

**First Quarter Meeting of Arizona ISA
Board of Directors
January 12, 2000
Teleconference**

1. **Directors Present:** Tom Delaney
Cary Deise
Larry Huff
Kevin Higgins
Patricia Gambino
Prem Bahl
Rob Kondziolka
Patrick Sanderson

2. **Directors Absent:** Leroy Michael
Barry Huddleston

3. **Others Present:** Ray Williamson
Teena Wolfe
Greg Miller
David Eubank
Martin Ochotorena
Dave Madden
Steve Henry

4. **Corporate Secretary:** Cary Deise

5. **Agenda Approval**

Motion: Higgins/Huff - Approve agenda w/the following additional items between IV and V:

- Staff Report
 - a. Leroy Michael's letter on future needs.
 - b. ACC Protocol Manual review.
 - c. Status of Protocol Manual.

Approved unanimously

6. **Previous Meeting Minutes**

- 9/14 and 11/5 approval deferred to next meeting.
- Motion: Higgins/Gambino - Approve 12/17 minutes as modified by R. Kondziolka (comments submitted by e-mail on 1/12/2000 as changes to original word document).
Approved unanimously.

7. Staff Report

- Accounting firm can no longer provide services. They will finalize '99 books for tax filing, also need to do late '98 tax filing.
- Only 27 members of 71 submitted dues. Director will wait a few more weeks then send reminder letter.
- AZ ISA will continue D/O insurance with present firm.
- Future telephone conferences to be paid by participants.
- Leroy Michael memo: In general, the Board concurred with Leroy's concerns but desires to separate Protocol Manual and Implementation Plan. Thus, when the Executive Director request Board Approval for the Protocol Manual, the Director will provide an Implementation Plan with cost, resources and timelines prior to the FERC filing.
- ACC Protocol Review Paper: The Board appreciates the ACC input; more debates at the Operating Committee need to occur on ARNT trading (auction) and "Must Run".
- Status of Protocol Manual:
 - Director to develop cost of ultimate features then schedule an Operating Committee meeting, 2 to 3 weeks from now.
 - Carl Imperato to cleanup three protocols; Energy Imbalance, ARNT and Ancillary service.
 - Operating Committee to meet in Tucson on February 11th to complete June/August comparison.
 - Protocol Manual should be complete end of February.

8. Technical Consulting Services

- Purpose is to assist the Executive Director in working with the Operating Committee to develop consensus and finalize the draft Protocol manual.
- Estimate cost \$100K.
- Upon review of the responses to the AZ ISA RFI the following motion and amended motion was approved unanimously.

Motion: Huff/T. Delaney - Executive Director is to proceed in hiring Structure Consulting Group as the preferred consultant.

Amended Motion: Higgins/T. Delaney - The Executive Director has the approval to pursue discussions for engagement with the top three rated firms (KEMA,

Structured, TAHOEconomics). The Executive Director is to consider the total cost of each firm in making the final decision of which firm to select for engagement.

9. HR Committee Report

- Huff is developing the Executive Director's performance expectations and documentation performance evaluation discussion.
- The 11 applicants for the Executive and Assistant Director have been advised that the Board has deferred any decision.
- Administrative Assistance has been retained.

10. PNM Membership Inquiry

- In letter of 1/6/00, PNM has request of inquiry for membership.

Motion: T. Delaney/Huff - Executive Director to send letter to PNM that AZ ISA is open to begin discussion on cost sharing or joining and to start legal/regulatory review with copies to Plains and El Paso Electric. Approved unanimously.

11. Other Business

None

12. Next Board Meeting

- February 18th
- Location TBA

Cary B. Deise