

**Minutes from the Fourteenth Special Meeting of Board of Directors
of the Arizona Independent Scheduling Administrator Association
June 4, 1999 at 9:30 a.m.**

**Grand Canyon State Electric Cooperative Association, Inc.
120 North 44th Street, Suite 100
Phoenix, Arizona**

- I. Welcome and Introductions:** The meeting was called to order at approximately 9:45 a.m. at the offices of the Grand Canyon State Electric Cooperative Association (GCSECA), 120 N. 44th Street, Suite 100, Phoenix, AZ by Assistant Chairman Mike Raezer. AISAA Directors Mike Raezer, Barry Huddleston, Greg Patterson, Kevin Higgins, Larry Huff, Trish Gambino, Leroy Michael and Dennis Delaney were present. Director David Murphy was present by telephone conference call. Member guests included Prem Bahl of RUCO, Elizabeth Story of Tonopah Irrigation District, and Charles Post of PG&E Energy Services. Other guests included Lynn Borushko, CPA, and Laurel Whisler, who will start as AISAA Executive Director 6/7/99.
- II. Appoint Corporate Secretary:** Laurel Whisler served as the Corporate Secretary for the meeting.
- III. Approve Agenda:** The Agenda was approved.
- IV. Approve Minutes from Previous Meetings:** Minutes from the 1/15/99 AISAA Board conference call were approved. The spelling of "council" will be corrected to "counsel" in the 1/15/99 minutes. Draft minutes for the 5/7/99 Board Meeting have not yet been received.
- V. Budget and Finance Committee Report:**

Committee Chairman David Murphy reported the AISAA's current bank balance as \$598,021. The monthly billing for Directors and Officers insurance has been lost in the mail, but will be paid on time based on prior billings.

Insurance coverage necessary and appropriate for the AISAA was discussed. The AISAA has only procured D&O insurance to date. Laurel Whisler will investigate and procure other needed coverages, including business liability insurance and workers compensation. She will review proposed policies with the AISAA's counsel Low and Childers.

Lynn Borushko, CPA, the accountant for K.R. Saline and Associates, reported that she had reviewed the AISAA's financial records and had established

pertinent records as QuickBooks files, per the request of Board member Dennis Delaney. David Murphy, Laurel Whisler and Lynn Borushko will meet on 6/9/99 to discuss AISAA banking and financial matters.

Correspondence has been received from the IRS approving the AISAA's exemption from Federal income tax as a 501(c)(6) non-profit corporation.

A Board Resolution will be prepared for the next Board Meeting to authorize the Executive Director to sign checks up to a specified dollar limit.

VI. Regulatory Oversight Committee Report:

Committee Chairman Leroy Michael had no formal report. The latest billing from Low and Childers has been received but not yet paid.

Laurel Whisler will meet with Leroy Michael to review the Committee's retention of local legal counsel and information gathered on potential Washington legal counsel to represent the AISAA before FERC.

It was generally noted that establishment of standing Board Committees and the relationship of the Executive Director to such Board Committees should be considered by the Executive Director in her development of a Business Plan for the AISAA.

VII. Human Resources, Compensation and Facilities Committee Report:

Committee Chairman Larry Huff reported that the Facilities Agreement (sublease of office space from the GCSECA) took effect June 1, 1999. The Facilities Agreement requires the AISAA to provide a certificate of insurance coverage to GCSECA.

VIII. Operating Committee Report:

A. Protocols Manual Status:

Committee Chairman Kevin Higgins reported that the next Operating Committee meeting will be 6/8/99 at APS's 502 Building.

Kevin identified five main tasks remaining for the Committee:

- Tightening up the Energy Imbalance Protocol.
- In the Ancillary Services Protocol, resolve whether import of firm energy purchases from outside the Control Area could correspondingly reduce a Scheduling Coordinator's responsibility for providing Operating Reserves within the Control Area.
- Review and clean up Definitions as necessary.

- Review the Manual for consistency
- Review issue of Default Scheduling Coordinators.

Regarding the Energy Imbalance Protocol, Barry Huddleston reported that FERC seemed to like the AISAA's approach to energy imbalance. This was noted during pre-filing conference discussions between the Nevada ISA and FERC.

A draft RFI seeking expressions of interest for Default Scheduling Coordinator—the circumstance where an ESP cannot find a willing Scheduling Coordinator--has been prepared for the AISAA. Circulation of the RFI has been on hold pending completion of the AISAA Protocols Manual.

