



**ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
January 8, 2009**

Approved February 12, 2009

Lauren Azar, President of the Organization of MISO States, Inc. (OMS), called the January 8, 2009 meeting of the OMS Board of Directors to order via conference call at approximately 1:00 p.m. (CST). The following board members or their proxies participated in the meeting:

Randy Rismiller, proxy for Bob Lieberman, Illinois
Parveen Baig, proxy for John Norris, Iowa
Bill Bowker, proxy for David Armstrong, Kentucky
Angie Butcher, proxy for Monica Martinez, Michigan
Tom Pugh, Minnesota
Mike Proctor, proxy for Jeff Davis, Missouri
Greg Jergeson, Montana
Tyrone Christy, Pennsylvania
Gary Hanson, South Dakota
Lauren Azar, Wisconsin

Absent

Indiana
Manitoba
Nebraska
North Dakota
Ohio

Agency members participating

Dave Johnston - Indiana
Jeff Kaman – Iowa
Jeff Johnson - Kentucky
Jerry Lein – North Dakota
Hisham Choueiki – Ohio
Jim Melia - Pennsylvania
Greg Rislov – South Dakota
Randel Pilo – Wisconsin

Others on the call

Bill Smith, Julie Mitchell – OMS Staff

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

Approval of Minutes from December 1, 2008 Board of Directors meeting

Greg Jergeson moved approval of the December 1st minutes. Mike Proctor seconded. Randy Rismiller requested a correction on page 3, business item #4, stating that it should refer to FERC Docket No. ER08-394 in both places. The corrected minutes were approved by unanimous voice vote.

Treasurer's Report – Gary Hanson

Gary Hanson presented both the November & December 2008 Treasurer's Reports.

November 2008

The beginning balance as of November 1 for the Wells Fargo Business Performance Savings Account was \$59,386.31. Interest earned for this month was \$49.61. The November 30, 2008 balance was \$59,435.92.

The beginning balance as of November 1 for the Chase Bank One Checking account was \$51,190.02. The total disbursements from the checking account for November 2008 were \$31,007.14. Deposits and interest for the month were \$40,220.06. As of November 30, 2008, the checking account bank balance was \$63,681.13 and the book balance was \$60,402.94 (with 9 checks outstanding).

The total savings and checking account balances as of November 30, 2008 are **\$119,838.86**.

December 2008

The beginning balance as of December 1 for the Wells Fargo Business Performance Savings Account was \$59,435.92. Interest earned for this month was \$43.54. The December 31, 2008 balance was \$59,479.46.

The beginning balance as of December 1 for the Chase Bank One Checking account was \$60,402.94. The total disbursements from the checking account for December 2008 were \$35,434.38. Deposits and interest for the month were \$40,002.48. As of December 31, 2008, the checking account bank balance was \$67,155.27 and the book balance was \$64,971.04 (with 6 checks outstanding).

The total savings and checking account balances as of December 31, 2008 are **\$124,450.50**.

Angie Butcher moved to accept the treasurer's report. Tom Pugh seconded. The motion passed by unanimous voice vote.

Review of the December 18, 2008 Executive Committee Meeting – Bill Smith

Bill Smith highlighted the following items:

- The NRRRI proposal discussion
- Approval of the auditor for 2009
- Discussion of personnel issues
- Approval of renewal of business insurance for the organization

Administrative Report from Executive Director – Bill Smith

The following items were highlighted from the Executive Director's Report:

- The office relocation is complete
- There is limited FERC and DOE activity
- MISO launched the ASM without much incidence this week

- Upcoming dates include the cost allocation meeting in St. Paul and the Board meeting next Thursday.

BUSINESS

1. MISO Advisory Committee Issues

There are no voting items on the Advisory Committee Agenda.

2. MISO Planning Advisory Committee

Randel Pilo and Parveen Baig gave brief reports. There was one motion on the long term transmission rights work group. It was reported to the Board that the PAC voted to discontinue the LTTR work group.

3. Approval of Comments on MISO Hot Topic – FERC Order 719 Governance Issues

- Burl Haar presented the document to the Board.
- Mike Proctor suggested making a change to page 3, item 4, making the last 3 bullet points sub-bullets to a new bullet that states "The following are suggestions for the board to consider, but are not meant to supplant existing formal processes, and need to be tailored in such a way that they do not become overly burdensome."
- The Board discussed the suggested change. Other suggested changes included: concern about use of the phrase "overly burdensome"; not limiting it to a once a year report, but issues be reported either "once a year or as they arise"; change the wording of the 3rd bullet to "continue to allow"; insert "written" stakeholder comments to the board.
- Randy Rismiller presented procedural concerns about the last paragraph on page 4. Lauren Azar proposed beginning the last paragraph with the revised sentence: "The Board should continue to safeguard its independence; particularly, to ensure that the process of filling Board positions is free of undue influences." She recommended deleting the remainder of the paragraph.

