

**ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION**

Thirty-Fourth Special Meeting of Board of Directors
March 21, 2001, at 9:00 A.M. MST

Arizona Independent Scheduling Administrator Association
615 South 43rd Avenue, APO Building (WAPA Complex)
Phoenix, Arizona

TELECONFERENCE

APPROVED MINUTES

I. Call to Order

Acting Executive Director Patrick J. Sanderson called the meeting to order at 9:00 a.m.

II. Establish Quorum

The presence of a quorum was ascertained.

Directors Present: Kevin Higgins, Martin B. Ochotorena, Elizabeth Story, and Patrick J. Sanderson (Chair) joined the meeting at the Az ISA offices via teleconference. Ed Beck, Dennis Delaney, Lindy Funkhouser, Larry D. Huff, Mike McElrath, Marcie Otondo, and Vann E. Prater joined the meeting via teleconference.

Others Present: Stuart Caplan, Pat Cooper, Jane Daly, Asher Emerson, Steven R. Henry, Barbara Jost, Jerry Smith (APS), and Peggy Drumm joined the meeting 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. The motion to approve the agenda was duly moved and seconded by Larry Huff and Kevin Higgins, respectively. The motion was approved with nine affirmative votes and two abstentions (Dennis Delaney and Elizabeth Story).

VI. Approval of Minutes

Pat Sanderson referred to copies of minutes from the February 21 and 26 Special Board meeting provided via e-mail. Elizabeth Story requested a sentence change on page twelve, which should read, “She requested that the minutes show that her continued abstention was on advice of counsel and related to the questioned seating of the new Board member.” Kevin Higgins requested the word “simply” be added to a sentence that should read “ ... does not see how simply observing for six months ... ” Larry Huff asked that the word “do” on item two of page nine be changed to the word “due.” It was duly moved and seconded by Kevin Higgins and Lindy Funkhouser, respectively, to approve the February 21 and 26 minutes as amended. The motion was approved with nine affirmative votes and two abstentions (Dennis Delaney and Elizabeth Story).

VII. Confidentiality of Information – Draft Resolution

Pat Sanderson asked Steve Henry to explain any changes to the resolution and answer questions. Mr. Henry explained that the changes had been made in accordance with previous discussions of the Board and requests by Larry Huff and Lindy Funkhouser. He suggested, after discussion with the Az ISA FERC counsel, that the last sentence might be too narrow and could be deleted, based on the “implied confidentiality” already contained in Article 5 of the Articles of Incorporation. The subsequent discussion included the issues of whether or not Board members should be allowed to have their own counsel present at Executive Sessions, whether there is a need for any resolution at all in view of the provisions in the Articles of Incorporation, whether the last sentence should be dropped, when the Board can move to Executive Session, and what information from Executive Session can be shared with members.

Barbara Jost reviewed the original reasons for proposing that the Board consider such a resolution. She noted that the concern leading to the proposed resolution is to prevent members of this stakeholder board from using information acquired in their capacity as a Board member to attempt to defeat the objectives of the organization before FERC. She noted how some other stakeholder boards have addressed issues in this fashion and also in some cases, Board members who have opposed the actions of the stakeholder in FERC litigation have then recused themselves from future Board discussions on the matter. Lindy Funkhouser explained his position as a public official and the aspect of the last sentence relative to public records law.

After suggestions for revisions were offered to address some of the issues that had been raised, it was debated whether or not there was a need for the resolution. In answer to Larry Huff’s concern regarding the need for individual counsel to be available to address fiduciary responsibility questions, Barbara Jost pointed out that Mr. Henry is available to the Board to answer such questions. If that is not viewed as sufficient, a Board member can leave the session to privately talk to independent counsel or request that the matter be deferred to permit such consultation. There was a discussion as to whether or not moving to Executive Session limits member participation. It was suggested that counsel should advise the Board when to move to Executive Session, and there was further discussion

whether a vote would be required to do so or whether the Chairman can call for an Executive Session. It was concluded that the issue could not be resolved currently, and the Chairman moved to the next Agenda item.

VIII. SRP Loan Update

Pat Sanderson reviewed that a workgroup (Kevin Higgins, Larry Huff, Ed Beck, Lindy Funkhouser, and Pat Sanderson) had been formed at the February 26 Board meeting to address the SRP loan issue, and he asked for a status report. It was reported that some members of the workgroup had met with Jessica Youle, and that Ms. Youle will have an internal meeting with SRP management. Ms. Youle will contact the workgroup after the SRP meeting, and the workgroup will report back to the Board at that time.

IX. Discussion FERC Status Report Due 3/22/01

Pat Sanderson asked to delay this discussion item until after the discussion of the next item, based on late-breaking information regarding the March 29 ACC meeting.

