

**ARIZONA INDEPENDENT SCHEDULING  
ADMINISTRATOR ASSOCIATION**

Minutes from the Thirtieth Special Meeting of Board of Directors  
December 1, 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 9:05 a.m.

**II. Establish Quorum**

The presence of a quorum was ascertained.

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

*Others Present:* Steven R. Henry, Jerry Smith (APS), Linda James, Clint Wasser, and Peggy Drumm; and Barbara Jost, Stuart Caplan, Janet Wagner, Teena Wolfe (via teleconference),

**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**

Pat Sanderson reviewed the agenda. It was discussed and agreed that the Board would recess for 15 minutes to provide time for everyone to read the FERC Order. In addition, it was agreed that the FERC Filing Update agenda item would be moved back until 10:30 a.m. to allow the FERC counsel time to read the order and prepare an update. The motion to approve the agenda as amended was duly moved and seconded by Vann Prater and Ed Beck, respectively. The motion was approved unanimously.

The Board recessed at 9:15 a.m. and reconvened at 9:30 a.m.

## **VI. Approval of Minutes**

Ed Beck moved, and Martin Ochotorena seconded, to approve the minutes of the November 6<sup>th</sup> Special Board meeting. There was a brief discussion about the discussion reflected in those minutes regarding the dissemination of any remaining funds to charities following any dissolution of the Az ISA. It was agreed that the November 6 minutes should contain a footnote referring to the December 1 minutes to indicate that it was later determined that, according to the Az ISA Capitalization Agreements, any remaining funds would be distributed to the funding utilities. Mr. Beck amended his motion to reflect such, and the motion passed unanimously.

## **VII. Discuss Az ISA Contingency Plans**

Pat Sanderson referred the Board to the "Az ISA Corporate Dissolution" spreadsheet in the Board package. He explained that it was done November 27 and provides a "snapshot" of funding status at November 30 and December 31 based on actual figures and some estimates. He then introduced Clint Wasser, CPA, who further explained the detail of the spreadsheet. There was minor discussion for clarification.

Steven Henry answered questions regarding the payment amounts and terms of the tail coverage insurance, referring to the AON Risk Services proposal letter included in the Board package.

Further Board discussion addressed the obligation of funds, including amounts for salaries, insurance, and necessary miscellaneous expenses. The discussion also addressed the timing of billing of the TPs and the status of the ISA-TP Agreements being signed. It was suggested that Mr. Sanderson estimate when and how much he can start billing and when income can be expected.

In order not to spend money the Az ISA does not have, and based on shutting down the Az ISA in December, Dennis Delaney moved to obligate \$25,000 for insurance and \$19,000 for January salaries. Larry Huff seconded the motion. After some discussion, Mr. Delaney withdrew his motion. Kevin Higgins moved to encumber \$25,000 for insurance and \$19,000 for January salaries until the Board takes further action upon revisiting the issue at some future time. Larry Huff seconded the motion. Discussion followed. Barbara Jost and Stuart Caplan pointed out that the Az ISA could implement the tariff immediately. There was discussion as to if and when the TPs would sign the ISA-TP Agreements. Dennis Delaney called for the question, and the motion passed unanimously.

Larry Huff offered, for informational purposes, that it would take two weeks from now for AEPCO to obtain Board approval to sign the TP Agreement. They will need an order from ACC to pass the costs through, and that could take till January, although it may be expedited. There is a possibility that AEPCO may choose to forego the loans. They are not interested in additional funding at this time.

## VIII. FERC Filing Update

Pat Sanderson asked Barbara Jost and Stuart Caplan to provide a summary of the FERC Order. Ms. Jost provided a quick summary of the points of the order, a copy of which was provided to the Board members and others present. Ms. Jost concluded that it was a very solid order, with the exceptions of FERC's rejection of the hourly losses and UFE provisions of the Protocols Manual.

