

**ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION**

Minutes from the Thirty-Seventh Special Meeting of Board of Directors
September 11, 2001

SRP PERA Club
1 East Continental Drive, Tempe, Arizona

APPROVED MINUTES

I. Call to Order

Acting Executive Director Patrick J. Sanderson called the meeting to order at 10:55 a.m.

II. Establish Quorum

The presence of a quorum was ascertained.

Directors Present: Ed Beck, Andrew D. Gregorich, Kevin Higgins, Larry D. Huff, Mike McElrath, Greg Patterson, Vann E. Prater, and Patrick J. Sanderson (Chair).

Others Present: Resal Craven, Dennis Delaney, Peggy Drumm, Steven R. Henry, Steve Huhman, Barbara S. Jost, Barbara Klemstine, Vicki Sandler, Marcie Otondo, Jerry D. (ACC) Smith, Jerry (APS) Smith, and Elizabeth Story.

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 informed the Board that he had received the resignation of Board member Marcie Otondo, who had recommended Vicki Sandler, APS Energy Services, as a replacement. Mr. Sanderson suggested an amendment to add Item VI. Approve New Board Member to the agenda. Kevin Higgins so moved. The motion to approve the agenda as amended was seconded and approved.

VI. Approve New Board Member. It was duly moved and seconded by Kevin Higgins and Greg Patterson, respectively, to appoint Vicki Sandler to fill the Aggregate Class seat vacated by Marci Otondo. The motion was approved.

VII. Executive Session

The Board went into executive session to discuss personnel matters.

VIII. Approve Minutes from May 9, 2001 Meeting

Pat Sanderson referred to copies of the May 9, 2001 Board meeting minutes, which were provided in the Board package. It was duly moved and seconded by Ed Beck and Vann Prater, respectively, to approve the May 9 minutes as presented. The motion was approved.

IX. Check Writing Resolution

Pat Sanderson explained that due to the recent Board resignations and elections, there was a need for a new resolution to designate Board members as check co-signers. A proposed resolution was included in the Board package. A motion was duly made and seconded by Vann Prater and Greg Patterson, respectively to approve the proposed resolution with the addition of Marcie Otondo as having resigned and the addition of Vicki Sandler, Mike McElrath and Greg Patterson as co-signers. The motion was approved. A copy of the resolution is attached to these minutes.

X. Debt Repayment Wire Transfer

Pat Sanderson explained that the monthly repayment of debt to the TPs exceeds the \$5,000 limit for which he is currently authorized to sign checks or wire transfers. Mr. Sanderson advised the Board that he would like them to consider approving a procedure whereby the limit would be waived for wire transfers for the purpose of monthly repayment of the TPs' debt. Kevin Higgins moved to waive the two-signer requirement for the limited purpose for wire transfers for TP debt repayment to APS and TEP, allowing Mr. Sanderson to initiate and sign for wire transfers to APS and TEP for debt repayments. Vann Prater seconded the motion. The motion was approved.

XI. Az ISA Governance Issues

Pat Sanderson provided background regarding governance issues that have arisen. He had asked Steven Henry to provide clarification. Mr. Henry discussed his August 6, 2001 memo provided in the Board package that proposed solutions to the issues. It was noted that the By-Laws need to be made completely unambiguous. After some discussion, it was agreed that Mr. Sanderson would 1) ask for comments regarding the proposed By-Laws revisions or additional proposed revisions, 2) the comments and proposed revisions would be circulated for consideration and comment, and 3) after an adequate comment period for the proposed revisions they would be considered at a future meeting.

