

**ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION**

Minutes from the Regular Meeting of Board of Directors
January 10, 2001

By Dial-in Teleconference
Phoenix, Arizona

APPROVED MINUTES

I. Call to Order

Acting Executive Director Patrick J. Sanderson opened the teleconference at 9:00 a.m. The meeting was called to order at 9:20 a.m. upon arrival of a quorum.

II. Establish Quorum

The presence of a quorum was ascertained.

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

Others Present (via teleconference): Steven R. Henry, Barbara Jost, and Peggy Drumm.

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 Martin Ochotorena and Kevin Higgins, respectively. The motion was approved unanimously.

VI. Approval of Minutes

Pat Sanderson referred to a copy of the minutes from the December 21 Special Board meeting, which was included in the Board materials provided via e-mail. Kevin Higgins suggested amending the minutes to add “Mr.” preceding “Silverman” and changing “renders” to “tenders” in item 3) on page three. It was duly moved and seconded by Kevin Higgins and Vann Prater, respectively, to approve the December 21 minutes as amended. The motion passed unanimously.

VII. Az ISA FERC Filing Update

A memorandum, dated January 8, 2001, was included in the Board meeting materials provided via e-mail, which provided an update of the Az ISA FERC Filing. There was discussion regarding the Start-Up Agreements and Promissory Notes. It was noted that no Start-Up Agreements have been signed, and no additional funding has been received from the TPs. Pat Sanderson advised the Board that Citizens has indicated they are not willing to sign the Start-Up Agreement as currently written stating that the TP “will” sign the TP Agreement. Barbara Jost presented three possible options to provide resolution: 1) delete the passage that states that Citizens has to or will sign the TP Agreement, 2) Citizens could waive the right to recovery totally, like AEPCO, or 3) if no other solution is acceptable, send Citizens a variant of the letter going to SRP. Another option suggested by Steve Henry is to amend the actual Promissory Note to include the Start-Up Agreement due date.

Mr. Sanderson further advised the Board that a letter has been prepared to be delivered to SRP this week; that it is expected that APS and TEP will sign Start-Up Agreements this month; and that a letter forgiving the loan has already been presented by AEPCO. It was noted that it is imperative that the issues be resolved and Start-Up Agreements be signed before the January 30 deadline in the Promissory Notes, or the Az ISA would be in default.

The timing and status of the elements of the December 21, 2000, resolution were discussed. There were questions regarding the funding letters and budget. Mr. Sanderson will e-mail copies of the Az ISA Request for Rehearing to Board members.

VIII. Discuss Az ISA Jan-Feb 2001 Budget

An updated corporate dissolution schedule (January – February) was e-mailed previously with other Board materials. A copy was faxed to Larry Huff. Pat Sanderson reviewed the spreadsheet and noted that \$35,000 remains uncommitted for refund to the funding utilities upon signing of ISA-TP Agreements and the Section 205 filing being made. Mr. Sanderson clarified with Steve Henry that an additional \$5,000 – \$7,000 would need to be included in the budget in addition to \$25,000 for tail coverage insurance, since the D&O coverage is due in February. It was noted that the tail insurance coverage commences from the time the original policy is cancelled.

IX. Staff Report

- a. Financial Report.** Pat Sanderson referred to the Preliminary December and 2000 Year-End financials, provided to the Board via e-mail. He noted that the final 2000 financials will be provided at the February 1 Board meeting. There were no questions. Mr. Sanderson confirmed with Larry Huff that the AEPCO loan was forgiven in 2000 rather than 2001.
- b. 2001 Membership Update.** Referring to the Membership Renewal List, provided via e-mail, Pat Sanderson advised the Board that the membership renewal invoices had been sent out by December 15, as required by Az ISA By-Laws. Twenty-one renewals had been received as of January 8, 2001. Reminder letters will be sent out in a few weeks.

(Ed Beck joined the teleconference.) Ed Beck requested that the TEP representatives be changed to show Ed Beck as representative and Michael Flores as alternate representative. Referring to the previous discussion under Agenda Item VII, Elizabeth Story asked Mr. Beck about the status of the TEP Start-Up Agreement and additional funding for the Az ISA. Mr. Beck informed the Board that a check would be cut this week and that the Start-Up Agreement would be signed and returned before January 30.

- c. Change D&O Insurance Broker of Record.** Pat Sanderson inquired whether there would be any objection to changing the D&O Insurance broker of record to Low & Johnson, a local broker that has provided excellent service for the E&O Insurance coverage. Mr. Sanderson explained the process, referring to the draft letter provided via e-mail. There were no objections.
- d. Funding Letters.** Pat Sanderson referred to a copy of the AEPCO funding letter, provided via e-mail, as representative of the letters also sent to APS, Citizens, and TEP. He advised the Board that the letters were sent January 4, and he is awaiting responses. The method for calculating the percentages for each funding utility was clarified. It was noted that the status of the signing of the Start-Up Agreements was discussed under Agenda Item VII. Mr. Sanderson advised the Board that the SRP letter will go out today or tomorrow, and the Board will receive copies.

X. Other Business

There was no other business.

XI. Next Board Meeting

Pat Sanderson advised the Board that a Special Board meeting is scheduled for 9:00 a.m., Thursday, February 1, 2000, at the Az ISA offices, 615 South 43rd Avenue, APO Building, Phoenix, Arizona.

XII. Adjourn

The meeting was adjourned at approximately 10:15 a.m.

Respectfully submitted,

Peggy A. Drumm, Acting Corporate Secretary

**ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION**

Regular Meeting of Board of Directors
January 10, 2001, at 9:00 A.M.
By Dial-in Teleconference
Dial-in number is (303) 633-0619
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.** Approve Minutes from 12/21/00 Meeting **Approval Item**
- VII.** Az ISA FERC Filing Update
- VIII.** Discuss Az ISA Jan-Feb 2001 Budget
- IX.** Az ISA Staff Report
 - a. Preliminary Year 2000 Financial Report
 - b. 2001 Membership Update
 - c. Change D&O Insurance Broker of Record
 - d. Funding Letters
- X.** Other Business
- XI.** Next Board Meeting – 2/1/2001
- XII.** Adjourn

Conference Call for the Regular Board Meeting, as follows:

- 9:00 a.m. – 1:00 p.m. MST
- Call-in Number: (303) 633-0619
- 20 lines available
- Reservation Number: 17418920
- US West 1-800-263-3863 (in case of problems)