

ORGANIZATION OF MISO STATES, INC.
BOARD MEETING MINUTES
January 13, 2005

Approved 2/10/05 as amended

Commissioner Kevin Wright, President of the Organization of MISO States, Inc. (OMS), called the January 13, 2005 Meeting of the OMS Board of Directors to order via conference call at approximately 2:00 p.m. (CST) The following commissioners participated in the meeting:

Kevin Wright, Illinois
David Hadley, Indiana
Diane Munns, Iowa
A W Turner, proxy for Mark David Goss, Kentucky
Lisa Pappas, proxy for Laura Chappelle, Michigan
Burl Haar, proxy for Ken Nickolai, Minnesota
Steve Gaw, Missouri
Greg Jergeson, Montana
Tim Texel, proxy for Lou Lamberty, Nebraska
Susan Wefald, North Dakota
Judy Jones, Ohio
Glen Thomas, Pennsylvania
Gary Hanson, South Dakota
Bert Garvin, Wisconsin (David Sapper had Bert's proxy after 3:30 pm)

Manitoba absent

Others present on conference call:

Jorge Valladares, Kentucky
Randy Rismiller, Illinois
John Harvey, Iowa
Kevin Holtsberry, Ohio
Kim Joyce, Pennsylvania
Mike Proctor, Missouri
Nancy Campbell, Minnesota
Bill Smith, OMS

The directors and proxies listed above established the necessary quorum of eight board members present.

Minutes of the December 9, 2004 OMS Annual Meeting

President Wright asked that the approval of minutes of the OMS Annual Meeting be held in abeyance until the February 10 OMS Board Meeting. The directors received the minutes shortly before the meeting and needed more time to review before voting to approve them.

Review of Actions of the Executive Committee on December 23

President Kevin Wright asked Executive Director Bill Smith to review the actions of the Executive Committee on December 23.

- The Executive Committee reviewed possible filing dates in January and February.

- The Executive Committee discussed and proposed a voting item concerning OMS travel funding for commissioners to attend PJM Capacity Markets Training Sessions. (Travel funding is no longer needed because OMS was unable to arrange in-person training sessions with PJM.)
- There was a consensus of Executive Committee members that the Transmission Planning and Siting WG be assigned the task of preparing draft comments for NCSL on the proposed state statutes sent to OMS. The working group was asked to have them ready for the January 13 OMS board meeting. NCSL later said it preferred informal individual comments.
- Steve Gaw reported on MISO's Special Advisory Committee Meeting of December 22. Steve discussed MISO's creation of a small advisory committee that OMS was offered participation in. OMS directors would be asked to consider selecting a representative to this group if they felt it would be advisable to join.
- The Executive Committee adjourned into closed session to discuss OMS personnel issues.

Treasurer's Report - Steve Gaw presented the Treasurer's report as distributed.

Cash on Hand

To date, OMS has received \$700,000 from the MISO and is holding the remaining balance in the account at Bank One. As of December 31, 2004, the OMS balance in the Bank One account was \$373,236.74.

Expenditures to Date

Total disbursements for December 2004 were \$30,776.35. Total disbursements for the 2004 calendar year were \$305,201.60. As of the December 31, 2004 reconciliation, the ending balance contained outstanding checks totaling \$7,176.27. Steve asked that anyone currently holding a check issued by OMS, to cash that check. In addition, if you still need to request a reimbursement for travel during 2004, please submit the request as soon as possible.

OMS Audit Update

The lead auditor from Ryun, Givens, & Wenthe & Co., PLC submitted a list of documents to be provided to him as soon as all of our 2004 transactions are completed.

Transitioning of Officers

At this time OMS will not be changing banks. Bank One Signature cards will be sent to the new signers and returned to the Bank prior to the January Board meeting. The Michigan Staff will be working with the Missouri Staff and the OMS Office Staff to ensure a smooth transition.

Steve Gaw referred to the bonding provision in the OMS bylaws and requested Bill Smith to review the D & O insurance policy more fully before the next board meeting to determine if a resolution is needed.

