

**ORGANIZATION OF MISO STATES, INC.
REGULAR BOARD OF DIRECTORS MEETING
CONFERENCE CALL
AUGUST 14, 2003**

APPROVED SEPT. 11, 2003

Commissioner Susan Wefald called the Board of Directors meeting of the Organization of MISO States, Inc. (OMS) to order at approximately 2:05.

The following directors were present by conference call for the meeting:

Susan Wefald, North Dakota
Steve Gaw, Missouri
Diane Munns, Iowa
David Hadley, Indiana
Greg Jergeson, Montana
Judy Jones, Ohio

Kevin Wright, Illinois
Laura Chappelle, Michigan
Gary Gillis, Kentucky
LeRoy Koppendrayner, Minnesota
Gary Hanson, South Dakota

Proxies for the following directors were established:

Tim Texel, Nebraska as a proxy for Louis Lamberty.

Thomas Maher, Pennsylvania as a proxy for Terence Fitzpatrick

The directors and their proxies listed above established the necessary quorum for the meeting of at least eight directors being present.

Director Robert Garvin of Wisconsin later joined the conference call. In addition, other parties also participated in the conference call.

Agenda Item 1, Approval of the Minutes of the July 14, 2003 Meeting

It was moved and seconded that the reading of the draft minutes of the July 14, 2003 Board of Directors meeting be waived. The motion was approved. The minutes of the July 14, 2003 Board of Directors meeting were then approved, as previously distributed.

Agenda Item 2, Treasurer's Report

Commissioner Chappelle, the OMS Treasurer, reported the following:

1) That on July 10, 2003, OMS had received \$100,000 in funding from MISO that had been deposited in an interim Banc One account; 2) that three requests for reimbursement of travel costs had been made of MISO in the sum of \$1,405.15; and 3) that two OMS working groups had received authorization for conference call costs.

Agenda Item 3, Ratify OMS Executive Committee Actions Regarding Market Tariff Filing

At an August 4, 2003 meeting, the OMS Executive Committee approved a motion authorizing the OMS to intervene in the Midwest Independent System Operator, Inc. (MISO) July 25, 2003 market tariff filing before the Federal Energy Regulatory Commission (FERC), and to seek an extension beyond August 15, 2003 of the date by which comments had to be filed by OMS on the market tariff docket. Since the August 4 Executive Committee meeting, Commissioner Wefald reported that FERC had already approved an extension for filing of comments by interveners to September 15, 2003, based upon the pleading of another party. A motion was then made and seconded to “ratify the OMS Executive Committee actions concerning the market tariff filing intervention.” In the ensuing discussion, Commissioner Wefald communicated the following suggested timeline for OMS actions in the MISO market tariff filing before FERC: 1) a Special OMS Board of Directors meeting would be scheduled for August 21, 2003 for the OMS Board of Directors to provide input to and approve an “issues list,” prepared by the OMS Market Rules and Implementation working group, to serve as an outline for the OMS comments on the MISO Market Tariff filing; 2) on August 28, the draft comments prepared by the Market Rules and Implementation working group would be distributed to the OMS states; 3) comments would be due back from the OMS states by September 4; 4) a new version of the comments would then be issued on September 8 by the Market Rules and Implementation working group, incorporating the OMS states’ comments, and 5) the OMS states would then determine whether they would sign on to the comments or not, with the comments reflecting the official position of the OMS if at least eight individual OMS states agreed to sign on. A determination of whether the comments will represent the official position of the OMS will be made in the Board of Directors meeting scheduled for September 11, 2003. The above motion was then approved.

Agenda Item 4, Indemnification and Officers and Directors Insurance

This item was held over to the next regular Board of Directors meeting.

Agenda Item 5, Bylaws Change

Commissioner Chappelle discussed with the Board of Directors a conflict between the OMS Funding Agreement, which requires that all OMS funds be fully insured, and the OMS bylaws, which currently require that OMS be funded at an amount of \$500,000. The conflict arises from the current Federal Deposit Insurance Corporation limit for insuring deposits of \$100,000. To cure this conflict, Commissioner Chappelle proposed that Article X, Section 3 of the OMS bylaws be changed. The current language in that section reads: “3. Depositories. All funds of the Organization shall be deposited to the credit of the Organization in fully insured accounts.” Commissioner Chappelle’s proposed revised language reads: “All funds of the Organization shall be deposited to the credit of the Organization in accounts insured in accordance with Federal Deposit Insurance Corporation (FDIC) regulations.” It was moved and seconded that the OMS Board of Directors “approve the bylaws change for Article X, Section 3 as proposed.” Commissioner Gillis then asked why OMS could not pursue a course of action by which OMS would request that a bank issue “safekeeping receipts” for any amounts in excess of

the FDIC insurance limits. After discussion, it was agreed that the proposed motion would not preclude OMS from investigating and pursuing the option of use of safekeeping receipts in the future. Commissioner Chappelle will explore the option of use of safekeeping receipts issued by banks for OMS funds, and report back to the Board of Directors on this item at its next regular meeting. The above motion was then approved.

