC filing package be sent to all Board Members.

IV. Adjourn

There being no further business, the meeting was adjourned at 11:50 a.m.

Respectfully Submitted

Peggy A. Drumm, Acting Corporate Secretary

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**Arizona Independent Scheduling Administrator Association
September 12, 2000
2nd Annual Members' Meeting**

AZ ISA STATUS REPORT BY PATRICK J. SANDERSON

Year in Review 1999

September

- FERC Counsel selected

October

- Scheduling Coordinators' RFI issued
- Executive Director resigns

November

- Cleanup work on Protocols Manual started by Operating Committee

December

- Membership renewal notices
- Acting Executive Director appointed
- Trading, auction and settlement RFI issued
- Capitalization loans received from AEPCO, APS, Citizens and TEP

Year in Review 2000

January

- Capitalization loan received from SRP
- Az ISA OC continues work on PM

February

- Az ISA OC continues work on PM

March

- Final draft PM completed

April

- PM conditionally accepted by Board
- Work starts on FERC filing

May

- TP and TP-SC agreements, and Rate Schedule distributed to membership for review

June

- Az ISA Implementation Plan approved by Board
- Meetings held to review Agreements and Rate Schedule

July

- Meetings held to review Agreements and Rate Schedule

August

- Board approves FERC filing

September

- Az ISA files tariff September 1
- Az ISA asks for tariff to start November 1
- FERC takes notice of filing September 7

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Next Steps

September

- Coordinate data requirements with TPs for PM oversight, and billing
- Obtain OASIS access

October

- Obtain TP and TP-SC Agreement approvals
- Update Az ISA web site

November

- Implement tariff
- 10th day of month start billing process with TPs

December

- 10th day of month receive tariff revenues

09/07/00

Arizona Independent Scheduling Administrator Asso.
Balance Sheet
As of August 31, 2000

	<u>Aug 31, '00</u>
ASSETS	
Current Assets	
Checking/Savings	
Bank of America	369,410.53
Total Checking/Savings	<u>369,410.53</u>
Total Current Assets	369,410.53
Fixed Assets	
Office Furniture and Equipment	10,423.73
Total Fixed Assets	<u>10,423.73</u>
TOTAL ASSETS	<u>379,834.26</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	47,429.32
Total Accounts Payable	<u>47,429.32</u>
Other Current Liabilities	
Capital Loans, Current Portion	503,781.27
Payroll Liabilities	409.39
Total Other Current Liabilities	<u>504,190.66</u>
Total Current Liabilities	551,619.98
Long Term Liabilities	
Capital Loans, LongTerm Portion	806,159.20
Total Long Term Liabilities	<u>806,159.20</u>
Total Liabilities	1,357,779.18
Equity	
Retained Earnings	(290,397.00)
Net Income	(687,547.92)
Total Equity	<u>(977,944.92)</u>
TOTAL LIABILITIES & EQUITY	<u>379,834.26</u>

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2000 BUDGET/CASH FLOW - Aug 21, Protocols Manual Phase I, Startup		
	Dec Acti	TOTAL
CASH AND INCOME		
Cash Carry Over From Previous Month		-
Other Income		-
Capitalization Loan		235,078
Membership Dues		15,500
Tariff (Loan)		40,566
Tariff (O&M Az ISA)		39,000
Tariff (Outsource ARNT/EI and Website)		-
CASH IN - TOTAL		330,144
EXPENSES		
AZ ISA CORE EXPENSES - TOTAL		879,093
10% Budget Contingency		30,502
EXPENSES PLUS CONTINENCIES - TOTAL		909,596
Capitalization Loan plus Accrued Interest		
Repayment Starting 60 days after FERC		-
Outsourced ARNT/EI Website		
		-
AZ ISA EXPENSES - TOTAL		909,596
CASH REMAINING (Deficit)		113,450

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**2001 BUDGET/CASH FLOW - Aug 21, Protocols
Manual Phase I, Startup**

	TOTAL
<i>CASH AND INCOME</i>	
Cash Carry Over From Previous Month	-
Carry over from 1999	-
Capitalization Loan	-
Membership Dues	16,000
Tariff (Loan)	484,268
Tariff (O&M ISA)	468,000
Tariff (Outsource ARNT/EI and Website)	-
CASH IN - TOTAL	968,268
<i>EXPENSES</i>	
Az ISA CORE EXPENSES - TOTAL	
10% Budget Contingency	42,399
EXPENSES PLUS CONTINGENCIES - TOTAL	
466,391	
Capitalization Loan plus Accrued Interest	
Repayment Starting 60 days after FERC	484,268
Outsourced ARNT/EI Website	-
Az ISA EXPENSES - TOTAL	
950,659	
CASH REMAINING (Deficit)	
131,059	