

# **ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR ASSOCIATION**

Minutes from the Seventeenth Special Meeting of Board of Directors  
August 16, 1999  
Grand Canyon State Electric Cooperative Association Offices  
120 N. 44<sup>th</sup> Street, Suite 100  
Phoenix, AZ

## **I. Welcome and Introductions**

The seventeenth Special Meeting of the AZ ISA Board of Directors was held August 16, 1999, at the AZ ISA offices. Laurel Whisler, Executive Director, ascertained the presence of quorum, and called the meeting to order. She introduced the representatives from PricewaterhouseCoopers.

## **II. Appoint Corporate Secretary**

Prem Bahl of RUCO agreed to act as the Corporate Secretary for the meeting.

## **III. Approve Agenda**

The Agenda was revised and approved on motion.

## **IV. Approve Minutes from 6/30/99 and 7/16/99 Meetings**

June 30 meeting minutes were approved on motion as written. In the July 16 meeting minutes, Kevin Higgins proposed that a sentence be added to the 2<sup>nd</sup> paragraph on page 2, to reflect that a mechanism to track trading of ARNT be made a priority earlier rather than later. It was moved, seconded and passed that the minutes be approved with the proposed change.

## **V. Hiring of Assistant Director**

Laurel informed the members that Pat Sanderson, formerly Manager, System Planning, with Plains G&T, was hired as Assistant Director. She gave a background of his experience in the electric power industry, and said that Pat would start his job on September 13, 1999. Congratulations, Pat! Welcome aboard.

## **VI. PricewaterhouseCoopers Technical Analysis Proposal**

Laurel stated that she needed assistance in analyzing the Operating Protocols, and recommended that PricewaterhouseCoopers be engaged to do the technical analysis of the Protocols. She passed out PWC's July 21, 1999, proposal to do the job. The proposal provides details as to the scope, approach, timing and

resources required for this analysis. She stated that if the Board approved hiring the services of PWC, she would have the Operating Committee revisit the Protocols based on the consultant's recommendations, and would present the final Protocols to the Board for approval.

Leroy Michael asked why Item (3) under Scope and Approach - Item No. 1 of the consultant's proposal was being delayed. Laurel replied that it was basically due to the fact that the AZ ISA tariff was not quite ready yet.

Tim Cherry, PWC representative, responded to several questions from the members who asked for clarifications as to what exactly was included in their proposal. He explained, for example, that some conclusions may differentiate between a policy issue or a technical issue.

In response to a question from Larry Huff as to what was included in the \$40,000 proposal, Laurel explained that she estimated about 200 hours of work, including a report. This report would address some questions at a fairly high level, showing operational problems and operational inconsistencies, resulting from the Protocols.

Laurel also stated that PWC had been tracking other ISO filings with FERC, and will be able to give us heads up on some of the issues that other ISOs had faced in their FERC filings.

PWC representative told members that they would solicit written and verbal comments from all stakeholders and maybe have in-person or telephone interviews with interested parties to know their concerns. They have used this approach with California ISO stakeholders.

Mike Raezer suggested that since most stakeholders have identical concerns, PWC might summarize their findings about the Protocols, rather than identify each stakeholder concern individually.

Dennis Delaney suggested deleting "retail" in Item (2) of PWC proposal. Kevin Higgins suggested instead adding at the end of (2) "without impairing the rights of wholesale customers." This change was approved by the Board.

David Murphy stated that how retail access impacts committed uses has not been addressed in the Operating Committee. Laurel suggested that perhaps that could come out as one of the recommendations.

David asked what infrastructure is there to implement the Protocols to meet the objective of facilitating proper operations for non-discriminatory access to the transmission system. Would Item (1) coach us how to get there, he questioned? PWC responded that they would look for a process rather than a specific detail of a protocol.

There was discussion and agreement on the need for data retention and document control for the ADR process. It was recognized that development of the ADR process was needed.

Larry Huff asked what is the actual deliverable from PWC? There should be no debate about the protocols, he said. Laurel explained the scope of their assignment which includes identification of gaps, ambiguities, and potential FERC issues. PWC would also check if the protocols impair the rights of wholesale customers, and summarize the major stakeholder issues. Dennis stated that further amplification of Item (3) would entail a dollar cap. It was moved, seconded and passed by the Board to authorize PWC to be engaged in completing the task of reviewing the protocols as per Items (1) and (2) of their proposal.

## **VII. Proposed AZ ISA Rollout – Timetable and Business Plan – Revision 1**

Laurel highlighted the changes in the updated Rollout Plan/Timetable which she passed on to the members. Trading of ARNT and tracking associated SC's Local Generation Requirements was moved up from Summer 2000 to Spring 2000. Assumption regarding the timing of ACC order on APS' and TEP's Settlement cases was changed to reflect a more probable date. The task of performing Operational Audit and its estimated expenditure (\$600,000) was removed from the budget for the June-December 1999 period. FERC filing would be made by November 1, 1999.

Laurel stated that she will form a small committee to advise and assist in FERC filing documents. Leroy Michael and Charlie Post volunteered to serve on the small committee.

Leroy Michael asked if there was a sunset provision for the AZ ISA. Laurel stated the Bylaws provide for the life of the organization for a maximum of five years. Bob Smith stated that what the AZ ISA will undertake may go beyond the ultimate features. Kevin stated that we may not implement all the ultimate features, if Desert STAR comes into being in a timely fashion.

Mike stated that the Board did approve the initial budget, which was attached as a resolution to the Promissory Notes. Thus there was no need to revise the budget for this year. A budget for 2000 will be proposed later this year.

Kevin suggested that we add Item (3) to the Proposed Operational Priorities document to reflect a more proactive role of the AZ ISA, such as tracking trading of ARNT.

There was general discussion of correspondence received by the AZ ISA to date, including Enron's ACC testimony and SRP's request for exemptions from the protocols. The letter from Ray Williamson of the ACC was discussed. Jerry

Smith reported the ACC's suggestion that the FERC filing be accelerated. Laurel reported that a meeting is being organized with APS, SRP, WAPA and Dennis Delaney to review the Phoenix transmission import limitations study work.

**VIII. Technical Work Group meetings**

Laurel reported that the Technical Work Group has met several times to review and agree upon consistency of schedule data to be transmitted from the SCs to the CAOs and ISA.

**IX. AZ ISA Comments on FERC RTO NOPR**

Laurel distributed copies of the comments filed by the AZ ISA.

**X. Upcoming Board and Annual Member Meetings**

Pursuant to the Bylaws, the Annual Member Meeting will be held Tuesday, September 14, 1999. It was agreed that the 18<sup>th</sup> Special Board Meeting will be held following the Annual Member Meeting, also on Tuesday, September 14, 1999.

**XI. Miscellaneous Business**

Laurel briefed the board on miscellaneous administrative matters.

**XII. Executive Session**

The Board went into executive session to discuss personnel matters.

**XIII. Adjourn**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Prem K. Bahl  
Acting Corporate Secretary