

Minutes from the Fifth Special Meeting of Board of Directors

January 8, 1999 at 9:30 AM

Welcome and Introductions: All AISA Members of the Board of Directors attended parts of the January 8 1998 Special Meeting. Leroy Michael left the meeting prior to the start of the meeting and returned after the lunch hour. Tom Delaney and Kevin Higgins (9:45 a.m.) arrived shortly after the meeting started. The remaining seven AISA Board Members constituted a quorum and the meeting started at approximately 9:40 a.m.

Appoint Corporate Secretary: Director Dennis Delaney agreed to serve as the Corporate Secretary for the January 8, 1998 Meeting of Board of Directors.

Approval or Agenda: It was agreed that the Regulatory Oversight Committee Report would be moved down the agenda, if needed, in order to allow additional time for Leroy Michael to return.

Approve Minutes from the November 23 and December 16 Board Meetings: After a brief discussion, the Minutes from the November 23 and December 16 Board Meetings were approved.

Status of FERC Filing: Mike Raezer reported that, after a phone conversation Mike had with the FERC staff, he forwarded a letter on behalf of the AISA suggesting that the best course of action was to request a delay in FERC review and agreeing to provide FERC at least 30 days notice before any action would be required. The body of the letter follows:

“On October 29, 1998, the Arizona Independent Scheduling Administrator Association (AISA), filed various documents in support of its request seeking the Commission's approval for implementation of the AISA on January 1, 1999, concurrent with the implementation of retail access in Arizona. Since subsequent events have made it clear that retail access will not begin in Arizona on January 1, 1999, there is no need for Commission action by January 1, 1999 in this docket.

The AISA will advise the Commission at a later date as to when action will be required with at least thirty days notice.

The AISA is continuing to prepare the additional filings that were referenced in the October 29 filing and will file them prior to seeking Commission action.”

Budget and Finance Committee Report: David Murphy provided a brief report and summary of the status of the Bank of America checking account (balance \$17,000 all from member annual dues) and an update of the AISA D&O insurance. After extensive discussions regarding the funding commitments and the ability to move forward with the hiring of a Executive Director, the following motion was approved:

The AISA Board shall clarify the funding commitments in writing from the Arizona Electric Power Cooperative, Inc., Arizona Public Service Company, Citizens Utilities Company, Salt River Project and Tucson Electric Power Company to fund the AISA Board Expenses, AISA Legal Expenses, Director Expenses, Assistant Director Expenses and minimal office expenses for two (2) years (not to exceed \$600,000/year), repayment of which is contingent upon the ability to recover those expenses through all approved tariff.

In addition, Dennis Delaney was to draft a letter requesting funding from AEPCO, APS, CUC, SRP and TEP.

Tom Broderick announced that he was resigning from the Board to pursue other activities and suggested that the AISA Board fill his Board seat with Patricia (Trish) Gambino, a PG&E Energy Service Operations Manager.

The formal Board of Directors Meeting was temporarily closed in order to allow for some informal conversation with Commissioner Kunasek and ACC staff members during the lunch hour.

The meeting reconvened after lunch at approximately 1:30 p.m. - Leroy Michael returned.

After brief discussion, Patricia (Trish) Gambino was elected to fill the open Board seat.

Human Resource, Compensation and Facilities Committee Report: Larry Huff requested that discussions regarding the Director Recruitment be moved into executive sessions. The Board closed the open meeting and went into an executive session at approximately 1:45 p.m. The Board reconvened the open meeting at approximately 2:10 p.m. Larry Huff reported that he had received a draft facility lease agreement from Western and suggested that it would take some time before the Western facility would be ready. Noting that the short term needs were office facilities for the Executive Director, Larry suggested that the Grand Canyon State Electric Cooperative Association, Inc. would be willing to sublease an office on a month-by-month basis. Larry Huff was asked to follow up and report back.

Regulatory Oversight Committee Report: Leroy Michael reported on the status of the search for local and FERC legal representation. After some discussion, Leroy was asked to continue the search but was directed to hire local legal counsel to review employment contract, office lease and D&O

insurance. Leroy also provided information on four FERC firms; Board members were requested to review the information and be prepared to continue discussions of FERC representation at the next Board Meeting.

Operating Committee Report: Kevin Higgins provided an update of the Protocol Manual. Kevin reported that work continues and the Work Group was evaluating a request by SRP for waivers to certain aspects of the AISA Protocols.

Other Business: Two suggestions were accepted by the Board: (1) to actively seek regular communications with the ACC staff and Commissioners and (2) form a subgroup of users of the grid to coordinate the needs of the users with the AISA Board activities.

Next Meetings: January 15, 1999 Conference Call and January 25, 1999 Board Meeting at Tucson Electric Power Company.