

**ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION**

Minutes from the Thirty-Eighth Special Meeting of Board of Directors
October 23, 2001

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

APPROVED MINUTES

I. Call to Order

Acting Executive Director Patrick J. Sanderson called the meeting to order at 9:10 a.m.

II. Establish Quorum

The presence of a quorum was ascertained.

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

Others Present: Peggy Drumm, Asher Emerson, Charles N. Emerson, Steven R. Henry, Curtis Kebler, Alan Propper, and Joel Spitzkoff. Bill Booth, Barbara Jost, Steve Messer, Marcie Otondo, and Jerry (APS) Smith joined the meeting via teleconference.

III. Welcome and Introductions

All present, in person and via teleconference, were welcomed and introduced.

IV. Appoint Corporate Secretary

Peggy Drumm was appointed as Corporate Secretary for the meeting.

V. Approve Agenda

Pat Sanderson explained that, based on the October 22nd ARNT meeting and in order to accommodate schedules of Board members, the agenda had been revised to provide for discussion of the Az ISA PM ARNT Extension immediately following the approval of the agenda. It was duly moved and seconded by Kevin Higgins and Andrew Gregorich, respectively, to approve the agenda as amended. The motion was approved.

VI. Az ISA PM ARNT Extension

At Pat Sanderson's request, Kevin Higgins provided a brief discussion of the Az ISA PM ARNT extension meetings. Mr. Higgins noted that TEP and AEPCO were willing to keep the allocation status quo; however, APS was not willing to at this time. There was a discussion regarding APS's concerns, as well as, a proposal by TEP. Mr. Sanderson advised the Board that legal counsel had been asked for an opinion regarding the proposed FERC filing for a an extension of the December 15, 2001 date. Ms. Jost opined that the FERC would be very likely to extend the date, although the indefinite nature of the date could pose a problem with the FERC. There was concern expressed and a discussion of anticipated costs related to the FERC filing and as to whether there was a likelihood of any opposition filings. Ms. Jost estimated legal costs could be approximately \$5,000, and as low as half that amount if the filing is not opposed. Vicki Sandler suggested that it be noted that by the Board's vote they are affirming not to protest the FERC filing.

After further discussion, the following motion was duly made and seconded by Kevin Higgins and Ed Beck, respectively:

The Board approves and directs legal counsel to prepare a simple filing with the FERC requesting approval of an amendment to the Az ISA PM, which changes the date of expiration of the interim ARNT allocation from December 2001 to the earlier of the termination date of the Az ISA or the operational date of an RTO that services the load in the Az ISA service territory.

The motion was approved.

VII. Approve Minutes from September 11, 2001 Meeting

Pat Sanderson referred to copies of the September 11, 2001 Special Board meeting minutes, which were provided in the Board package. Steve Henry suggested that the duplicate "to whether" be deleted from line five of item XV, page 3. It was duly moved and seconded by Vann Prater and Kevin Higgins, respectively, to approve the September 11 minutes as corrected. The motion was approved, with one abstention.

VIII. Appoint Board Member

Pat Sanderson advised the Board that two Az ISA members had asked to be considered for appointment to fill two of the vacant Board positions. Mr. Sanderson introduced Charles Emerson, Trico Electric Cooperative, Inc., who gave a brief synopsis of his background and qualifications for the Board position. A motion was duly made and seconded by Vann Prater and Mike McElrath, respectively, to appoint Mr. Emerson to the Local Load Serving Entities Class seat (term ending 9/02). The motion was approved.

Greg Patterson submitted his resignation of his Board position, provided a brief explanation for the resignation, and recommended Curtis Kebler, Reliant Energy Wholesale Group, to fill the position. A motion was duly made and seconded by Vann Prater and Kevin Higgins, respectively, to appoint Mr. Kebler to fill the vacant Board position representing the Independent Generators & Wholesale Power Marketers Class. The motion was approved.

IX. Elect Assistant Chair of the Board

Pat Sanderson explained that counsel had advised him that based upon the By-laws an Assistant Chair should be elected. Vicki Sandler volunteered to serve as Assistant Chair. A motion was duly made and seconded by Kevin Higgins and Vann Prater, respectively, to appoint Vicki Sandler as Assistant Chair. The motion was approved.

X. Amend Az ISA By-Laws

Pat Sanderson provided background regarding the proposed By-Laws changes included in the Board package. After discussion, a motion was duly made and seconded by Kevin Higgins and Vann Prater, respectively, as follows:

To amend the Az ISA By-Laws in accordance with the proposed changes in the Board package (see attached changes) and to direct legal counsel (Huber Lawrence & Abell) to incorporate the changes in the simple filing with the FERC (see item VI).

The motion was approved.

