

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR ASSOCIATION
Sixteenth Special Meeting of Board of Directors

Minutes
July 16, 1999

Welcome and Introductions: The sixteenth Special Meeting of the AISA Board of Directors was held July 16, 1999 at the offices of Grand Canyon State Electric Cooperative, 120 N. 44th Street, Suite 100, Phoenix, Arizona. After determining that a quorum was present, Laurel Whisler, Executive Director, called the meeting to order at approximately 9:45 a.m. A list of attendees is attached.

Appoint Corporate Secretary: Elizabeth Story was appointed to act as Corporate Secretary for the meeting.

Approve Agenda: Ms. Whisler presented a proposed agenda. She stated that the only modification from the draft that had previously been sent to Board members was the addition of the phrase “and SRP” to item VI. She asked if any Board Member would like other changes or additions. No changes having been requested, the Board unanimously approved the agenda.

Approve Minutes from 6/30/99 Meeting: Mike Raezer reported that the minutes of the June 30, 1999 meeting were not yet available.

Proposed AISA Rollout Timetable and Business Plan: Ms. Whisler presented a document titled “Proposed Arizona ISA Rollout Plan/Timetable”, a copy of which is attached. She stated that the document was an attempt to put in writing her understanding and opinions of what the AISA should be doing over time. She stated that she was not asking for Board action on the document, but rather was seeking input from Board members confirming, correcting or adding to her assumptions and/or action plan and timetable so that she could complete the plan.

She reviewed her assumptions. The Board discussed various aspects of the assumptions. It was noted that several entities had filed opposition to the proposed APS settlement. Ms. Whisler stated that regardless of the exact date that retail competition would begin for APS and/or TEP, unless a substantial delay in the anticipated schedule occurred, retail competition would begin before the AISA could feasibly complete its FERC filing and that the entities beginning to offer retail choice would file some form of protocols with FERC before the AISA filing.

The Board discussed what type of documents the AISA would actually file. It was noted that the AISA tariff would not be a full blown tariff, in part because of the anticipation that DSTAR will take over the AISA’s functions.

Mike Raezer reported that DSTAR currently intends to file with FERC during the first quarter of 2000. The Board discussed the status of the DSTAR process.

Ms. Whisler clarified that the steps and priorities listed on page two of the rollout document were intended to occur after the protocols manual is completed and approved by the Board acknowledged a typo in the 4th item where “scheduling coordinators” should have been “Control Area Operators”.

The Board discussed possible additions and modifications to the list and the complicated interrelationships among the listed items. Some suggestions were made relating to the order of the items. A mechanism to track trading of ARNT should be made a priority earlier rather than later.

The Board discussed the suggested budgets contained in the rollout document. Ms. Whisler noted that although the figures were far from exact, they demonstrated the need for additional funds before the FERC filing if the Board approves an operational audit of each of the control areas. She stated that she would be recommending the audits.

The Board discussed possible funding sources, and who should ultimately pay for the audits when and if they were done. Comments were made relating to what should be audited, how it would be done, what the benefits would be, and when it should be done. It was generally agreed that it could not be done until after the approval of the AISA protocols, and retail access would likely have started before that approval.

After a lengthy discussion, the Board directed Ms. Whisler to develop a proposal for an outside review of the protocols manual to be done before the manual is presented to the Board for approval.

The Board discussed the timetable for the remainder of 1999. Ms. Whisler noted that because September 1, 1999 falls on a Wednesday, there was an anomaly in the dates of the September Board meeting and the annual meeting of member classes. It was agreed that the regular meetings would be scheduled in conformance with the by-laws, but that a special Board meeting would be scheduled soon after the election of new Directors at the annual meeting of members. The regular September Board meeting was scheduled for September 8, 1999 and the annual meeting of members was scheduled for September 14, 1999.

Discussion of Enron and SRP concerns: Handouts of the concerns expressed by SRP and Enron were distributed to the Board and others present at the meeting. Due to time constraints, discussion of the concerns was delayed until a future meeting.

Draft Comments on FERC RTO NOPR: Ms. Whisler reported that she was nearing completion of draft comments.

Miscellaneous Business: Ms. Story complimented Ms. Whisler on her work so far on the rollout plan. Ms. Story asked, however, that Ms. Whisler also give some priority to developing and implementing a system for giving adequate notice of all Board meetings to all members. Ms. Whisler stated that she was also working on this matter.

Next Meeting: Ms. Whisler reported that several Board members had conflicts on the previously announced 7/28/99 meeting date and that the meeting was therefore canceled. After discussion, the next special meeting of the Board was scheduled for August 16, 1999.

