

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR ASSOCIATION

Minutes of the Nineteenth Special Meeting of Board of Directors November 5, 1999 at 9:30 a.m.

Grand Canyon State Electric Cooperative Association Offices
120 N. 44th Street, Suite 100
Phoenix, AZ

I. Executive Session

The meeting started at 9:30 a.m. and the Board went into executive session. Rob Kondziolka was elected as Assistant Chair.

II. Welcome and Introduction

The Board reconvened in open session. All present were welcomed and introduced. The attendance list is attached herewith.

III. Appoint Corporate Secretary

Prem Bahl of RUCO accepted to act as corporate secretary.

IV. Approve Agenda

The Board approved the draft agenda without any modification. (See attached Agenda.)

V. Approve Minutes from 9/14/99 meeting

Minutes were not ready; would be approved at the next Board meeting.

VI. Board Resolution - Checking Account Signature Authority

The Board, on motion, approved Pat Sanderson, Acting Executive Director, to sign checks for up to \$5000. Rob Kondziolka was added to the existing list of Board Members authorized to sign checks.

VII. AZ ISA Staff Report

Pat reported that the AZ ISA website was under development. He stated that discussions continued over leasing office space at WAPA's complex at 43rd Avenue. Larry Huff expressed concerns over lack of funds to fund a two year lease agreement. Pat said he would negotiate with WAPA for a shorter term lease

agreement. The Board authorized Pat to hire an office manager and two regular staff members or a contract staff to assist him. Pat presented the financial report of October 21, 1999, produced by ISA accountant, Lynn Borushko. As of September 30, 1999, cash on hand was \$510,065.79. The Board directed Pat to request the affected utilities for the second year of capitalization loan. The Board, on motion, also approved that Pat could sign a promissory note.

VIII. PwC Report Update

Pat presented the PwC final report on the Protocol Manual. This report included comments of stakeholders. As requested by Ms. Laurel Whisler, PwC prepared a document that addressed the disposition of AZ ISA Stakeholder concerns that were submitted in writing prior to their finalizing the report. PwC included policy-related comments in their final report, but did not express an opinion on the merits of these items.

The written comments that PwC received from Stakeholders can generally be grouped into five categories: (1) Stakeholders agreed with specific Report findings and recommendations; (2) Stakeholders did not agree with specific Report findings and recommendations; (3) Stakeholders provided specific comments on the Report's findings and recommendations; (4) Stakeholders provided an answer to an issue that PwC identified in the Report; and (5) Stakeholders presented their positions relative to specific items contained in the Draft Protocols Manual.

One significant change in the final report relative to the draft report was the inclusion in the final report of PwC concerns relative to the allocation of ARNT. These concerns were raised in the comments of several stakeholders. PwC clarified that their original intent was to include these concerns in the draft report and their absence in the draft report was unintentional.

IX. Roundtable Discussion with FERC Counsel

There was much discussion with the FERC counsels, Barbara Jost and Stuart Caplan of Huber Lawrence and Abel, regarding their sense of FERC's reaction to the Protocols Manual in its present state of development. The main issues related to:

- ~ ARNT
- ~ market power issues with respect to must-run generation (where can these issues be resolved?)
- ~ what were the ramifications of APS filing?
- ~ how might FERC treat congestion management?
- ~ energy imbalance
- ~ ancillary services, intelligibility of 'firm'
- ~ adequate material in the tariff for ADR process

Barbara and Stuart stated that FERC tends to provide deference to the state commissions in retail access matters. Stuart mentioned that there were four threshold topics:

1. What are the changes to initial implementation plan?
2. When and how would we implement the ultimate features?
3. How to treat the Az ISA Protocols Manual from the point of view of ACC rule? (Ref. ACC letter of November 3, 1999, to Pat Sanderson.)
4. APS revised OATT

The counsels said once they had an understanding from the Board as to what needed to be done, they could advise about FERC filing.

X. Draft Protocols Manual - 10/28/99 OC Meeting Update

Pat reported that the OC was in the process of identifying the remaining contentious issues and working on their resolution on a consensus building basis.

XI. Next Board Meeting

The next Board meeting was scheduled for 12-17-99.

With no further business for discussion the meeting was adjourned.

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AGENDA

- I. Welcome and Introductions
- II. Executive Session
- III. Appoint Corporate Secretary
- IV. Approve Agenda **Approval Item**
- V. Approve Minutes from 9/14/99 meeting **Approval Item**
- VI. Board Resolution – Checking Account Signature Authority **Approval Item**
- VII. AZ ISA Staff Report
 - a. Az ISA Web Site
 - b. Office Space
 - c. Contract Staff
 - d. Financial Report
 - e. FY 2000 Budget Assessment of Member Dues and 2nd year of Capitalization Loan
- VIII. Overview of Az ISA Board Members' Obligations and Responsibilities with Az ISA Legal counsel
- IX. PwC Report Update
- X. Roundtable Discussion with FERC counsel
 - a. Scoping memo
 - b. KR Saline Memo
 - c. Az ISA FERC Tariff Filing
- XI. Draft Protocols Manual- 10/28/99 OC Meeting Update
- XII. Next Board Meeting
- XIII. HCA Reception
- XIV. Adjourn

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**Nineteenth Special Meeting of Board of Directors
November 5, 1999 at 9:30 a.m.**

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Directors Present

Larry Huff
Prem Bahl
Dennis Delaney
Trish Gambino
Robert Kondziolka
Cary Deise
Tom Delaney
Leroy Michael
Patrick J Sanderson

Directors Present via Teleconference

Kevin Higgins

Directors Absent

Barry Huddleston

Guests

Stu Caplan
Barbara Jost
Elizabeth Story
Michael Raezer
Ken Fisiella
Martin Ochorena
Jessica Youle
Dan Brickley
Charles Post
Ray Williamson
Joseph Paul
Steve Henry