XII. Funding (FERC) Issues

Pat Sanderson asked Barbara Jost to update the Board regarding issues surrounding TP funding of the Az ISA. Ms. Jost reviewed her July 9 memo, included in the Board package, regarding the issue of AEPCO providing funding to the Az ISA. It was noted that Citizens has since filed and the filing has been accepted, and the issue applies to them also. Larry Huff pointed out that AEPCO is still willing to provide funding to the Az ISA without the signed TP Agreements. Resal Craven added that Citizens would continue to support the Az ISA as long as the ACC does. There was discussion as to whether it was necessary or not to have signed TP Agreements in place in order for the Az ISA to accept funding from TPs. It was discussed whether another FERC filing would be necessary. It was agreed that the Az ISA would begin invoicing AEPCO and Citizens, and the issue would be revisited in a few months to see if it has been clarified.

XIII. ACC July 24 Action – Discussion

Pat Sanderson asked Jerry Smith, ACC, to inform the Board regarding the timeline for the ACC Docket No. E-00000A-01-0630 Procedural Order. Mr. Smith noted that an extensive list of responses was received by the September 5 comment deadline. The staff will summarize and analyze the comments and file a staff report by October 31. It is not yet clear what the process will be after that. It is possible there would be an open meeting agenda item before the Commissioners in November. There was some further discussion regarding retail competition, as well as, the relationship and transition between the Az ISA and DSTAR.

XIV. Az ISA FERC Compliance and 205 Filing – Update

Pat Sanderson asked Barbara Jost for an update on the FERC filings. Ms. Jost referred to and reviewed the list provided in the Board package. She noted that the only additional filing at FERC now contemplated is the one to seek an extension of the tariff beyond the December 15, 2001 deadline.

- a. Citizens FERC Filing.** Ms. Jost noted that a “plain vanilla” intervention had been filed by the Az ISA in the Citizens’ filing (ER01-2498).

XV. Federal 9th Circuit Case Docket No. 01-70766 ACC v. FERC – Discussion

Pat Sanderson advised the Board that, as per a previous e-mail notice, the Az ISA had filed an intervention in the Federal 9th Circuit Case and had also participated in two conference calls. He noted that this issue is before the Board in order to decide how much of an involvement the Az ISA wants in this issue. Barbara Jost provided a history and update of the case. There was discussion whether to withdraw the intervention or remain in a monitoring mode. Larry Huff and Ed Beck questioned whether the Az ISA should be involved in the issue or spending money on it. Kevin Higgins suggested that

the Az ISA should not weigh in on the issue, but it would be practical to be on the service list and monitor the case to understand what the proceedings are about.

XVI. Funding Status

Pat Sanderson reviewed the September-October Budget Projection, which was included in the Board package. There was a brief discussion.

XVII. Az ISA Staff Report

- a. **Financial Report.** Pat Sanderson reviewed the financial report documents for July 31 that had been provided via e-mail. He noted that the additional interest expense is due to the change to compounding of the interest as of July. There has not yet been a resolution to the SRP loan issue.
- b. **2001 Budget.** Pat Sanderson reviewed the 2001 Budget/Cash Flow spreadsheet provided in the Board packet.
- c. **Employee Benefits.** (Agenda item was not discussed.)

XVIII. Other Business

Pat Sanderson advised the Board that the Operating Committee should meet to discuss extending the interim ARNT beyond December 15, and the Board should meet in December to approve the AZ ISA 2002 budget. After some discussion, including regarding whether the meeting should be the Operating Committee or another group, a meeting was set for Monday, October 1, 9:00 a.m., at the WAPA offices, APO Building conference room.

XIX. Next Board Meeting

A special Board meeting is scheduled for Tuesday, October 23, 9:00 a.m., at the WAPA offices, APO Building conference room.

XX. 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 approximately 1:15 p.m.

Respectfully submitted,

Peggy A. Drumm, Acting Corporate Secretary

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR ASSOCIATION
(Az ISA)
BOARD RESOLUTION
September 11, 2001

Whereas, Patrick J. Sanderson serves as the Acting Executive Director of the Arizona ISA; and

Whereas, the Arizona ISA Board wishes to redesignate the Acting Executive Director as having primary check writing authority for the Arizona ISA and to redesignate certain Board Members as having backup check writing authority; and

Whereas, Lindy Funkhouser, Dennis Delaney, and Marcie Otondo have resigned their seats as Arizona ISA Board Members, and the Arizona ISA Board wishes to designate a replacement Board Member as having backup check writing authority; and

Whereas, the Arizona ISA Board also wishes to continue certain financial controls regarding check amount limits.

