

APRIL 7, 2000 AISA Resolution
AS AMENDED AND APPROVED BY THE AISA BOARD ON APRIL 7, 2000.

The AISA Board recognizes that the functions performed by the AISA are on an interim basis until a FERC approved Regional Transmission Organization is established. Therefore, the Board conditionally accepts the AISA Protocols as presented April 7, 2000. The Board further approves implementation of the Protocols on an interim basis subject to the following conditions:

- 1) The FERC regulated transmission owners (APS and TEP) will file the Protocols with FERC with notice of this Board's conditional approval in substitution for the draft AISA protocols which they had previously filed;
- 2) AISA will recognize SRP's substitution of the applicable portion of its Board approved protocols for the ARNT (except as set forth in (4) below), Must Run and Energy Imbalance Protocols. For those protocols other than ARNT, Must Run and Energy Imbalance SRP will recommend to the SRP Board to adopt the AISA protocols as soon as practicable and will fully implement the AISA Protocols when 50% of the direct retail access load in Section 4.3.4.1 (5) of AISA Protocol No. V is achieved. For the ARNT, Must Run and Energy Imbalance Protocols SRP will recommend to the SRP Board to adopt the AISA Protocols when both of the following occur: a) direct access load in the SRP distribution territory reaches 200 MW and b) statewide retail access reaches 500 MW.
- 3) By means of an appropriate instrument submitted with their regulatory authority and the AISA, the AISA transmission owners (APS, TEP, AEPCO and SRP) agree that solely for the limited purpose of furthering the interim AISA functions, each shall instruct its Scheduling Coordinator (for standard offer service) to exchange part of its standard offer ARNT as set forth in Paragraph 4 below, (approximately 500 MW for the State) to competitive Scheduling Coordinators serving load within the transmission owner's service area until such time as the AISA implements an ARNT auction and trading mechanism. Any AISA ARNT auction and trading or Energy Imbalance trading will not be implemented by the Board until competitive direct access load in Arizona exceeds 500 MW and the condition in Paragraph 7 below is met. Therefore, with regard to Protocol V and Protocol IX, implementation approval is granted at this time only for Section 4 of Protocol No. V (ARNT) as revised below, Section 3.6.1 of Protocol No. IX (Energy Imbalance), and such other sections of Protocol Nos. V and IX as may be necessary to implement these sections, respectively;
- 4) The following changes shall be and hereby are made to the ARNT protocol:
 - a) Section 4.3.4.1 is deleted in its entirety and replaced with the following:

"4.3.4.1 As an addendum to the procedure specified in Section 4.3.3, until any ARNT auction is approved and implemented, each TP's Standard Offer SC shall exchange up to an amount of MW (set forth by the individual TP below) of ARNT from the Standard Offer SC to Competitive SCs for service to retail load within the transmission owner's service territory, at the request of the Competitive SCs, in return for a Competitive SC's exchange to Standard Offer SC of an equal amount of ARNT on other ARNT paths to the same Load Zone.

 - (1) For Arizona Public Service Company (APS): The amount shall equal 200 MW from Palo Verde to the APS Load Zones.
 - (2) For Tucson Electric Power Company (TEP): The amount shall equal 80 MW from Four Corners to the TEP Load Zone.
 - (3) For Arizona Electric Power Cooperative, Inc. (AEPCO): The amount shall equal 4 MW from Westwing to Vail to service Retail Network Load in the Southeastern Arizona Load Zone and 5 MW at Westwing for deliveries to the Western Area Power Administration to service Retail Network Load in the Mohave Electric Cooperative Load Zone.

- (4) For Citizens Utilities Company (Citizens Utilities): This Section 4.3.4.1 shall not apply to Citizens Utilities because there is only one ARNT path to each relevant Citizens Utilities' Retail Network Load Zone.
 - (5) For Salt River Project Agricultural Improvement and Power District (SRP): The amount shall equal 200 MW from Palo Verde to the SRP Load Zone."
- b) In Section 4.3.4.2, the commitment dates of "September 1, 2000" and "December 31, 2000" shall be changed respectively to "September 1, 2001" and "December 31, 2001";
- 5) The Protocols shall not be used to establish a precedent for transmission service to wholesale customers or for transmission service to be developed under Desert STAR and FERC regulated transmission owners shall include such statement and their agreement to it in any filing made with FERC seeking approval of implementation of the Protocols conditionally approved herein;
 - 6) An AISA Monitoring Plan shall be developed and presented to the Board for approval prior to September 1, 2000;
 - 7) The AISA shall develop a Business Plan for consideration and approval by this Board prior to June 30, 2001, covering all aspects of AISA activities after that date including any ARNT auction or energy imbalance trading mechanism;
 - 8) For energy imbalance penalties the dead band will be + or – 10%; outside the dead band the penalty will be 10% of the cost. The matrix in the protocols will be deleted.
 - 9) The FERC Filing Package to be presented to this Board for its consideration and approval prior to filing shall be consistent with this resolution. The AISA staff shall simultaneously present to the Board a detailed plan indicating how the AISA will perform the obligations it represents it will perform upon approval of its filing;
 - 10) Change Section 4.8 of the March 2000 draft Protocols Part VIII, Must Run to read: Recovery of Must-Run Generation Fixed Costs occurs as part of the retail end-use customers' service charge regulated by the ACC. Must-Run Generation Fixed Costs are the Fixed Costs associated with specific Must-Run Generation units. Must-Run Generation Fixed Costs will be limited to the percentage of each Must-Run Generation unit's annual usage that is attributable to providing Must-Run Generation service.