Steve Gaw moved and Judy Jones offered a second that the treasurer's report be adopted as reported. The treasurer's report was accepted by a unanimous voice vote of the directors present.

New Business

1. Progress Report: Comments on Market Readiness – Nancy Campbell, MRITWG Chair President Wright asked for discussion on what is the proper timing of the filing of these comments and if OMS is in the position to make comments at all.

Nancy Campbell referred directors to her written report distributed with the agenda materials. The Market Rules and Implementation Timelines Work Group (MRITWG) worked with the Seams Work Group to prepare these comments.

Diane Munns asked if MISO is required to make a filing at the same time as OMS. Nancy indicated that yes, MISO must file at the same time. Steve Gaw asked what problems there might be in waiting to file after MISO files. Susan Wefald felt that OMS should give as much time as possible to MISO in the last thirty days prior to the market start up.

Nancy Campbell indicated she had been contacted by MISO's John Kozyrski wanting to set up a conference call with the MRIT Work Group (and the Seams WG) to identify concerns the OMS work groups have. Nancy felt that after this meeting with MISO, her work group's comments could be adjusted based on what they learn and still filed with the FERC in plenty of time before the market starts March 1.

Nancy plans to distribute comments to the OMS Board on January 21 - depending on the outcome of the MISO conference call. Nancy prefers to adhere to the schedule she provided in her report (which at this time is set up for OMS market readiness comments to be filed with FERC January 28. Report follows minutes.)

2. Progress Report: State Commission Access to Confidential Data – David Hadley

- January 28 is the deadline for the Hempling document to be filed.
- Dave Hadley is sending out an email to each state commissioner asking for the statutes of how each state enforces confidential data. He'll include an example. Please submit by January 21.
- The MM&M Work Group is discussing certifications for the "duty to defend" section.
- With a call scheduled for January 27 to discuss the comments, Dave Hadley asked the directors if his work group's timeline provided enough leeway for all the states to be able to vote on the document. (Report with schedule follows minutes.)

3. Action item – Shall the OMS participate in and designate its lead state representative to the MISO Board of Directors Special Advisory Committee?

– Bert Garvin, Steve Gaw, Diane Munns

- Bert Garvin reported on the Special Closed MISO A/C Meeting he, Diane Munns and Steve Gaw attended December 22. To address the transparency issues, Chairman Young requested the creation of a special committee.
- Each sector was given the opportunity to offer the name of a representative to serve in a special advisory role on a committee with Bill Vititoe, Graham Edwards and Jim Torgerson. Sectors may combine and offer just one name, if they so choose. This group is intended to be small. OMS has to decide whether or not it will participate in this new group.
- President Wright asked each of the attendees what their thoughts were concerning OMS representation in this group. Steve Gaw leaned toward supporting it.
- **Steve Gaw moved that OMS participate in the Special MISO Advisory Committee group to the MISO Board and designated Bert Garvin as lead state representative. Susan Wefald seconded the motion.**
- The motion carried unanimously by voice vote of the directors present.

4. Report - MISO Advisory Committee Issues - VP Bert Garvin

Bert Garvin highlighted the power point presentation prepared by Bill Smith to be presented at the January MISO Advisory Committee Meeting. (Presentation follows minutes.) Bert mentioned that on the January MISO A/C meeting agenda itself, there are no action items; most of the discussion will likely deal with market readiness.

5. Information: Status of MISO's Regional Expansion Criteria and Benefits Task Force work - Randy Rismiller, Bill Smith

- Randy Rismiller reported that the RECB Task Force will meet again January 21. MISO will send out materials prior to that date to assist that meeting. The OMS Pricing Work Group will meet as soon as materials from RECB are received.
- Bill Smith added that dockets before FERC on Seams Elimination, Cost Adjustment and the Through and Out Rates between MISO and PJM regions continue to generate lots of paper - - representing compliance filings and cross protests against each compliance filing that was made.

Administrative Report – Executive Director, Bill Smith

Bill Smith referred to the report sent to directors. Three items were highlighted:

- FERC meets Wednesday, January 19. Board members may want to watch for the GFA docket decisions, and a couple of dockets on wind development.
- OMS held the first of a three-part Commissioner Workshop series on Capacity Markets, January 12.
- On Thursday, January 20, PJM is offering to all MISO stakeholders a webcast on RPM.