Greg Jergeson moved to adopt the hot topic document as amended. Randy Rismiller seconded. The motion passed by unanimous voice vote.

4. Update on January Meetings Relating to Cost Allocation/Regional Planning

Lauren Azar briefed the Board on the upcoming cost allocation/regional planning meeting in St. Paul.

ANNOUNCEMENTS

- Briefing on FERC Order 719 – **January 7, 2009** at 2:00 pm CST
- Special OMS Board of Directors Meeting, **January 15, 2009** at 1:00 pm CST.
- OMS Board of Directors Retreat on Cost Allocation – St Paul, MN – **January 28-29, 2009**
- Next regular OMS Board of Directors meeting, **February 12, 2009** at 1:00 pm CST
- Next OMS Executive Committee meeting – **January 22, 2009** at 1:00 pm CST

ADJOURNMENT

The OMS Board of Directors meeting adjourned at 1:50 pm CST.

OMS

Organization of MISO States
Report of the Treasurer
Gary Hanson, South Dakota Public Utilities Commission
to the
Board of Directors
Report for November 2008

CASH ON HAND

The beginning balance as of November 1 for the Wells Fargo Business Performance Savings Account was \$59,386.31. Interest earned for this month was \$49.61. The November 30, 2008 balance was \$59,435.92.

The beginning balance as of November 1 for the Chase Bank One Checking account was \$51,190.02. The total disbursements from the checking account for November 2008 were \$31,007.14. Deposits and interest for the month were \$40,220.06. As of November 30, 2008, the checking account bank balance was \$63,681.13 and the book balance was \$60,402.94 (with 9 checks outstanding).

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TREASURER'S REPORT
Organization of MISO States
November 30, 2008

Wells Fargo Business Performance Savings Account

Balance as of 11/01/08			\$	59,386.31
11/30/08	DEP	Interest on Savings	\$	<u>49.61</u>
Business Performance Savings Account Balance at 11/30/08				<u>\$ 59,435.92</u>

Chase Bank One Commercial Checking with Interest

Balance as of 11/01/08			\$	51,190.02
11/10/2008	MISO Deposit		\$	40,000.00
11/21/2008	PJM Expense Reimbursement		\$	217.28
11/28/2008	Interest Payment		\$	2.78
Total Deposits			\$	<u>40,220.06</u>

Checks and Charges

Date	Check #	Descriptions		
11/7/2008	2823	Doubletree Guest Suites	\$	6,722.24
11/10/2008	2824	MI Travel Reimbursement	\$	926.00
11/10/2008	2825	ND Travel Reimbursement	\$	89.00
11/10/2008	2826	WI Travel Reimbursement	\$	41.00
11/18/2008	2827	IA Travel Reimbursement	\$	625.70
11/18/2008	2828	IA Travel Reimbursement	\$	482.50
11/21/2008	2829	IA Travel Reimbursement	\$	1,059.23
11/21/2008	2830	MO Travel Reimbursement	\$	219.35
11/21/2008	2831	OH Travel Reimbursement	\$	401.00
11/21/2008	2832	OH Travel Reimbursement	\$	269.00
11/21/2008	2833	ED Travel Reimbursement	\$	24.73
11/21/2008	2834	DWX Internet	\$	65.00
11/21/2008	2835	100 Court Investors	\$	959.21
11/21/2008	2836	Infomax Office Systems	\$	173.14
11/21/2008	2837	InterCall	\$	1,224.61
11/21/2008	2838	Qwest	\$	240.98
11/26/2008	2839	WI Travel Reimbursement	\$	875.79
11/26/2008	2840	Staff Travel Reimbursement	\$	12.32
11/26/2008	2841	ED Travel Reimbursement	\$	14.40
11/10/2008	W/D	Paychex Invoice	\$	102.88
11/21/2008	W/D	Chase Credit Card	\$	3,087.93