Executive Session: Ms. Whisler stated that an executive session was needed to discuss personnel matters. The Board resolved into executive session at approximately noon.

Adjourn: The Board returned from executive session at approximately 12:15 p.m. and the meeting was adjourned.

Elizabeth Story
Acting AISA Corporate Secretary

AISA Board Meeting July 16, 1999			
Name	Company	Phone	E-Mail
Board Members Present			
Laurel Whisler	AzISA	(602) 225-9256	lwhisler@mindspring.com
Leroy Michael	ECS	(480) 443-4648	taitmich@aol.com
David Murphy	SRP	(602) 236-3962	dmurphy@srpnet.com
Larry D. Huff	AEPCO	(520) 586-3631	ldhuffe@aepnet.com
Dennis Delaney	KRSA	(480) 610-8741	dld@krsaline.com
Michael Raezer	TEP	(520) 745-7167	mraezer@tucsonelectric.com
Kevin Higgins	ESI for AECC	(801) 355-4365	khiggins@energystrat.com
Barry Huddleston	ECl/Dynergy	(713) 507-6786	(present by phone)
Others in Attendance			
Elizabeth Story	Tonopah Irr Dist.	386-4066	eliso@doitnow.com
Barbara Gerhart	IEDA (RS Lynch)	(602) 254-5908	
Prem Bahl	RUCO	(602) 279-5659	ruco@primenet.com
Rick Ito	Price Waterhouse Coopers	(213) 236-3596	rick.y.ito@us.pwcglobal.com
Board Members not present			
Greg Patterson	RUCO	(602) 200-3352	ruco@primenet.com
Tom Delaney	Enron	(602) 840-3800	Tom_Delaney@enron.com
Patricia Gambino	PG & E		

PROPOSED ARIZONA ISA ROLLOUT PLAN/TIMETABLE

Assumption: APS's Settlement Agreement is set for hearings at the ACC July 12-20, 1999. The terms of the Settlement Agreement request approval by the ACC on or before August 1, 1999. This Rollout Plan assumes that APS will make retail choice available to 20% of its retail load starting August 1, 1999 and to 100% of its retail load on January 1, 2001. APS will file retail competition revisions to its OATT with FERC on or about August 10, 1999 (10 days after ACC approval of the Settlement Agreement), prior to FERC approval of the AZ ISA tariff filing.

Assumption: TEP's Settlement Agreement commits to commence Competitive Retail Access 60 days after the issuance of the ACC's approval order. TEP's Settlement Agreement filing requests ACC hearings to commence July 27, 1999. This Rollout Plan assumes that the ACC will issue its approval order by August 15, 1999 and that TEP will make retail choice available to 20% of its retail load starting October 15, 1999 and to 100% of its retail load on January 1, 2001. TEP will file retail competition revisions to its OATT with FERC on or about August 15, 1999, prior to FERC approval of the AZ ISA tariff filing.

Fact: Under the Electric Power Competition Act, SRP was required to provide customer choice to 20% of its retail load on December 31, 1998. SRP's first direct access program customer required retail transmission starting the week of June 28, 1999. SRP filed retail competition revisions to its OATT with FERC on May 10, 1999.

Assumption: The Arizona ISA's FERC filing must include:

- (1) a comprehensive filing letter demonstrating how the Arizona ISA tariff is consistent with or superior to the FERC pro forma OATT,
- (2) the ISA tariff (incorporating necessary revisions from that filed 10/98),
- (3) the Protocols Manual,
- (4) an ISA-Control Authority Agreement,
- (5) an ISA-Scheduling Coordinator Agreement, and
- (6) a form Control Authority-Scheduling Coordinator Agreement.

The Arizona ISA's FERC filing will be made October 1, 1999.

Assumption: SRP, APS and TEP will commence provision of retail transmission prior to FERC's action on the Arizona ISA Tariff pursuant to the retail competition revisions made to their OATTs and filed with FERC. SRP, APS and TEP will subsequently revise their OATTs as necessary to comply with the Arizona ISA tariff upon approval of the Arizona ISA tariff filing by FERC.

Assumption: FERC's RTO rulemaking will be approved largely as proposed, requiring that jurisdictional utilities file an RTO proposal on or before October 15, 2000 and that such RTO be operational on or before December 15, 2001.

PROPOSED ARIZONA ISA OPERATIONAL PRIORITIES

Proposed:

The AZ ISA's primary role during 1999 and 2000 is (1) to monitor compliance with the AZ ISA Protocols by AEPCO, APS, SRP and TEP and the Scheduling Coordinators and (2) to provide alternative dispute resolution services to disputing parties.