Mr. Caplan pointed out that the Rate Schedule 1 is not subject to refund. No issues were set for hearing, and any requests for hearing are due within 30 days. He added that, regarding the Az ISA and its financial integrity, the order does not create any cloud hanging over the head of the Az ISA. In response to questions regarding costs of the compliance findings, Mr. Caplan noted that the Az ISA is free to implement in advance of the compliance filings, in which case, funding becomes less of an issue. He also does not expect the compliance filings to be a very extensive task. Ms. Jost added that she would need to do further analysis and coordinate with the TPs before confirming the additional costs associated with the compliance filings.

It was suggested that it would be helpful to use a small committee to address mechanisms of dealing with the energy imbalance requirements.

There was further discussion as to how to resolve the timing and cash flow issues related to the actions the TPs must take in getting agreements signed, getting the TP billings for December out, and the work requirements to complete the compliance filings. It was again suggested that a small committee could work on the compliance filings, which would relieve HLA from doing all of the work. It was noted that implementation could precede the compliance filings. Specifically, in order for Az ISA to bill the TPs on December 20, the TP Agreements would have to be signed and received. In the meantime, the required information can be gathered on December 10<sup>th</sup> and 15<sup>th</sup>. The critical issue is whether the TPs are going to sign the agreements; FERC would need to be notified if they are not going to be signed. Barbara Jost pointed out that there are three compliance filings to be made, and they must mirror each other. Jerry Smith and Ed Beck committed to notify Pat Sanderson of the status of the APS and TEP agreements, respectively. Mr. Sanderson will e-mail that information to the Board. Larry Huff will not have that information before December 13<sup>th</sup>.

Kevin Higgins moved, and Ed Beck seconded, that the Board is stating its directive that in any preparation of a compliance filing, that it will not impose significant metering expenses on the standard offer providers. The motion passed unanimously, with Dennis Delaney abstaining.

There was a discussion as to whether FERC would grant a 15-day extension on the compliance filings, in light of the holidays. Barbara Jost and Stuart Caplan indicated that might be acceptable, but the request for an extension would have to be filed by December 30. Ms. Jost asked to confirm that they are not to move ahead on the compliance filing until hearing the status of the TP agreements on December 6. That was confirmed.

There was a brief discussion regarding Judge Campbell's Minute Order. Janet Wagner responded that, while they do not have authorization yet to appeal the judgment, they most likely would appeal. The appeal would stay the effect of the court order, and Rule 1609 would stay in effect during the pendency of that appeal.

**IX. Staff Report**

- a. Financial Report.** Pat Sanderson asked Clint Wasser to discuss the October financials, provided in the Board package. There were no questions.

**X. Other Business**

There was no other business.

**XI. Next Board Meeting**

A special Board meeting is scheduled for December 21. The time and place are to be determined. Waivers will be sent to all Board members.

**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 11:30 a.m.

Respectfully submitted,

Peggy A. Drumm, Acting Corporate Secretary

**ARIZONA INDEPENDENT SCHEDULING  
ADMINISTRATOR ASSOCIATION**

Thirtieth Special Meeting of Board of Directors  
December 1, 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 11/6/00 Meeting | <b>Approval Item</b> |
| <b>VII.</b>  | Discuss Az ISA Contingency Plans     |                      |
|              | a. Action Items from 11/6/00 Meeting |                      |
| <b>VIII.</b> | Az ISA FERC Filing Update            |                      |
| <b>IX.</b>   | Az ISA Staff Report                  |                      |
|              | a. Financial Report                  |                      |
| <b>X.</b>    | Other Business                       |                      |
| <b>XI.</b>   | Next Board Meeting                   |                      |
| <b>XII.</b>  | Adjourn                              |                      |

Conference Call for 30th Special Board Meeting, as follows:

- 9:00 A.M. – 4:00 P.M. MST
- **Call-in Number: (303) 633-1830**
- 10 lines available
- Reservation Number: 16932738
- US West 1-800-263-3863 (in case of problems)