

**ORGANIZATION OF MISO STATES, INC.
SPECIAL BOARD OF DIRECTORS MEETING
CONFERENCE CALL
OCTOBER 14, 2003**

APPROVED: NOV. 13, 2003

Commissioner Susan Wefald, President of the Organization of MISO States (OMS), called the Special Board of Directors meeting of the OMS to order at approximately 11:00.

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

Susan Wefald, North Dakota	Kevin Wright, Illinois
Steve Gaw, Missouri	Laura Chappelle, Michigan
LeRoy Koppendrayner, Minnesota	Judy Jones, Ohio
Robert Garvin, Wisconsin	

Proxies for the following directors were established:

Talina Mathews, Kentucky for Gary Gillis
Bob Pauley, Indiana for David Hadley
Marla Larson, Montana for Greg Jergeson
Tim Texel, Nebraska for Louis Lamberty
Greg Rislov, South Dakota for Gary Hanson
Thomas Maher, Pennsylvania 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 Diane Munns of Iowa later joined the conference call.

Other parties also participated in the conference call.

Agenda Item 1, Discussion of Proposed MISO Staged Market Plan

This item is a carry-over from the regular OMS Board of Directors meeting on October 9, 2003. At that meeting, the OMS Board was requested to review a four-part resolution drafted by a Midwest Independent System Operator, Inc. (MISO) Industrial Customer group for submission at the October 15, 2003 MISO Advisory Committee (MAC) meeting. The purpose of the OMS Board review of this document was to determine whether that resolution, either as drafted or in amended form, could serve as the basis for representing OMS' position on MISO's recent proposal for a staged market implementation approach. Prior to the special Board of Directors meeting, the Indiana Commission circulated for the Board's consideration an amended version of the four-part Industrial Customers resolution.

Mr. Sam Randazzo of the MISO Industrial Customers group was invited to briefly discuss the MAC resolution drafted by his group. In summary, the four-part resolution called for: 1) MISO

to focus on resolving outstanding Day One reliability issues; 2) MISO to complete any modifications to its reliability practices that are responsive to the outcome of the investigation of the August 14, 2003 blackout; 3) MISO to withdraw its current market tariff filing before the Federal Energy Regulatory Commission (FERC); and 4) MISO to consider refiling the market tariff with FERC when the previous items listed above were completed.

Mr. Pauley of Indiana then was asked to discuss Indiana's proposed amendments to the language of the Industrial Customers' resolution. Indiana advocated revising the language in the industrial customers' Point Two language to make clear that it was not the intent of the resolution for MISO to cease all work on developing markets while it concentrated on reliability concerns. Indiana also suggested that the language in Point Three of the Industrial Customers resolution be revised to give MISO the option of holding the FERC market tariff in abeyance for 60 days, or asking FERC to make its next Order in the market tariff an "interlocutory" order, as opposed to the Industrial Customers' approach of seeking an immediate withdrawal of the market tariff filing before FERC.

Commissioner Wefald then asked each of the three OMS directors who were members of the MAC to give their views of the draft resolutions before the OMS for consideration.

Commissioner Gaw and Commissioner Munns were in favor the Industrial Customers' language, while Commissioner Wright was in favor the Indiana language.

Commissioner Wefald then asked the Board to consider whether there was resolution language that the entire OMS Board of Directors could agree upon. The OMS Board then considered each point of the resolutions, both the industrial customers and Indiana's versions, in turn.

No objections were expressed to the language in Point One of the Industrial Customers' resolution, which the Indiana proposal did not revise.

For Point Two, no one objected to the language in the Industrial Customers' draft, as amended by Indiana.

During the ensuing discussion of Point Three of the resolutions, it was decided that Mr. James Torgeson, President of MISO, should be asked to make a brief presentation of the MISO viewpoint of the issues brought up in the draft resolutions, particularly the significance of and the timing of any withdrawal of MISO's FERC market tariff. Mr. Torgeson did so.

Then, the OMS Board was asked to vote for one of three options concerning Point Three:

1) the Indiana language (no tariff withdrawal); 2) the original Industrial Customers' language (tariff withdrawal); or 3) for tariff withdrawal, but with a date specified in Point Four for MISO to refile the market tariff with FERC.

Four commissions voted for the Indiana language: IL, MI, IN, OH.

Nine commissions voted for the Industrial Customer language: MO, IO, KY, MN, MT, NE, SD, WI, ND.

One commission voted for the third option: PA.

Commissioner Wright then moved that a fallback position be considered by the OMS Board of Directors: to delete the language in Point Three, and amend the language in Point Four to specify that the MISO market tariff be re-filed with FERC by MISO within 180 days after withdrawal.

The motion was seconded.

Five commissions were in favor of Commissioner Wright's motion: IL, MI, IN, PA, OH.

Nine commissions were opposed to Commissioner Wright's motion: MO, IO, KY, MN, MT, NE, SD, WI, ND.

As a result of these votes, the draft MAC resolution adopted by OMS was derived from the following versions:

Point One – Industrial Customer language; Point Two – Industrial Customer language, as revised by Indiana; Points Three and Four – Industrial Customer language.

The resolution adopted by the OMS reads as follows:

- I. MISO must focus on resolving outstanding Day 1 reliability issues with appropriate interaction with the OMS, Advisory Committee in coordination with and such other committees, work groups or task forces that may be able to provide useful subject matter expertise;
- II. MISO must complete any modifications to its reliability practices as may be prudently responsive to the outcome of the investigation of the August 14, 2003 blackout. This should not be, however, interpreted as ceasing all work. Rather, MISO should continue to seek resolution to the reliability and market issues;
- III. MISO must withdraw the proposal filed with FERC in Docket ER03 1118 000 without delay or prejudice; and
- IV. MISO should consider filing a comprehensive, detailed, fully functional Day Two market tariff after appropriate review by and consultation with the Advisory Committee only after completing the items identified above

After discussion, the OMS Board of Directors determined that the above resolution language should be introduced before MAC through a “friendly amendment” process.

Commissioner Wefald stated that the OMS representatives on the MAC should vote their conscience regarding the above resolution, and that in any case the minority opinion within the OMS concerning the market tariff should be articulated before the MAC. If significant changes are made to the market tariff resolution before MAC, Commissioner Wefald requested that the OMS representatives within MAC take into account the discussion today among the OMS Board of Directors as they vote.

Commissioner Wefald adjourned the meeting at approximately 12:20

Respectfully submitted by Steve Gaw, OMS Secretary