

The Organization of MISO States Board of Directors will hold a meeting by conference call, October 14 at 2:00 Central time (CDT). The call in number is 877-452-6418. The conference code is 701-328-2400 followed by the # sign. Board members who cannot attend the call should notify OMS Secretary Bert Garvin to designate a proxy for this meeting.

Agenda

Attendance

Recognition of Proxies

Declaration of a Quorum

Call meeting to Order

Approval of the Minutes of the September 2, 9 and 14 Board Meetings – Secretary Bert Garvin

Review of the Actions of the Executive Committee on September 23

Treasurer's Report – Treasurer Laura Chappelle

Business Items

1. **Action Item:** Shall OMS submit comments to the FERC before October 15 on long term transmission pricing? – Randy Rismiller and Bob Nelson (*Background Notes – The OMS Pricing Working Group and the OMS Seams Working Group are drafting comments for the OMS Board to consider on this topic. On October 1, stakeholders filed with the FERC details of two pricing models – the Unified Plan and the Blend Plan. Draft proposed comments will be circulated to Board members on October 11.*)

2. **Possible Action Items:** MISO Advisory Committee Issues – VP Steve Gaw
(*This material will be distributed October 7, or when MISO Advisory Agenda is available*)

3. **Action Item:** Shall the OMS Board approve Part 1 (of a Process for Approving Position Statements for FERC and MISO – Susan Wefald (*Background Notes – The Board approved Part 3 of these guidelines (Voting Process) in August. In September we discussed Part 1 of these guidelines (Working Group Process), and the Executive Committee reviewed Part 1 and agreed on suggested changes on 9/23. Now it is ready for final Board approval. (See attachment.)*)

4. **Action Item:** Approve timetable to elect working group chairs – Susan Wefald (*See attachment*)

5. **Action Item:** Receive report of Nominating Committee and approve a decision matrix for OMS Nominations Committee. (*Report will be sent on or before Oct. 12.*)

6. **Action Item:** Select auditor for OMS. (*See attached recommendation of Executive Director and Treasurer*)

Administrative Report - Executive Director Bill Smith (*See attachment*)

Announcements:

OMS Special Board Meeting: October 22, 9:30 am CDT

OMS Executive Committee Meeting: October 28, 2:00 pm CDT

OMS Board Meeting: November 10, 2:00 pm CDT.

OMS Annual Meeting December 9, Carmel Indiana in connection with MISO Meetings.

(Materials on OMS subsidies, hotel reservations and meeting plans will be sent the week of October 25)

Organization of MISO States
Report of the Treasurer
Laura Chappelle, Michigan PSC
to the
Board of Directors
October 14, 2004

Report for September 2004

Cash on Hand

To date, we have received \$550,000 from the MISO and are holding the remaining balance in our account at Bank One. As of September 30, 2004, our balance in the Bank One account was \$294,335.09.

Expenditures to Date

Total disbursements for September 2004 were \$20,228.32 Total disbursements for the 2004 calendar year are \$233,726.08.

Audit Proposals

After reviewing the three audit proposals submitted, I concur with the Executive Director on the choice of Ryun, Givens, Wenthe & Company. The Executive Director will sign the necessary documentation to hire the firm. We will have them perform a full audit of the OMS records for the Fiscal Year of July 2003 – June 2004. See the memo to Laura Chappelle from Bill Smith dated October 1, 2004 regarding the “Selection of Auditor.”

TREASURER'S REPORT
Organization of MISO States (OMS)
September 30, 2004

9/30/2004
TOTALS

Commercial Checking with Interest

Beginning Balance as 9/1/04 **\$264,503.95**

9/15/04	Wire Transfer	50,000.00	
9/30/04	Interest Payment	<u>59.46</u>	
	Total Deposits		\$ 50,059.46

Checks and Charges

Date	Check	Descriptions		
9/8/04	1469	August MISO Advisory & BOD Meetings /MO	99.32	*
9/8/04	1470	August MISO Advisory & BOD Meetings /MO	98.57	*
9/8/04	1471	Missouri PSC-August MISO Advisory & BOD Meetings	280.49	
9/8/04	1472	Wisconsin PSC-August MISO Advisory & BOD Meetings	605.16	
9/17/04	1473	Infomax Office Systems, Inc	170.66	
9/17/04	1474	100 Court Investors LLC/OMS Rent & Parking for Sept.	874.21	
9/17/04	1475	Bank One- September Credit Card Payment	511.48	(1)
9/17/04	1476	Meals and Taxi for D.C. Travel/ED	24.16	
9/17/04	1477	InterCall- July Conference Calls	589.18	
9/17/04	1478	MISO Mtg-9/1-6/04	525.69	
9/24/04	1479	Travel Advance to MISO Mtg-October Mtg	200.00	
9/24/04	1480	Meals for September MISO Mtgs/ED	25.52	*
9/30/04	1481	September MISO Market Subcommittee Mtg/MO	198.36	*
9/30/04	1482	September MISO Advisory & BOD Meetings /MO	106.52	*
9/30/04	1483	Missouri PSC-September MISO Advisory Meeting	282.90	*
9/30/04	1484	September MISO Advisory Meeting/MO	90.52	*
9/30/04	1485	September MISO Market Subcommittee Mtg/IA	388.59	*
9/30/04	1486	Wisconsin PSC-September MISO Advisory Meeting	530.71	*
9/30/04	1487	Wisconsin PSC-September MISO Advisory, BOD & Adhoc Mtgs	585.93	*
9/30/04	1488	DWX Internet-October	35.00	*
9/30/04	1489	Triplett Office Essentials-Office Supplies	31.03	*
9/29-30/04		September Payroll (inc. Employer & Employee taxes)	13,974.32	
		Total Checks and Charges		<u>20,228.32</u>