11/26/2008	W/D	Paychex Payroll	\$	8,740.53	
11/28/2008	W/D	Paychex Taxes	\$	4,650.60	
Total Checks and Charges					<u>\$ 31,007.14</u>
CHECKING ACCOUNT BALANCE 11/30/08					<u>\$ 60,402.94</u>
CERTIFICATES OF DEPOSIT, SAVINGS AND CHECKING ACCOUNT BALANCES AS OF 11/30/08					\$ 119,838.86

CHASE CHECKING ACCOUNT RECONCILIATION

	<u>Check #</u>	<u>Amount</u>
Bank Balance 11/30/08		\$ 63,681.13
Less Checks OS	2468	\$ 74.00
	2825	\$ 89.00
	2828	\$ 482.50
	2829	\$ 1,059.23
	2830	\$ 219.35
	2831	\$ 401.00
	2834	\$ 65.00
	2839	\$ 875.79
	2840	\$ 12.32
Book Balance 11/30/08		<u>\$ 60,402.94</u>

OMS

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Report of the Treasurer
Gary Hanson, South Dakota Public Utilities Commission
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The total savings and checking account balances as of December 31, 2008 are \$124,450.50.



TREASURER'S REPORT
Organization of MISO States
December 31, 2008

Wells Fargo Business Performance Savings Account

Balance as of 12/01/08		\$	59,435.92
12/31/08	DEP	Interest on Savings	\$ 43.54
Business Performance Savings Account Balance at 12/31/08			<u>\$ 59,479.46</u>

Chase Bank One Commercial Checking with Interest

Balance as of 12/01/08		\$	60,402.94
12/8/2008	MISO Deposit		\$ 40,000.00
12/31/2008	Interest Payment		\$ 2.48
Total Deposits			<u>\$ 40,002.48</u>

Checks and Charges

Date	Check #	Descriptions	
12/15/2008	2842	IN Travel Reimbursement	\$ 32.00
12/15/2008	2843	MI Travel Reimbursement	\$ 580.18
12/15/2008	2844	MI Travel Reimbursement	\$ 363.72
12/15/2008	2845	ED Travel Reimbursement	\$ 69.73
12/15/2008	2846	VOID	\$ -
12/15/2008	2847	VOID	\$ -
12/15/2008	2848	MO Travel Reimbursement	\$ 442.68
12/15/2008	2849	IA Travel Reimbursement	\$ 689.83
12/18/2008	2850	MO Travel Reimbursement	\$ 661.04
12/19/2008	2851	KY Travel Reimbursement	\$ 323.50
12/19/2008	2852	WI Travel Reimbursement	\$ 371.76
12/19/2008	2853	WI Travel Reimbursement	\$ 615.93
12/19/2008	2854	Infomax Office Systems	\$ 173.14
12/19/2008	2855	Chase Card Services	\$ 1,724.49
12/19/2008	2856	Qwest	\$ 242.04
12/19/2008	2857	Triplett Office Essentials	\$ 214.25
12/19/2008	2858	InterCall	\$ 870.33
12/19/2008	2859	100 Court Investors	\$ 1,359.45
12/23/2008	2860	DWX Internet	\$ 35.00
12/23/2008	2861	100 Court Investors	\$ 1,686.42
12/23/2008	2862	IN Travel Reimbursement	\$ 241.00
12/23/2008	2863	MT Travel Reimbursement	\$ 1,000.18

12/23/2008	2864	MT Travel Reimbursement	\$	1,000.18
12/24/2008	2865	The Novick Group	\$	3,324.00
12/24/2008	2866	IN Travel Reimbursement	\$	326.72
12/24/2008	2867	Office Reimbursement	\$	105.99
12/1/2008	W/D	Stop Pay Fee	\$	4.00
12/9/2008	W/D	Item Copy Fee	\$	5.00
12/9/2008	W/D	Item Copy Fee	\$	5.00
12/10/2008	W/D	Paychex Invoice	\$	90.63
12/30/2008	W/D	Paychex Payroll	\$	12,790.50
12/31/2008	W/D	Paychex Taxes	\$	6,085.69

Total Checks and Charges \$ 35,434.38

CHECKING ACCOUNT BALANCE 12/31/08 \$ 64,971.04

CERTIFICATES OF DEPOSIT, SAVINGS AND CHECKING ACCOUNT BALANCES AS OF 12/31/08 \$ 124,450.50

CHASE CHECKING ACCOUNT RECONCILIATION

	<u>Check #</u>	<u>Amount</u>
Bank Balance 12/31/08		\$ 67,155.27
Less Checks OS	2468	\$ 74.00
	2849	\$ 689.83
	2852	\$ 371.76
	2853	\$ 615.93
	2866	\$ 326.72
	2867	\$ 105.99
Book Balance 12/31/08		<u>\$ 64,971.04</u>