Be it resolved that:

Patrick J. Sanderson, Acting Executive Director of the Arizona ISA, and Arizona ISA Board Members Mike McElrath, Greg Patterson, and Vicki Sandler are authorized to sign checks to pay for Arizona ISA expenses up to a limit of \$5,000.00; and

Checks issued in amounts exceeding \$5,000.00 shall require two authorized signatures; and

Any check issued to reimburse one of the authorized signatories for business expenses incurred on behalf of the Arizona ISA cannot be signed by the person who incurred the expense but must be signed by another authorized signatory.

Arizona Independent Scheduling Administrator Association (AZ ISA)

**Board of Directors and Class Chairs
As of September 11, 2001**

Members' Chair: Kevin Higgins (9/01-9/02)

Transmission Facilities Providers Class

- **Class Chair:** Larry Huff, Southwest Transmission Cooperative, Inc. (9/01–9/02)
- **Director:** Larry Huff, Southwest Transmission Cooperative, Inc (9/01–9/03)
- **Director:** Ed Beck, TEP (9/00–9/02)

Local Load Serving Entities Class

- **Class Chair:** Vacant (9/01–9/02)
- **Director:** Vacant (9/01–9/03)
- **Director:** Vacant (9/00–9/02)

Aggregators Class

- **Class Chair:** Vacant (9/01–9/02)
- **Director:** Vicki Sandler, APS Energy Services (9/00–9/02)
- **Director:** Mike McElrath, Phelps Dodge Energy Services (9/01–9/03)

Independent Generators & Wholesale Power Marketers Class

- **Class Chair:** Thomas Broderick, PG&E National Energy Group (9/01–9/02)
- **Director:** Vann E. Prater, Dynegy, Inc. (9/00–9/02)
- **Director:** Greg Patterson, Arizona Competitive Power Alliance (9/01–9/03)

End-Use Customers Class

- **Class Chair:** Kevin Higgins, Arizonans for Electric Choice & Competition (9/01–9/02)
- **Director:** Kevin Higgins, Arizonans for Electric Choice & Competition (9/01–9/03)
- **Director:** Andrew D. Gregorich, ASARCO Inc. (9/00–9/02)

Acting Executive Director

- Patrick J Sanderson, Arizona ISA

**ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION**

Thirty-Seventh Special Meeting of Board of Directors
September 11, 2001 at 10:30 A.M. MST
(or Immediately Following the Annual Members Meeting)

SRP PERA Club
1 East Continental Drive, Tempe, 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 New Board Member | Approval Item |
| VII. | Executive Session | Personnel Matters |
| VIII. | Approve Minutes from May 9, 2001 Meeting | Approval Item |
| IX. | Check Writing Resolution | Approval Item |
| X. | Debt Repayment Wire Transfer | Approval Item |
| XI. | Az ISA Governance Issues | Steve Henry |
| XII. | Funding (FERC) Issues | Barbara Jost |
| XIII. | ACC July 24 Action – Discussion | |
| XIV. | Az ISA FERC Compliance and 205 Filing – Update | Barbara Jost |
| | a. Citizens FERC Filing | |
| XV. | Federal 9th Circuit Case Docket No. 01-70766 ACC v. FERC – Discussion | |
| XVI. | Funding Status | |
| XVII. | Staff Report | |
| | a. Financial Report | |
| | b. 2001 Budget | |
| | c. Employee Benefits | |
| XVIII. | Other Business | |
| XIX. | Next Board Meeting | |
| XX. | Adjourn | |