X. Discussion FERC 3/16/01 Order

Pat Sanderson asked Barbara Jost to discuss her March 19 memo regarding the FERC Order. Ms. Jost suggested that the discussion be held in Executive Session, based on Article 5 of the Articles of Incorporation. After discussion as to which information would be considered confidential, Larry Huff suggested moving on with the discussion under the auspices of Article 5. Pat Sanderson stated that the Board would now be in Executive Session for discussion regarding the FERC Order, and anyone in attendance via the teleconference would have to abide by the rules.

Upon reconvening of the general Board meeting, a motion was duly made and seconded by Marcie Otondo and Ed Beck, respectively, as follows:

MOTION: To authorize Huber Lawrence & Abell to file a status report with FERC tomorrow stating that 1) the Board is considering the effects of the recent Commission (FERC) Order on rehearing, 2) the Board has scheduled a meeting for next Friday (March 30) following an Arizona Corporation Commission meeting on March 29 where the Az ISA is specifically on the Agenda, and 3) the Board has a commitment to provide a status report to FERC in 45 days.

The motion was approved with nine affirmative votes and two abstentions (Dennis Delaney and Elizabeth Story).

XI. March Funding Update

Pat Sanderson referred to the March funding update chart that had been provided via e-mail and noted that a correction to the motion thereon had been provided, also via e-mail.

He noted that none of the funds had been received yet, and expressed a concern that the additional funding is needed to cover costs. Ed Beck, Jerry Smith (APS), and Larry Huff stated that the voucher/check requests had been submitted and/or checks had already been issued. Larry Huff requested more detailed estimates of costs, especially regarding consultants.

XII. Az ISA Contingency Budget (Plan)

Pat Sanderson referred to the March Budget Projection spreadsheet provided previously via e-mail. Larry Huff stated that he was expecting another level of detail to be included regarding the consultant fees, i.e., to the level of numbers of hours. Mr. Sanderson explained differences in the previous estimate versus actual costs and noted that a contingency line had been added. He noted that he could provide the number of estimated hours. He pointed out that the spreadsheet assumes a closeout of March 31, and if the Az ISA operates into April the closeout figures will have to be moved out another month.

XIII. Az ISA Staff Report

- a. Financial Report.** Pat Sanderson reviewed the financial report documents that had been provided via e-mail. There was no discussion.
- b. Membership Update.** Pat Sanderson reviewed the Membership Renewal spreadsheet that had been provided via e-mail. There was a discussion to clarify the required number of members per class and the ramifications when a class falls below five members. Steve Henry clarified that the Board membership remains the same until the next annual members' meeting. At that time three of the five classes must have a quorum to hold the meeting. It was clarified that if a class does not have a quorum and, therefore, cannot hold a class meeting to elect Board representatives, the Board seats for the class are then filled by vote of the Board.

XIV. Other Business

There was no other business.

XV. Next Board Meeting

The next special Board meeting is Friday, March 30, at the Az ISA offices. The next regular Board meeting is Wednesday, May 9. Barbara Jost noted that the next status report is due May 2.

XVI. Adjourn

There being no further business, it was moved and seconded that the meeting be adjourned. The motion was approved, and the meeting was adjourned at 11:15 a.m.

Respectfully submitted,

Peggy A. Drumm, Acting Corporate Secretary

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Thirty-Fourth Special Meeting of Board of Directors
March 21, 2000, at 9:00 A.M. MST
Arizona Independent Scheduling Administrator Association

TELECONFERENCE

APPROVED AGENDA

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|--------------|---|----------------------|
| I. | Call to Order | |
| II. | Establish Quorum | |
| III. | Welcome and Introductions | |
| IV. | Appoint Corporate Secretary | |
| V. | Approve Agenda | Approval Item |
| VI. | Approve Minutes from February 21 & 26, 2001 Meeting | Approval Item |
| VII. | Confidentiality of Information – Draft Resolution | Approval Item |
| VIII. | SRP Loan Update | Work Group |
| IX. | Discussion FERC Status Report due 3/22/2001 | Barbara Jost |
| X. | Discussion FERC 3/16/2001 Order | Barbara Jost |
| XI. | March Funding Update | |
| XII. | Az ISA Contingency Budget (Plan) | |
| XIII. | Az ISA Staff Report | |
| | a. Financial Report | |
| | b. Membership Update | |
| XIV. | Other Business | |
| XV. | Next Board Meeting | |
| XVI. | Adjourn | |
| XVII. | | |

Conference Call for 34th Special Board Meeting, as follows:

- 9:00 a.m. – 3:00 p.m. (Arizona time/MST)
- 20 lines available
- Call-in Number: (303) 633-2895
- Reservation #: 18162034
- US West 1-800-263-3863 (in case of problems)