Announcements:

1. To schedule RTO 101, contact Julie Mitchell or Bill Smith. Diane Munns and Susan Wefald spoke highly of the training sessions their commissions held on RTO 101.

2. Special OMS Board Meeting to consider readiness comments and comments on access to confidential data is tentatively scheduled for Thurs., January 27, 2:00 pm central time.

3. Next OMS Board Meeting is Thursday, February 10, 2:00 pm central time.

Meeting adjourned at approximately 3:20 pm (central time.) to convene the OMS Special Executive Committee Meeting.



TREASURER'S REPORT
Organization of MISO States
January 31, 2005

Commercial Checking with Interest				1/31/2005 TOTALS	
Beginning Balance as 1/31/05					\$ 373,236.74
1/15/05		Wire Transfer	\$ 50,000.00		
1/31/05		Interest Payment	164.81		
		Total Deposits		\$ 50,164.81	
Checks and Charges					
Date	Check #	Descriptions			
1/10/2005		Paychex, Inc. (Pymt for 11/26/04)	\$ 70.80		
1/12/05	1559	Intercall - Conference Calls	687.63	(1)	
1/12/105	1560	December MISO AC, OMS Workgroup & Annual Mtgs/MN	558.87		
1/12/05	1561	MISO Special Meeting /WI	593.41		
1/12/05	1562	December MISO Advisory Comm Mtg/IA	567.99		
1/12/05	1563	100 Court Investors LLC/OMS Rent & Parking for February	874.21		
1/12/05	1564	Infomax Office Systems - February Copier, etc. Rental	170.66		
1/12/05	1565	Law Offices of Scott Hempling, P.C.	10,937.50	(2)	
1/12/05	1566	The Novick Group, Inc.	3,500.00	(3)	
1/12/05	1567	Ryuns, Givens, Wenthe (CPA Firm)	600.00	(4)	
1/12/05	1568	Miscellaneous OMS Expenses	251.19	*	
1/12/05	1569	DWX - February Web Hosting	35.00		
1/18/05	1570	Bank One - January Credit Card Payment	3,387.04	(5)	
1/18/05		Miscellaneous Deposit to offset expenses	(419.61)	(6)	
1/24/05	1571	Void	0		
1/28-31/05		January Payroll (inc. Employer & Employee taxes)	13,894.99		
		Total Checks and Charges		35,709.68	
		Net Activity		14,455.13	
CHECKING ACCOUNT BALANCE 1/31/05					\$ 387,691.87

Notes: * Indicates that check was still outstanding at the time the Bank Account was reconciled (month end).

- (1) In addition to the regular Monthly OMS BOD Meeting & Executive Committee Calls, there were seven additional special conference calls or work group calls.
- (2) Payment for legal work regarding state Regulatory Commission's Access to Confidential Data performed in December.
- (3) Annual Premium Renewal for Directors and Officers Insurance Policy (1/1/05 - 1/1/06)
- (4) Accounting Services for the filing of Form 990 and the request for abatement of penalties.
- (5) Credit Card Charges include travel exp. for the Annual Meeting for the OMS Exec. Dir. and Office Mgr. of \$147.65, hotel cost for all OMS Members of \$2,408.72, Annual Mtg. Expense (awards, supplies, & FedEx) of \$618.49 and the Qwest Comm. bill of \$212.18 (phone/fax chrgs.)
- (6) This deposit consisted of three checks 1) Reimbursement of travel advance to Manitoba representative for \$389.61 2) Payment for three lunches totaling \$30 purchased by non-OMS members at the OMS Annual Meeting (2checks in total).

Organization of MISO States
Report of the Treasurer
Steve Gaw, Missouri PSC
to the
OMS Board of Directors
February 10, 2005

Report for January 2005

Cash on Hand

To date, we have received \$750,000 from the MISO and are holding the remaining balance in our account at Bank One. As of January 31, 2005, our balance in the Bank One account was \$387,691.87.