The AZ ISA will proceed to perform transmission scheduling functions for both retail and wholesale transactions on a statewide basis in 2001 if a regional RTO is not instituted and capable of providing this service in 2001.

The following operational steps and priorities are proposed :

- The AZ ISA will survey interest in provision of Scheduling Coordinator services - initiate Fall 1999
- The AZ ISA will implement a SC certification procedure – initiate Fall 1999
- The AZ ISA will implement the ADR mechanism outlined in its Bylaws, including compiling lists of qualified providers for fast track ADR Panel, peer mediators and arbitrators – initiate Fall 1999
- The AZ ISA will contract with an outside consultant to perform operational audits of AEPCO, APS, SRP and TEP to determine their abilities as scheduling coordinators to comply with the AZ ISA Protocols and to follow up regarding completion of action items recommended by the audits – initiate Fall 1999.
- The AZ ISA will receive and review schedules and schedule changes for retail transmission and ancillary services – initiate Fall 1999
- The AZ ISA will develop a “same time” view into each Transmission Provider's OASIS and monitor releases of ATC – initiate Fall 1999
- The AZ ISA will participate in determination of Committed Uses and TTC and verification of ATC calculations – initiate Winter 1999

PROPOSED ARIZONA ISA OPERATIONAL PRIORITIES (continued)

- The AZ ISA will monitor compliance with Protocols – initiate Winter 1999
- The AZ ISA will develop the capability to calculate Allocated Retail Network Transmission by the 15th day of the month for the following month - initiate Summer 2000
- The AZ ISA will develop the capability to calculate SC's Local Generation Requirements by the 15th day of the month for the following month – initiate Summer 2000
- The AZ ISA will develop the mechanism for trading ARNT and tracking associated SC Local Generation Requirements – initiate Fall 2000
- The AZ ISA will develop and implement a statewide OASIS for use for transmission scheduling for both retail and wholesale transactions. This will not include real time dispatching, which will be performed by the CAOs – initiate Spring 2001

ARIZONA ISA BUDGET

June-December 1999

Salaries and Benefits

Executive Director (7 months, based on annual \$150,000)	\$ 87,500
Assistant Director (4 months, based on annual \$125,000)	45,000
Engineer/Analyst (2 months, based on annual \$115,000)	20,000
Administrative Assistant (4 months, based on annual \$45,000)	15,000
Other Staffing Expenses (e.g. moving expenses, temporary housing, etc.)	\$ 20,000

Contract Services

PWC FERC filing assistance (@ \$190/hour)	\$ 40,000
Budget & rate consultant (@ \$100/hour)	5,000
Accounting system setup & training (@ \$65/hour)	1,300
Monthly bank statement reconciliation - \$300/month	1,800
End of year accounting review	10,000
FERC legal counsel (@average \$250/hour)	125,000
Local legal counsel	10,000
Operational Audits	600,000

Computers Hardware and Software \$ 40,000

Office Rental

GCSECA 4 months @ \$480/month	\$ 2,000
New office, 3 months @ \$2,000/month	7,200

Telephones and wireless service (including T1 line) \$ 4,000

Office Furniture \$ 15,000

Office Supplies \$ 3,000

ARIZONA ISA BUDGET

June-December 1999 (continued)

Insurance	
D&O Insurance	\$ 25,000
Standard Business Insurance Policy	1,000
Staff travel	\$ 5,000
Meals and hosting	\$ 1,500
TOTAL 1999	\$1,084,300

ARIZONA ISA BUDGET

2000

Salaries and Benefits

Executive Director	\$ 150,000
Assistant Director	125,000
Engineer/Analyst	115,000
Administrative Assistant	45,000
Analysts (2) (6 months based on annual \$90,000)	90,000

Contract Services

Monthly bank statement reconciliation - \$300/month	\$ 3,600
End of year accounting review	10,000
FERC legal counsel (@average \$250/hour)	75,000
Local legal counsel	10,000
Programming to calculate ARNT and Local Generation Requirements	100,000

Computers Hardware and Software \$ 20,000

Office Rental - 1,200 sq feet at \$20/sq foot annual rental \$ 24,000

Telephones and wireless service (including T1 line) \$ 10,000

Office Furniture \$ 8,000

Insurance

D&O Insurance	\$ 25,000
Standard Business Insurance Policy	1,000

Staff travel \$ 25,000

Meals and hosting \$ 6,000

Total \$ 842,600

ARIZONA ISA BUDGET

2001

Salaries and Benefits

Executive Director	\$ 160,000
Assistant Director	135,000
Engineer/Analyst	125,000
Administrative Assistant	55,000
Analysts (2)	200,000

