

**ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION**

Thirty-Sixth Special Meeting of Board of Directors
May 1, 2001 at 9:00 A.M. MST

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), Dennis Delaney, Kevin Higgins, Larry D. Huff, Mike McElrath, Marcie Otondo, Vann E. Prater, Elizabeth Story, and Patrick J. Sanderson (Chair). *Director Absent:* Lindy Funkhouser.

Others Present: Asher Emerson, Jane Daly, Peggy Drumm, Steven Henry, Barbara Jost, Alan Propper, Jerry Smith (APS) (via teleconference), Brian Townsend, and Janet Wagner.

III. Welcome and Introductions

All present and those attending via the teleconference 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 and noted that item VI New Board Member would be removed from the agenda. Larry Huff requested that item VIII SRP Loan Status Report be moved ahead of item VIII. The motion to approve the agenda as revised was duly moved and seconded by Marcie Otondo and Vann Prater, respectively. The motion was approved with six affirmative votes and two abstentions (Dennis Delaney and Elizabeth Story). Upon question, Steven Henry confirmed that an affirmative vote of 2/3 of the Board members present passes a motion.

VI. Approval of Minutes from March 30, 2001 Meeting

Pat Sanderson referred to copies of minutes from the March 30 Special Board meeting provided in the Board package. Asher Emerson complimented the summary of the ACC meeting that was included in the minutes and said he had included it in a status report to the Commission. Dennis Delaney requested that the minutes reflect on page four, item XII (b) Membership Update, that a number of the members of the Local Load Serving Entities would be attending the April 23 meeting, clarifying that it was not a meeting of the Az ISA Class. It was duly moved and seconded by Vann Prater and Marci Otondo, respectively, to approve the March 30 minutes as amended. The motion was approved with six affirmative votes and two abstentions (Dennis Delaney and Elizabeth Story).

Ed Beck and Jerry Smith (APS) joined the meeting via teleconference.

VII. SRP Loan Status Report

Pat Sanderson asked for a status report on the SRP loan. Kevin Higgins reported that, according to Jessica Youle, SRP management had met; however, the results of the meeting had not been provided to the workgroup. There was a brief discussion as to whether Mr. Sanderson might discuss the loan at a tentative upcoming meeting with SRP personnel.

The Board recessed for a break at 9:30 a.m. and reconvened at 9:40 a.m.

Upon Larry Huff's request, Steven Henry discussed the issue of personal liability on the part of any Board member as a result of the FERC compliance filing. Mr. Henry opined that the Board members would not be personally liable and that personal liability would only stem from illegal or grossly negligent actions.

There was a lengthy discussion about the discussions and understanding of the loans, and the at-risk nature of the loans, prior to and after the signing of the loan documents.

VIII. Az ISA FERC Compliance and 205 Filing

Pat Sanderson advised the Board that this agenda item was added based on the March 29 ACC meeting and the results of the Operating Committee (OC) meeting. Copies of the Compliance and 205 filings were included in the Board packets. Barbara Jost summarized the three changes that resulted from the OC meeting, referring to the two Transmittal letters, also contained in the Board packet.

Mr. Sanderson noted that all participants in the OC meeting were unanimous in the changes. Ms. Jost noted that the following participated in the OC meeting: Pat Sanderson, Barbara Jost, Stuart Caplan, Jerry Smith (APS), Evelyn Dryer, Alan Wilkerson, Kevin Higgins, and Jane Daly.

There was discussion regarding the date of filing, the sunset provisions of the agreements, and the removal of the Comparability section of the Protocols Manual.

A motion was duly made and seconded, respectively, by Kevin Higgins and Vann Prater, as follows:

MOTION: The Board approves submitting the FERC Compliance and 205 Filings as soon as practicable.

After some discussion regarding the reasons for moving forward and the ramifications of the action, the motion passed with seven affirmative votes and two abstentions (Dennis Delaney and Elizabeth Story).

Larry Huff noted that his affirmative vote was conditioned on the opinion of Az ISA Board Counsel that neither he nor other Az ISA Directors could be held personally liable resulting from actions of the SRP debt. Also, that his vote as a director on the Az ISA Board is independent from and does not commit his employer, Arizona Electric Power Cooperative, Inc., to any actions that it may or may not take in the future.

The Board recessed for a break at 10:45 a.m. and reconvened at 11:00 a.m.