Expenditures to Date

Total disbursements for January 2005 were \$35,709.68.



Organization of MISO States

100 Court Avenue, Suite 218
Des Moines, Iowa 50309

Phone: 515-243-0742
Fax: 515-243-0746
www.misostates.org

OMS Executive Director Report February 3, 2005

FERC Activity

1. MISO Transmission and Energy Market Tariff – Docket Nos. ER04-691 and Grandfathered Agreements Docket No. EL04-104. On October 5, 2004, MISO filed its compliance tariff on the FERC's August 6 order. OMS filed comments October 26. FERC issued an order on rehearing November 8. OMS has been watching five issues from the order.
 - State Commission Access to Confidential Data. OMS Offer of Proof is due to FERC on February 11. A final draft should be sent February 4 for consideration at the regular OMS Board meeting February 10. The Market Monitoring Work Group ended discussions with MISO and stakeholders on January 20. MISO has stated it will make an "informational" filing in the near future.
 - Market Readiness. On January 27, the MISO announced that the date for financially-binding market transactions would be delayed until April 1, and that it would make its readiness certification filing sometime in mid-February after additional system tests. The Market Rules and Implementation WG will review its draft comment in light of the situation at that time for possible consideration by the Board at its regular March 10 meeting.
 - Control area functions issues are the subject of a settlement agreement filed October 5, 2004; FERC action is expected soon.
 - FTR allocation. All FTR allocations are complete.
 - GFAs: An order on rehearing of FERC September 16 order should be issued soon. MISO filed a report on administration of carved-out GFA contracts on November 15.

2. Through and Out Rates – Dockets ER05-6, EL02-111-004, ER05-6
 - Since December 1, a Seams Elimination Cost Adjustment has been authorized, though it has not yet been invoiced. The SECA

is to be in effect until replaced in 2006 by a license plate rate design. Several rehearing requests are pending.

3. NESCOE filing, Docket No. EL04-112. On January 11, the Governors amended the filing to delete their proposal to control the filings. FERC has noticed the amendment for comment February 7.

DOE Activity

1. RTO 101 presentations by John Chandley of LECG Consulting have been made to three states; six others are discussing scheduling. These presentations are available to each OMS state under funding from DOE and Lawrence Berkeley National Laboratory. States should contact the OMS office with suggested dates to plan their presentation. The contract date is being extended to December 31, 2005 to allow more scheduling flexibility.
2. OMS Commissioner workshop series on Capacity Markets: Workshops were held January 12 and 26. A third session with PJM and SPP commissioners is scheduled for February 13, 10:30 – 12:30 Eastern. See January 6 (5:53 p.m.) e-mail for further details.

Other OMS Activity:

1. Informal individual comments were submitted to the National Council of State Legislatures concerning siting statutes around January 25.
2. OMS Officer transition is completed.

Public Relations

1. Pending speaking/meeting invitations:
 - None

OMS Transmission Planning & Siting Work Group
Preview of Report to OMS Board 2/10/05

On January 25th, at the TPSWG's request, Jeff Webb of MISO provided webcast training to the working group on the MISO planning process. During that training, it appeared to some members of the working group that MISO would like some kind of approvals from the working group regarding MISO plans. I don't recall the exact language. At that meeting, some working group members felt it would be important to request clarification from the OMS Board as to the proper role of the TPSWG and its members when interacting with MISO. The working group was aware that the OMS Board approved a motion on May 13, 2004, that OMS not approve or endorse the MTEP-03. The working group originally thought it might bring a draft document regarding proper interaction to the Board for approval. However, after meeting on February 7th, the working group decided against this. Instead, the working group agreed we would draft a resolution regarding this proper interaction for the benefit and clarity of the working group members themselves. We are not planning to take the resolution to the OMS Board for any action. Once we achieve consensus on the resolution, we plan to share it with Jeff Webb at MISO and post the resolution on the OMS website. A draft resolution is currently circulating among the working group. Amy Christensen, one of the co-chairs of the working group, will be on the OMS Board call to explain what the group is working on and that we do not need OMS Board action.