Contract Services

Monthly bank statement reconciliation - \$300/month	\$ 3,600
End of year accounting review	10,000
FERC legal counsel (@average \$250/hour)	75,000
Local legal counsel	10,000
Programming for OASIS	500,000

Computers Hardware and Software

Office Rental - 1,200 sq feet at \$20/sq foot annual rental \$ 24,000

Telephones and wireless service (including T1 line) \$ 10,000

Office Furniture

Insurance

D&O Insurance	\$ 25,000
Standard Business Insurance Policy	1,000

Staff travel \$ 30,000

Meals and hosting \$ 6,000

Total \$1,369,000

PROPOSED ARIZONA ISA ROLLOUT PLAN/TIMETABLE - 1999

DATE	DELIVERABLE	WHO & HOW WILL IT GET DONE?
07/16/99	Proposed Rollout Plan/Timetable and Proposed Business Plan presented to Board. Enron's concerns distributed. SRP's concerns distributed.	Exec. Director
07/23/99	Proposed consistency revisions to the Protocols Manual and more Scheduling Coordinator details routed to Board and Operating Committee	Exec. Director, with assistance of member comments, review w/ Kevin Higgins and PricewaterhouseCoopers.
07/26/99	Proposed consistency revisions to Protocols Manual reviewed and discussed. Enron's concerns reviewed and discussed. SRP's concerns reviewed and discussed.	Operating Committee meeting 7/26/99 1-5 pm. Board members invited to participate.
07/28/99	FERC legal counsel RFP issued, responses requested by 8/11/99.	Exec. Director obtains info gathered by Leroy Michael, solicits input from AZ ISA members.
08/02/99	Scheduling Coordinator RFI issued, responses requested by 8/13/99.	Exec. Director utilizes already-drafted RFI, attaches proposed Protocols Manual.
08/02/99	Proposed Protocols Manual routed to Board.	Exec. Director

DATE	DELIVERABLE	WHO & HOW WILL IT GET DONE?
08/13/99	Board meeting. Concerns of Enron, SRP and other members reviewed and discussed. Action on proposed Protocols Manual, Rollout Plan and Business Plan	Interested parties participate, Board votes
08/18/99	FERC Counsel retained.	Exec. Director with counsel from Board Regulatory Oversight Committee
08/23/99	AZ ISA Assistant Director starts.	
09/01/99	AZ ISA starts to receive retail transmission schedules via e-mail.	Asst. Director works w/ AEPCO, APS, SRP and TEP schedulers and SCs to set up for receipt, review and filing of retail transmission schedules.
09/14/99	AZ ISA Annual Member meeting.	Exec. Director works with member class chairs.
09/15/99	AZ ISA regular Board meeting ¹ , review of proposed FERC filing.	Exec. Director works with FERC counsel, PricewaterhouseCoopers, a rate consultant and interested stakeholders to draft AZ ISA's initial FERC filing.

¹ Under the AZ ISA Bylaws, the regular September meeting of the Board is on the 2nd Wednesday in September—9/8/99-- and the annual meeting of the Members is on the 2nd Tuesday in September--9/14/99. The regular September meeting of the Board should be rescheduled from 9/8/99 to 9/15/99, so that the annual meeting of the Members occurs on 9/14/99 and the regular September meeting of the Board occurs on 9/15/99.

DATE	DELIVERABLE	WHO & HOW WILL IT GET DONE?
10/01/99	AZ ISA files with FERC	Exec. Director works with FERC counsel, PricewaterhouseCoopers, a rate consultant and other stakeholders to finalize AZ ISA's initial FERC filing.
10/01/99	AZ ISA issues an RFP for operational audits of AEPCO, APS, SRP and TEP to verify ability to perform obligations set forth under Protocols Manual.	Contracted-for service.
10/15/99	AZ ISA sets up ADR procedures, including Fast-Track ADR Panel, lists for peer mediation and arbitration.	Exec. Director works with SWRTA/WRTA/NRTA ADR lists, solicits interest from other potential mediators/arbitrators, assembles lists of qualified ADR providers.
10/15/99	AZ ISA sets up SC certification process	Asst. Director works with AEPCO, APS, SRP and TEP to develop common SC certification requirements and procedures.
11/01/99	Commencement of operational audits.	Contracted-for service.
11/01/99	AZ ISA participates in committed uses and TTC determinations.	AZ ISA joins WSCC and SWRTA. Asst. Director and possibly AZ ISA Engineer participate in WSCC's TTC and Committed Uses determinations, SWRTA's regional coordinated transmission planning efforts, WSCC OC meetings on seasonal ratings for qualified paths.

DATE	DELIVERABLE	WHO & HOW WILL IT GET DONE?
12/01/99	FERC acts on AZ ISA's filing.	