IX. April Funding Status

Pat Sanderson referred to the status report included in the Board package. He noted that April funds had been received from AEPCO and TEP, but not from APS and Citizens. There was some discussion of the invoicing process that will become effective based on the FERC Compliance filing. Mr. Sanderson said he would send a copy of the model invoice package to Alan Propper.

X. April - June Cash Flow Report

Pat Sanderson reviewed the April-June Cash Flow Report provided in the Board package. Mr. Sanderson reminded the Board that, based on the FERC Compliance and 205 Filing and the motion passed at the December 21, 2000 Board meeting, a pro-rated share of \$35,000 becomes refundable to the applicable TPs. Alan Propper requested that the APS share be credited to the next APS invoice. Also as a result of the filing, E&O insurance would have to be obtained and the budget would be revised. He would request a revised estimate from HLA. Estimates of loads would be required from the TPs.

Mr. Sanderson asked the Board whether the same type of budget analysis would still be required, and the Board agreed that they would continue to require the cash flow report for a while.

XI. Staff Report

- a) **Financial Report - March.** Mr. Sanderson reviewed the March Financial Report provided in the Board package. It was requested and agreed that an annual budget would be prepared for the next Board meeting. Larry Huff requested that an activities report be provided also.

- b) **Membership – Update.** Pat Sanderson referred to the membership list provided in the Board packet. He asked Dennis Delaney whether to contact the members of the Local Load Serving Entities yet. Mr. Delaney said they were still undecided; however, Mr. Sanderson could contact them.
- c) **Office Space Report.** Pat Sanderson advised the Board that he had met with the WAPA representatives regarding a reduction in rent. The details were included in the Board package. The Board agreed that Mr. Sanderson should pursue the lease adjustment.
- d) **Az ISA Federal and State Tax Filing.** Pat Sanderson advised the Board that the tax reporting is being done by the CPA and will be submitted by the due date of May 15.
- e) **Corporation Annual Report.** Pat Sanderson advised the Board that the Corporation Annual Report had been completed and submitted to the Arizona Corporation Commission.

XII. Other Business

There was a question and discussion regarding possible changes to the Az ISA By-Laws. Pat Sanderson noted that Lindy Funkhouser was the proponent of possible changes to the By-Laws, and since he was absent from the meeting Mr. Sanderson would contact Mr. Funkhouser about putting the item on the agenda for the next Board meeting. Vann Prater referred to the related motion that was passed at the March 30 Board meeting, whereby “if anyone has any collateral information that sheds light on it, they will bring it to Pat Sanderson to bring before the next Board meeting to discuss and/or act upon.” Mr. Sanderson confirmed that no such information had been received. Dennis Delaney noted that there is no obligation on the part of a Board member to provide such information.

XIII. Next Board Meeting

Pat Sanderson advised the Board that the next Regular Board meeting, according to the By-Laws, is May 9, 2001. Some Board members noted that they would be unable to attend on that date. The meeting will be a teleconference meeting, and Mr. Sanderson will distribute an announcement with the pertinent information. Mr. Sanderson asked Barbara Jost if she would give a brief report on the status of the FERC Compliance and 205 filing at the May 9 meeting. Ms. Jost agreed and also noted that there should be more definitive information from the FERC by the end of June.

There was a discussion as to whether the members would be required to vote in order to make any changes in the By-Laws. Steven Henry noted that only Board approval is required for changes that do not affect procedures for nomination or election of directors.

A special Board meeting was scheduled for July 18, 2001. The location and other details will be announced.

XIV. 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 11:15 a.m.

Respectfully submitted,

Peggy A. Drumm, Acting Corporate Secretary

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APPROVED REVISED 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 March 30, 2001 Meeting **Approval Item**
- VII. SRP Loan Status Report
- VIII. Az ISA FERC Compliance and 205 Filing **Approval Item**
- IX. April Funding Status
- X. April - June Cash Flow Report
- XI. Staff Report
 - a. Financial Report – March
 - b. Membership – Update
 - c. Office Space – Report
 - d. Az ISA Federal and State Tax Filing
 - e. Corporation Annual Report
- XII. Other Business
- XIII. Next Board Meeting
- XIV. Adjourn

Conference Call for 36th Special Board Meeting, as follows:

- 9:00 a.m. – 5:00 p.m. (Arizona time/MST)
- 10 lines available
- Call-in Number: (303) 633-0600
- Reservation #: 18531093
- US West 1-800-263-3863 (in case of problems)