

**ARIZONA INDEPENDENT SCHEDULING  
ADMINISTRATOR ASSOCIATION**

Minutes from the Twenty-Eighth Special Meeting of Board of Directors  
October 2, 2000

Grand Canyon State Electric Cooperative Association, Inc.  
120 North 44<sup>th</sup> Street, Suite 100, Phoenix, Arizona

**APPROVED MINUTES**

**I. Call to Order**

Acting Executive Director Patrick J. Sanderson called the meeting to order at 9:45 a.m.

**II. Establish Quorum**

The presence of a quorum was ascertained.

*Directors Present:* Dennis Delaney, Lindy Funkhouser, Kevin Higgins, Larry D. Huff, Marcie Otondo, Vann E. Prater, Elizabeth Story, and Patrick J. Sanderson (Chair).

*Directors Absent:* Ed Beck and Martin B. Ochotorena.

*Others Present:* Steven R. Henry, Jerry Smith (APS), Robert S. Lynch, Barbara Jost and Stuart Caplan (via teleconference), and Peggy Drumm.

**III. Welcome and Introductions**

All present were welcomed. Due to the small group, all of whom knew each other, the introductions were dispensed with.

**IV. Appoint Secretary**

Peggy Drumm was appointed as Corporate Secretary for the meeting.

**V. Approve Agenda**

Pat Sanderson reviewed the agenda, explained the role of the Assistant Chair, and noted the election of an Assistant Chair as an agenda item. It was agreed that the item should be noted on the agenda as an action item. Kevin Higgins moved that the agenda be approved as amended. The motion was seconded by Marci Otondo and was approved unanimously.

## **VI. Approval of Minutes**

Kevin Higgins moved to approve the minutes of the September 12<sup>th</sup> Special Board meeting. Larry Huff seconded the motion; the motion was approved unanimously.

## **VII. Elect Assistant Chair**

Vann Prater nominated Lindy Funkhouser for the position of Assistant Chair, and Larry Huff seconded the motion. The motion was approved unanimously.

## **VIII. Check Writing Resolution**

Pat Sanderson explained that since the election of the new Board members, only he and Dennis Delaney remained as authorized check signers. He proposed a resolution to provide that Marcie Otondo and Lindy Funkhouser be additional check signers. Larry Huff so moved; Marcie Otondo seconded the motion. The motion passed unanimously.

## **IX. FERC Filing Update**

Pat Sanderson asked Barbara Jost to provide a summary of the FERC filing interventions. A copy of a memo including a summary of each Motion to Intervene was included in the Board package. Ms. Jost explained that there were many interventions from a diverse group, with many supporting the November 1 date. In addition, protests were filed by the Arizona Districts and by Reliant Energy Power Generation. Questions and discussion followed regarding various points for clarification. It was questioned whether the filing requested approval and the right to collect a tariff immediately subject to refund. Concern was expressed that there would be no funds available should FERC thereafter order refunds. Stuart Caplan explained that the filing asks for implementation beginning November 1, and the Az ISA could start accruing charges at that time. It was not requested that the filing be accepted subject to refund. If FERC needs more information prior to proceeding, it could approve it subject to refund and go into a further evidentiary phase. Mr. Caplan thought the Schedule 1 Charge was sufficiently modest that it should not be the subject of an extensive evidentiary hearing, but if FERC set issues for hearing, it could allow the Schedule 1 Charge to go into effect, whether subject to refund or not. The point was made that the order would be limited enough so it would be known, upon approval, whether Schedule 1 would be subject to refund.

A discussion addressed the speed at which FERC is likely to address the filing. Mr. Caplan emphasized the need for action by FERC on the filing by November 1 and expressed the importance of the ACC filing in support of the filing very soon. Chances of prompt action are increased if any Phase II issues that require further proceedings could be the subject of a separate phase of the FERC proceeding. If FERC need only address Phase I issues, the likelihood of sooner FERC action is increased. There is no guarantee of FERC action before November 1; however, and it was estimated that there is a 50/50 chance of FERC agreeing to implement Phase I by November 1, 2000. Ms. Jost advised the Board that the ACC staff has put together a basic filing document, but there

have been logistic issues in getting all the Commissioners together on it. Commissioner Mundell has requested more definitive information as to the cost impact data on the average household on both Phase I and Phase II. She explained that they are working on getting this information.

It was noted that the ACC notice and the NTUA filing are not listed on RIMS. Mr. Caplan committed to contact FERC to be sure the list is complete.

Further concern was expressed about the likelihood of a November 1 approval and whether the organization would have funds to go past December 1. Ms. Jost explained that they have signaled FERC as to the importance of timing due to the funding issues; however, FERC has personnel resource issues also due to the pendency of the RTO filing deadline.

It was discussed whether the upcoming election could affect the filing negatively. Ms. Jost pointed out that it could adversely affect the prospects for the RTO filings but, if anything, would probably make the Az ISA filing more attractive if there was a change in administration (and control of the FERC) that results in changes in Order No. 2000. Pat Sanderson asked when the filing would be on the FERC calendar. Ms. Jost expects that if FERC will act by November 1, the Az ISA filing would be considered at the October 25 public meeting, and they will know if it is on the agenda for that meeting by October 20.