Net Activity **29,831.14**

CHECKING ACCOUNT BALANCE 9/30/04 **\$294,335.09**

Notes * Indicates that check was still outstanding at the time the Bank Account was reconciled.
(1) Credit Card charges include travel expenses for the Exec. Director of \$258.65, Federal Express Shipping Fees of \$: and Qwest Communication Bill of \$218.63 (Phone charges).

**Organization of MISO States Process for Approving Position
Statements for FERC and MISO
Discussion Document – Draft only
October 14, 2004***

Goals:

- 1) Help states form positions on issues
 - a. Perform thorough analysis of issues
 - b. Test differences and sharpen analysis through discussion of differences in order to gain better understanding of the issues
- 2) Express collective position of states to decision maker
 - a. Build consensus when possible
 - b. Allow parallel presentation of contrasting viewpoints

Section 1

Assignment of topics to a Working group, or Working groups:

The OMS Executive Committee assigns all new topics to either an existing working group or to a new working group when needed. When a topic in an active docket has already been assigned to a working group, the Executive Director (ED) is authorized to make follow-up assignments. As time is of the essence in such cases, the ED shall timely make such assignments and shall immediately inform the Executive Committee. The ED may delegate this responsibility as necessary.

Review of OMS Work Plan by Executive Committee:

The ED shall include in his/her monthly report, or as necessary, a list of FERC and MISO (or other) actions expected in the coming 60 days that may require Working Group assignment. The Executive Committee shall review the list of action items provided by the ED each month and shall direct the ED to give early warning of possible assignments to OMS working groups. The ED shall inform the Executive Committee, via electronic mail, of the completion of such notifications.

Approving the Timetable for Issues Documents:

Providing the greatest possible lead time, the ED, in consultation with the president, will prepare a schedule which outlines a time line of when document issues must come to the OMS Board's attention. The schedule shall include the date that the Board decides issues that will be included in the document, the date that first (and second drafts when possible) will be shared with the membership, and the date that the board will be taking final action on the document.

The Board of Directors will approve the time line of when document issues must come to the OMS Board's attention. *Board members are encouraged to note key dates and work to facilitate appropriate action by their Commission so that Board members can vote on the document.*

The Board schedule will include a board meeting when Commissioners determine

what issues will be included in the document, and give general policy direction to the working groups. Working groups are encouraged to develop “principles” or a short outline that the Board can consider as it advises on policy direction. *Exceptions: Sometimes proceedings that OMS wishes to comment on may have a very short timeline. In these situations, the board may not have time to take these all the above steps. In those situations, the board will determine how it wishes to proceed.*

Preparation of the Issues Document:

Working groups, which are involved in the document, will encourage members to volunteer to write sections of the issues document. Assignments should be reported to the ED of OMS.

Working groups shall promptly set up their own internal schedule to review all sections of an issues document. The working group’s internal schedule must coordinate with the Board’s approved time line of when document issues must come to the OMS Board’s attention. (see above) The ED shall track Working Group progress and, in the event he/she becomes concerned that progress is inadequate, shall first consult with the working group chair. If such consultation fails to resolve the problem, the Executive Committee shall be informed immediately.

Working groups shall strive for consensus. When working groups know there are strong differences that should be expressed on a specific issue in the document, comments reflecting two or more positions may be developed by the working groups.

All members of a working group shall have the opportunity to read a “draft” section of an issues document, and offer suggestions and changes at least once prior to submittal to the Executive Director for inclusion in an OMS document. If more than one workgroup is assigned to work on an issue, each working group must have an opportunity to read a “draft” section and offer suggestions and changes at least once prior to submittal to the Executive Director for inclusion in the OMS document. When two or more working groups have provided sections of the draft documents, the ED shall assure the internal consistency of the completed document, whether draft or final.

The chair or chairs of the working groups involved shall submit the document to the ED in a timely manner.

The ED will only include information in issues documents that follows the procedure outlined in this section “Preparation of the Issues Document.” *Exceptions: There may be situations when short timelines, or other factors, do not allow all steps of this process to take place. The ED should then note, in an attachment to the draft document, which steps have not taken place in preparation of the document.*

*Suggested changes, since the Sept. 14 draft, are underlined.