XI. 2002 Annual Budget Draft

Pat Sanderson explained that the Board would need to approve a 2002 budget before the end of 2001. A copy of the draft budget was included in the Board packet. After some discussion, it was agreed that Mr. Sanderson would re-evaluate the legal expenses. It was noted that the insurance premiums would likely increase by approximately 10%. Mr. Sanderson will provide a revised 2002 budget before the next Board meeting for approval. Asher Emerson encouraged input to the ACC Commissioners regarding the need for continuing the Az ISA.

XII. Az ISA Staff Report

- a. Financial Report – September Financials.** Pat Sanderson reviewed the financial report documents for September provided in the Board packet.
- b. October – November Cash Flow Report.** Pat Sanderson reviewed the October – November Cash Flow Report provided in the Board packet and explained the basis for the report for the benefit of the new Board members. A suggestion was made to change the heading of column 4 to “Future Income/Liabilities.”

- c. **2001 Budget.** Pat Sanderson reviewed the 2001 Budget/Cash Flow spreadsheet provided in the Board packet. There was discussion of some items.
- d. **Membership List.** Pat Sanderson referred to the membership list included in the Board packet and advised the Board that the membership currently numbered 42.
- e. **Employee Benefits Survey and Costs.** Pat Sanderson advised the Board that he is still collecting data and will provide the Board with information when it becomes available.

XIII. Other Business

There was no other business.

At the request of Curtis Kebler, the Board went into Executive Session.

XIV. Next Board Meeting

A special Board meeting is scheduled for Tuesday, December 4, 9:30 a.m., at the WAPA offices, APO Building conference room.

XV. Adjourn

There being no further business, the meeting was adjourned at approximately 11:50 a.m.

Respectfully submitted,

Peggy A. Drumm, Acting Corporate Secretary

**ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION**

Thirty-Eighth Special Meeting of Board of Directors
October 23, 2001 at 9:00 A.M. MST

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

APPROVED AGENDA

- | | | |
|--------------|---|----------------------|
| I. | Call to Order | |
| II. | Establish Quorum | |
| III. | Welcome and Introductions | |
| IV. | Appoint Corporate Secretary | |
| V. | Approve Agenda | Approval Item |
| VI. | Az ISA PM ARNT Extension | Discussion |
| VII. | Approve Minutes from September 11, 2001 Board Meeting | Approval Item |
| VIII. | Appoint Board Member | Board Action |
| IX. | Elect Assistant Chair of the Board | Board Action |
| X. | Amend Az ISA By-laws | Approval Item |
| XI. | 2002 Annual Budget Draft | Review |
| XII. | Staff Report | |
| | a. Financial Report – September Financials | |
| | b. October – November Cash Flow Report | |
| | c. 2001 Budget | |
| | d. Membership List | |
| | e. Employee Benefits Survey and Costs | |
| XIII. | Other Business | |
| XIV. | Next Board Meeting | |
| XV. | Adjourn | |

Conference Call for 38th Special Board Meeting, as follows:

- 9:00 a.m. (Arizona time/MST)
- Call-in Number: 1-866-248-0553
- Enter Room Number (including star keys): *3523531*
- US West 1-800-263-3863 (in case of problems)

Az ISA BY-law Amendments October 23, 2001

BOARD ACTION

In reference to an AISA By-law amendment relevant to effective Board action, the following amendments to § § 4.3, 4.5.2.2 and 4.5.3 would confirm that in order to have effective Board action an affirmative vote of two-thirds of the elected or appointed Board Members present is required.

Section 4.3

The Board will consist of not more than 11 voting members, including two representatives from each of the five member classes and the director.

Section 4.5.2.2

No business shall be conducted by the Board and any committee thereof unless two-thirds of the duly elected and/or appointed, members of the Board, or any committee thereof is present. *(remainder of Section 4.5.2.2 remains unchanged)*

Section 4.5.3

A decision of the Board or a Board Committee shall require an affirmative vote of two-thirds of the duly elected and/or appointed Board Members present or Board Committee Members present at the meeting whichever is applicable. No proxy voting shall be allowed.

BOARD MEETINGS

Special Board Meetings

Special Board meeting notice requirements changed from 30 to 15 days.

Section 4.5.2.1

All business of the Board, election of the Board's officers, and appointment of Board committees shall occur at the Board meetings, notice of which has been provided by the Director to all of the Board and all Members. Regular meetings of the Board shall be held on the second Wednesday in January, May, and September. Special meetings may be held at the call of the Director or any three (3) Board members upon fifteen (15) days advance written notice to each Board member and all Members. Notice may be waived by written waiver signed by all Board members.

Regular Board Meetings

Date for Regular Board meeting in September changed to be held on the same day as the Annual Members' meeting.

Section 4.5.2.1

All business of the Board, election of the Board's officers, and appointment of Board committees shall occur at the Board meetings, notice of which has been provided by the Director to all of the Board and all Members. Regular meetings of the Board shall be held on the second Wednesday in January and May and the second Tuesday in September. Special meetings may be held at the call of the Director or any three (3) Board members upon thirty (30) days advance written notice to each Board member and all Members. Notice may be waived by written waiver signed by all Board members.