Agenda Item 6, Executive Director Search Update

Commissioner Munns updated the Board of Directors on the process of hiring an OMS executive director. 17 applications have been received. The OMS Executive Committee will discuss these applications in a closed meeting on August 15.

Agenda Item 7, DOE Funding Request

Commissioner Munns discussed a proposed OMS request for funding from the Department of Energy (DOE) for a transmission siting survey. Commissioner Munns stated that DOE representatives had told her that there was a small amount of funding available, and that OMS needed to quickly request the funding if it wished to pursue the survey. A motion was moved and seconded that: “the Board of Directors approve Commissioner Munns submitting an application of the Department of Energy on behalf of the OMS for funding of a siting survey.” In the following discussion, it was determined that the vendor chosen to conduct the siting survey should be instructed not to duplicate work performed in previous siting surveys. The motion was approved.

Agenda Item 8, Proxy Guidelines

Commissioner Gaw discussed a draft of new proxy guidelines that had been previously distributed to the Board of Directors for possible adoption at this meeting. Some minor modifications to the draft language were discussed. It was then moved and seconded: “to approve the OMS proxy requirements, as modified.” After further discussion, Commissioner Gaw stated that he would consider further changes to the draft language, and distribute the finalized proxy guidelines for approval at the next OMS Board of Directors meeting.

Agenda Item 9, State Travel Guidelines

Commissioner Chappelle stated that the draft simplified state travel guidelines previously distributed to the OMS Board of Directors for possible approval would be held for the next Board of Directors meeting. In the interim, Commissioner Chappelle indicated that several actions needed approval by the Board of Directors.

It was moved and seconded that: “OMS Board of Director members or OMS working group members may receive up to \$500 per person per meeting to attend MISO workgroup or MISO task force meetings, with a maximum of two individuals receiving reimbursement per meeting.” The motion was approved.

It was moved and seconded that: “OMS Board of Directors or working group members may attend the MISO technical meeting on August 28, 2003 with the prior approval of the OMS executive director or the OMS treasurer, and that each attendee may receive up to \$500 reimbursement of travel expenses for that meeting.” The motion was approved. The following motion was then moved and seconded: “ that an interim policy requiring

authorized signatures for signing of checks be adopted: All expenditures for an amount under \$2,000 must be approved by the OMS treasurer or executive secretary; that expenditures between \$2,000 and \$10,000 must be approved by both the OMS treasurer and executive director; and that all expenditures exceeding \$10,000 must be approved by the OMS Executive Committee. The vice-president shall substitute for the treasurer or executive secretary if either is unavailable.

Checks in an amount of \$10,000 or less may be signed with one authorized signature, assuming prior approval per this policy is documented. (A filed copy of an e-mail approval is acceptable.) Checks in an amount of more than \$10,000 must be signed with two authorized signatures, assuming prior approval per this policy is documented.” The motion was approved.

The following motion was moved and seconded: “that the OMS Board of Director members belonging to the MISO Advisory Committee be authorized to spend up to \$500 each per state to attend the August 2003 MISO Advisory Committee meeting.” The motion was approved.

Agenda Item 10, Future OMS Meetings/Other Business

A special meeting of the OMS Board of Directors will be held on August 21, 2003, at 2:00 central standard time. The next regular OMS Board of Directors meeting will be held on September 11, 2003, at 2:00 central standard time.

Commissioner Bob Nelson of Michigan, a member of the OMS Seams working group, will obtain input from that working group as to whether the OMS should intervene in a court proceeding involving an appeal of a FERC order in Case No. EL02-65. The FERC order and the subsequent appeal concern Commonwealth Edison’s proposed entry into the PJM, and the impact of that entry on MISO seams issues. The Board of Directors will be updated on this item at the Special Board of Directors meeting on August 21, 2003.

Commissioner Garvin asked that the OMS Board of Directors consider at a future meeting whether an OMS working group or ad hoc group should review MISO’s recently filed performance measures concerning implementation of the market tariff. Wisconsin will discuss this with other interested states, and report back to the Board of Directors at a later meeting.

Agenda items for the August 2003 MISO Advisory Committee meeting on August 20, 2003 were then discussed. It was decided that a standard agenda item for future OMS Board of Directors meetings would be discussion of pending MISO Advisory Committee agenda items.

Commissioner Wefald adjourned the meeting at approximately 3:20.