An associated Scheduling Coordinator issue is also unresolved: what happens when an SC stops providing services without notice? One proposal is a pooling mechanism: all approved SCs are placed on a list, if an SC ceases to provide service without notice, the SC at the top of the list will pick up the services on a short term basis (e.g. less than 30 days) until the ESP can contract with another SC. The California ISO provides that the Transmission Providers act as default SCs in their service territories.

David Murphy asked about the status of Must Run Protocol discussions. Kevin Higgins reported that Bob Smith of APS is working with a small group to look at the issue of local generation exporting out of an import-limited load zone and what impacts such exports may have on Must Run requirements. Bob's small group report is scheduled for the 6/8/99 Operating Committee.

The Operating Committee has committed to finalizing the draft Protocols Manual by 6/21/99 and e-mailing it out to AISAA members and interested parties.

B. Protocols Workshop

The Protocols Workshop is scheduled for 6/29/99 from 9:30 a.m. to 5 p.m. and 6/30/99 from 9:30 a.m. to 2:00 p.m., at SRP's Project Administration Building, 1521 N. Project Drive, Tempe. The draft Protocols will be presented by Operating Committee members, with the AISAA Executive Director facilitating the Workshop. Time will be scheduled during the Workshop for Q&A. Written comments will be accepted from interested parties after the Workshop.

Protocols Workshop communications: Laurel Whisler will e-mail notices of the Workshop and copies of the draft Protocols to AISAA members and interested parties, including ACC staff members. Additionally, APS, TEP and SRP will post information on the Workshop on their OASIS websites. Laurel Whisler will investigate posting Workshop information on the SWRTA website as well.

IX. Other Business

A. Arizona Retail Access Implementation Schedule

Mike Raezer reported that APS's retail access settlement has been filed with the ACC and is set for hearing 7/14/99. TEP's settlement is close to being filed. The ACC could rule to implement retail competition for the jurisdictional utilities 9/1 or 10/1/99. Retail competition will begin in SRP's territory later in June.

Given the possible implementation of retail competition by early Fall 1999, Laurel Whisler is to present to the Board a Business Plan for implementation of AISAA functions. This will include a timeline for presentation of a recommended Protocols Manual to the Board; filing for approval of the AISAA tariff, protocols and necessary agreements with FERC; and timing of implementation of AISAA functions, including staffing, computer program development and facilities needs.

B. Comments on proposed ACC Retail Competition Rules

Mike Raezer reported that he'd received no responses to date to his 5/12/99 memo to AISAA members seeking comments on the draft rule sections pertaining to ISOs and the ISA. Some concerns expressed in the Board discussion were that the rules go beyond the ACC's jurisdiction, that ISA and ISO issues are FERC-jurisdictional, and that the proposed rule contains specific requirements for an ISA that are not currently contained in the draft Protocols. It was recommended that the AISAA submit general comments on the draft rules, expressing appreciation for the ACC's support of the AISAA but respectfully pointing out the jurisdiction issue. The AISAA should not become a party to the rules proceeding. Laurel Whisler will draft general comments for the Board's review and approval. Legal counsel from RUCO and AEPCO can provide guidance on the appropriate procedural form for the comments.

C. Comments on FERC's RTO NOPR

Laurel Whisler was directed to prepare comments on the FERC RTO NOPR on behalf of the AISAA, to be filed on or before 8/16/99. The

comments are to be limited to a request that FERC not preclude the formation of an ISA in a case such as Arizona's where the ISA is clearly a short-term organization that will cease to function upon the implementation of a regional ISO or RTO with comprehensive functions.

D. Nevada ISA

Barry Huddleston reported that the California ISO recently made a presentation to the Nevada ISA that presented a range of options from Nevada joining the Cal ISO to the Cal ISO providing services under a vendor agreement to the Nevada ISA.

The Nevada ISA will make its FERC filing shortly.

X. Next Board Meeting

The next AISAA Board Meeting will be 6/30/99 at 3:00 p.m. at SRP's Project Administration Building, Mohave E&W Meeting Room, 1521 N. Project Drive, Tempe. It will be held after the conclusion of the Protocols Workshop.

XI. There being no further business, the meeting of the AISAA Board was adjourned at approximately 1:00 p.m.

Respectfully Submitted,

Laurel Whisler