The protests were discussed, and Mr. Caplan explained that the protests are not beyond what they were expecting and that they can respond to all the points within the allotted time. Questions were discussed as to whether additional comments can be filed later by the intervening parties and what will happen with the Motions to Intervene. It was explained that the number of Motions to Intervene filed is not unusual, and that anyone party to the proceeding can file for rehearing within 30 days from the date of the order. However, if the issues are not fully raised now, FERC would probably not look favorably upon them. In the FERC order, all the issues will be resolved one way or another. The request for a rehearing does not stay the order. The granting of a stay by the FERC is an extremely rare event.

The possibility of additional legal costs compared to what has been predicted was questioned and discussed. Ms. Jost explained that after November 1, they can provide a revised budget work plan. It would be very difficult to provide an accurate forecast until they see the FERC order. The issue was raised regarding the funding of the Az ISA if FERC does not approve Schedule 1. Mr. Sanderson explained that the November 6 meeting is scheduled to plan how to either implement or disband the Az ISA, depending on the FERC decision. Mr. Caplan pointed out that if FERC requires additional information, the Az ISA would not be the only party that would have relevant information and that others, including the TPs, would have relevant input. There may be collaboration and/or support from others that could help keep future costs down. It was clarified that it is allowable to respond to Motions to Intervene. Ms Jost confirmed that they are standing by their fee estimate and to be at or below their budget to get through to the current phase of the proceeding (up until the FERC order).

It was discussed and determined that the Board does not have to approve further actions in responding to the interventions, that when it was approved to make the filing, this necessarily included approval to defend the filing. It was confirmed that the responses are due by October 10, and the Board will receive electronic copies. Ms. Jost and Mr. Caplan left the teleconference at 10:45 a.m.

## **X. Staff Report**

- a. Financial Report.** Pat Sanderson explained that he has asked Ms. Jost for a September invoice, and he should have it by the end of the week. He has also requested an estimated range for November. Mr. Sanderson referred to the September Budget/Cash Flow in the Board packet. He said the September numbers are not completely accurate, because the September books were not yet closed when the document was prepared. After discussion of several specific budget line items, it was agreed that Mr. Sanderson would develop budget contingency plans for the November 6 meeting. In addition, all Board members should give consideration to options and sources for additional funding.
- b. TP Billing Process.** Mr. Sanderson explained that the new billing documents have incorporated the changes so that costs not paid to TPs are not reallocated among the other TPs. Mr. Sanderson will run through three or four months worth of billing cycles and provide them to each of the TPs for review in early October.
- c. Office Furniture Acquisition.** Mr. Sanderson explained that ON Semiconductor might have some furniture that it no longer needs and would be willing to exchange to the Az ISA for membership dues. If so, he will return to the Board for approval.

## **XI. Other Business**

Mr. Sanderson referred the Board to the Board packet for copies of the attorney fees for the last three months, as requested by a Board member. There was a brief discussion.

## **XII. Next Board Meeting**

There was a brief discussion as to whether there should be a Board meeting before the next scheduled Special meeting, and it was decided to keep the November 6 date. The meeting will be at 9:00 a.m. at the Grand Canyon State Electric Cooperative Association office. It was noted that Dennis Delaney might not be able to attend the meeting, so it is imperative to have the teleconference in working order.

### **XIII. 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 11:30 a.m.

Respectfully submitted,

Peggy A. Drumm, Acting Corporate Secretary

**ARIZONA INDEPENDENT SCHEDULING  
ADMINISTRATOR ASSOCIATION**

Twenty-Eighth Special Meeting of Board of Directors  
October 2, 2000, at 9:00 AM MST

Grand Canyon State Electric Cooperative Association  
120 N 44<sup>th</sup> Street, Suite 100  
Phoenix, Arizona

**APPROVED AGENDA**

- |              |                                      |                      |
|--------------|--------------------------------------|----------------------|
| <b>I.</b>    | Call to Order                        |                      |
| <b>II.</b>   | Establish Quorum                     |                      |
| <b>III.</b>  | Welcome and Introductions            |                      |
| <b>IV.</b>   | Appoint Corporate Secretary          |                      |
| <b>V.</b>    | Approve Agenda                       | <b>Approval Item</b> |
| <b>VI.</b>   | Approve Minutes from 9/12/00 Meeting | <b>Approval Item</b> |
| <b>VII.</b>  | Elect Assistant Chair                | <b>Action Item</b>   |
| <b>VIII.</b> | Check Writing Resolution             | <b>Approval Item</b> |
| <b>IX.</b>   | Az ISA FERC Filing Update            |                      |
| <b>X.</b>    | Az ISA Staff Report                  |                      |
|              | a. Financial Report                  |                      |
|              | b. TP Billing Process                |                      |
|              | c. Office Furniture Acquisition      |                      |
| <b>XI.</b>   | Other Business                       |                      |
| <b>XII.</b>  | Next Board Meeting                   |                      |
| <b>XIII.</b> | Adjourn                              |                      |

Conference Call for 28th Special Board Meeting, as follows:

- 9:00 A.M. – 4:00 P.M. MST
- **Call-in Number: (201) 356-6609**
- 10 lines available
- Reservation Number: 16370614
- US West 1-800-263-3863 (in case of problems)