

**ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION**

Minutes from the Twenty-Seventh Special Meeting of Board of Directors
September 12, 2000

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

APPROVED MINUTES

I. Call to Order

Acting Executive Director Patrick J. Sanderson called the meeting to order at 1:00 p.m.

II. Establish Quorum

The presence of a quorum was ascertained.

Directors Present: Ed Beck, Dennis Delaney, Lindy Funkhouser, Kevin Higgins, Larry D. Huff, Martin B. Ochotorena, Marcie Otondo, Vann Prater, Elizabeth Story, and Patrick J. Sanderson (Chair).

Others Present: Robert Kondziolka, Steven R. Henry, Steve Huhman, Robert S. Lynch, Donald R. Allen, Ray T. Williamson, Asher D. Emerson, and Peggy Drumm.

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

In order to accommodate schedules of some Board members, an agenda item under IX, Other Business, was moved ahead of item VII. Kevin Higgins moved that the agenda be approved as amended. Lindy Funkhouser seconded the motion, which passed unanimously.

VI. Approve Minutes from 8/21/00 Board Meeting

Pat Sanderson distributed a copy of the Board member's statements regarding the FERC filing package vote at the August 21, 2000, meeting. Board members were given the option whether or not to include the statements in the minutes. After a brief discussion, Lindy Funkhouser moved to approve the minutes with the provision that Board members may include their statements by Friday. Larry Huff seconded the motion. The motion passed unanimously.

VII. Other Business

Pat Sanderson informed the Board that, according to legal counsel, since the Aggregators Class did not have a quorum and was unable to elect representatives to the Board at the Annual Members' Meeting, the current Board can appoint Board members to represent the Aggregators Class. After a brief discussion, Kevin Higgins nominated Marcie Otondo, APS Energy Services, for the two-year term (9/00–9/02) to represent the Aggregators Class. Lindy Funkhouser seconded the motion. The motion passed unanimously.

VIII. Az ISA Risk Assessment – E&O Insurance

Pat Sanderson informed the Board that another E&O Insurance quote had been obtained from a reputable company, Zurich, and asked Steven Henry to compare it to the previous two proposals already considered by the Board. A copy of a sample policy was included with the Board packet. After reviewing the differences in the policies for the Board, Mr. Henry suggested that he does not see the type of exposure in the first phase of the Az ISA operations that would require the level of coverage offered by the Zurich policy. He recommended that the Board save money by obtaining the AIG policy now but consider the Zurich policy during phase II. It was agreed to leave the decision from the August 21 meeting intact.

IX. Az ISA Staff Report

- a. **Financial Report.** Pat Sanderson reviewed the financial documents, which had been e-mailed out previously, including the Balance Sheet, the August Profit and Loss, the YTD Profit and Loss, and the 2000/2001 Budget spreadsheets. He pointed out the ramifications if the Az ISA is not able to collect a tariff by the end of the year.

A discussion followed regarding the SRP loan and repayment thereof. Pat Sanderson explained that he has had informal discussions with Rob Kondziolka, who has indicated he will get back to him. It was suggested that if there is no successful resolution to the debt issue via this approach, a formal letter may have to be sent to the SRP Board requesting them to levy a charge on SCs in their

service territory to allow for the resolution of the debt, rather than Az ISA asking for repayment from other service areas.

X. Other Business

Pat Sanderson asked Asher Emerson, ACC, to report on the upcoming ACC workshop regarding the Az ISA FERC Filing. Mr. Emerson said the workshop is tentatively scheduled for September 22nd and gives groups the opportunity to bring forward any outstanding issues to the ACC. The main intent is to give the ACC enough information about the Az ISA to determine whether the ACC will file a letter of support with FERC.

XI. Next Board Meeting

The next Regular Board meeting is scheduled as a conference call for Wednesday, September 13, 2000, and will depend on whether there is a quorum due to a conflicting meeting. It was generally agreed that Board meetings would be needed depending on reactions to the FERC filing and whether or not the FERC tariff is approved. As a result, Board meeting dates were set for Monday, October 2, and Monday, November 6, 2000. Both meetings will be at 9:00 a.m., and the location will be announced.

XII. Adjourn

There being no further business, it was moved and seconded that the meeting be adjourned. The motion was approved unanimously, and the meeting was adjourned at 2:00 p.m.

Respectfully submitted,

Peggy A. Drumm, Acting Corporate Secretary

ADMINISTRATOR ASSOCIATION

Twenty-Seventh Special Meeting of Board of Directors
September 12, 2000, at 1:00 PM MST
Doubletree Guest Suites, Salon #1
320 North 44th Street
Phoenix, Arizona

REVISED AGENDA

- I. Call to Order
- II. Establish Quorum
- III. Welcome and Introductions
- IV. Appoint Corporate Secretary
- V. Approve Agenda **Approval Item**
- VI. Approve Minutes from 8/21/00 Meeting **Approval Item**
- VII. Other Business
- VIII. AZ ISA Risk Assessment – E&O Insurance
- IX. Az ISA Staff Report
 - a. Financial Report
- X. Other Business
- XI. Next Board Meeting
- XII. Adjourn

Arizona Independent Scheduling Administrator Association (AZ ISA)

**Board of Directors
As of September 12, 2000**

Transmission Facilities Providers Class

Larry Huff, Arizona Electric Power Cooperative (9/99–9/01)
Ed Beck, Tucson Electric Power Company (9/00–9/02)

Local Load Serving Entities Class

Dennis Delaney, K. R. Saline & Associates (consultant) (9/99–9/01)
Elizabeth Story, Tonopah Irrigation District (9/00–9/02)

Aggregators Class

Marcie Otondo, APS Energy Services (9/00–9/02)
Vacant (9/00–9/01)

Independent Generators and Wholesale Power Marketers Class

Vann E. Prater, Dynegy, Inc. (9/00–9/02)
Martin B. Ochotorena, California Power Exchange Corp. (9/00–9/01)

End-Use Customers Class

Kevin Higgins, Energy Strategies, Inc. (consultant) (9/99–9/01)
Lindy Funkhouser, Residential Utility Consumers Office (9/00–9/02)

Acting Executive Director

Patrick J Sanderson, Arizona ISA