Business Item #4 – Approve Timetable to elect Working Group Chairs

Our OMS Working Group chairs have been in place since July 2003 when membership of each working group elected their own chairs. It seems only fair to the chairs and to the membership of each working group to provide for a systematic way to re-elect chairs or elect new chairs. I suggest that working groups should meet, by conference call, for the purpose of selecting chairs in the two weeks prior to our annual meeting, Dec. 11, 2004 and report results of these meetings to Executive Director, Bill Smith. Then, at our annual meeting, Bill Smith will announce chairs of all of our working groups for the coming year.

Susan Wefald



Organization of MISO States

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To: Hon. Laura Chappelle
OMS Treasurer
From: Bill Smith
Date: October 1, 2004
Re: Selection of Auditor

I have reviewed the proposals of three firms to perform audit functions for the OMS. The three firms are:

- Denman & Company
- Ryun, Givens, Wenthe & Company
- McGowen, Hurst, Clark & Smith

All three firms demonstrate significant professional experience and more than adequate depth of personnel to provide the service we need. All firms were diligent in asking questions to understand OMS's operations. All offer related services such as tax preparation and advice. The firms are all located in Des Moines, which should eliminate any need for travel.

The differentiating factor is price. Two firms estimate the costs of a full audit in the range of \$3000 per year. The Ryun firm estimates \$1600. This firm's cost for other services is commensurately lower than the estimates given by the other firms.

On this basis I recommend we engage Ryun, Givens, Wenthe & Company to provide audit services to OMS. If you concur, we will add this item to the agenda of the next Executive Committee meeting for action.

OMS Executive Director Report
To Board of Directors October 5, 2004

FERC Activity

1. MISO Transmission and Energy Market Tariff – Docket No. ER04-691 and Grandfathered Agreements Docket No. EL04-104. The FERC issued its order on the tariff on August 6, 2004. We are pursuing four issues that follow from the order.
 - State Commission Access to Confidential Data. OMS filed rehearing on September 3. FERC granted 120 days for additional discussion and an Offer of Proof.
 - Market Readiness. FERC asked OMS to address readiness issues. Market Rules and Implementation WG is preparing draft language for the OMS Board's consideration on October 22.
 - Control area functions issues were set for a settlement judge procedure. Settlement meetings were held on August 23, September 9 and 20. The resulting Agreement will be filed today. FERC gets a 4 part package. Part 1 is an agreement between MISO and individual balancing authorities [mostly TOs, but other control areas like DTE and the Wisconsin Companies] for balancing area services. Part 2 is tariff changes to eliminate from the tariff items that are in part one and clarifications FERC wanted on MISO's status as planning authority. Part 3 is tariff change to limit exposure of MISO and the balancing authorities for conducting those activities. Part 4 is a brief set of MISO tariff changes to establish the basis for a pass through charge to any zone that can justify revenue requirements for complying with balancing authority duties not already recovered elsewhere. Comment date will probably be around October 25.
 - FTR allocation. OMS filed a rehearing on one issue with respect to seasonal resources on September 3.
 - GFAs: The FERC acted on the ALJ findings on September 16. Eleven contracts from the Minnkota/OTP area were set for settlement judge proceedings before Judge Nancy, who has scheduled a conference on October 15.
2. Through and Out Rates – Docket No. EL02-111-004, ER05-6
 - The Unified and Blended plans were filed on October 1. Comments are due October 15. The Pricing and Seams WGs are preparing draft comments for OMS Board consideration on October 14.
3. Financial Reporting and Cost Accounting, Oversight and Recovery Practices for Regional Transmission Organizations and Independent System Operators, RM04-12.
 - On September 16, FERC issued a Notice of Inquiry asking comments on these issues. Comments are due November 4. An ad hoc task force under the leadership of David Sapper of the Wisconsin PSC is preparing draft comments for the consideration of the OMS Board on October 22.
4. Reactive Power, Schedule 21, Docket No. ER04-961. Awaiting FERC action.

5. NESCOE filing, Docket No. EL04-112. Awaiting FERC action.

DOE Activity

1. National Interest Electric Transmission Bottlenecks (NIETB) proposed rulemaking. Comments were filed September 17.
2. I am continuing to work with the DOE Office of Electric Transmission and Distribution and Lawrence Berkeley National Laboratory for funding of RTO101 presentations.

Other OMS Activity:

1. NRRI and the Brattle Group have completed a draft of the report on the first 11 states that responded to the questionnaire on siting procedures. Three more responses have been received. We expect the results should be releasable soon.
2. Audit proposals were received. A recommendation will be considered by the OMS Board on October 14.
3. The IRS Form 990 is ready for filing after consultation with the selected auditor.
4. Attorney proposals (13) were received on September 30. Commissioner Garvin will work with me to prepare recommendations.
5. On October 21, work group chairs and other key staff will meet in Carmel.

Public Relations

1. Pending speaking/meeting invitations:
 - October 12 – Iowa Industrial Energy Group.
 - October 19 – Meeting with Manitoba Hydro staff at Carmel.