OMS RESPONSE TO MIDWEST ISO HOT TOPIC QUESTIONS:

January 8, 2009

1. Do the current practices (such as the annual stakeholder meeting, open board meetings and hot topics discussion at the Advisory Committee meetings) allow stakeholders to communicate their views to the Midwest ISO Board of Directors in a manner which meets the requirements of Order 719? Can you point to better practices in other organizations that you would suggest? If not, what specific improvements do you suggest and what is your estimate of what it will cost to implement/accomplish?

The challenge for an RTO or ISO in meeting the governance requirements of Order 719 is balancing the need *to consider* input from a diverse group of stakeholders, with the need *to take actions* in which those stakeholders have confidence. ¹ The Advisory Committee structure and process provides a sound foundation for maintaining stakeholder confidence that the governance of the Midwest ISO is truly independent. Additional initiatives, like the annual stakeholder meeting, open Board meetings and hot topics discussions, have added value by providing greater opportunity for broad expression of opinion and greater transparency of decision-making. In other words, the OMS believes the Midwest ISO's existing stakeholder communications procedures generally provide adequate opportunities for stakeholder input and that these procedures are productively used by stakeholders and the Midwest ISO Board. However, recurring expressions that formal mechanisms are being used infrequently or, worse, ignored, should be a red flag that could signal diminished stakeholder confidence.

The OMS appreciates the Board's interest in seeking out means for effective stakeholder involvement. Stakeholder confidence is critical for the success of the Midwest ISO. However, it is also important to

¹ As the Commission stated in its Order: RTO and ISO independence remains fundamental, and we will preserve it; however, we find that RTOs and ISOs must provide an avenue for customers and other stakeholders to present their views on RTO and ISO decision-making, and to have those views considered. Establishing practices and procedures that would allow RTO and ISO boards to be responsive to the concerns of customers and other stakeholders is important to providing these entities with confidence in RTOs' and ISOs' independent governance processes [Order, paragraph 503]

remember the Midwest ISO's governance practices must result in actions that promote the *public interest*. It is this specific charge of acting in the public interest that is shared by the Midwest ISO and the OMS member states.

2. Does each stakeholder group have the same opportunity to communicate their views to the Midwest ISO Board of Directors? If not, what specific improvements do you suggest?

The OMS believes that the existing mechanisms for stakeholder input, as a group or individually, are effective. However, governance is a continuous process and the Board needs to continue to work with its Stakeholder Governance Working Group to ensure the committee structure and its processes is effective and is in touch with stakeholder needs and expectations.

3. Are minority positions communicated to the Midwest ISO Board of Directors?

The extent to which minority positions are developed and accounted for in decision-making is a function of governance processes, attentiveness by Board members, and the initiative of minority position advocates. The OMS believes the Midwest ISO governance processes provide reasonable avenues for development and communication of minority positions. Midwest ISO Board attentiveness to the practices and operations of committee activities will help foster robust debate and, thus, ensure decision-makers are fully aware of the positions of customers and other stakeholders and that issues are fully and fairly vetted. Such engagement will also provide an awareness of intra-sector dynamics that can also have an impact on minority positions that come forward.

However, the OMS also agrees with the Commission that the goal of representation of minority interests "does not mandate that minority interests override majority decisions, rather it requires that the board be made aware of the minority position where necessary." [Order, Paragraph 510]

4. A future Stakeholder Workshop is being planned to discuss FERC Order 719 Compliance; Responsiveness of RTOs to Customers and Stakeholders. What specific issues should be addressed?

Generally, the OMS recommends that the Board continually seek to improve governance through refinement of formal and informal mechanisms; in each case looking at whether stakeholders have the opportunity to present ideas through the working groups and if the Board is ultimately made aware of their positions. The following are some suggestions the Board may want to consider.

- Continue efforts to incorporate stakeholders in the decision-making process as early as possible and keep effective dissemination of information as a top governance priority.
- Continue to have open Board meetings and provide telephone access for *all* public Board meetings; i.e., not just those where a Board member has to call in.
- Continue to strongly encourage direct board member participation in substantive committee meetings.
- Work with other RTOs to formally establish a best practices process.
- The following are suggestions for the board to consider, but are not meant to supplant existing formal processes, and need to be tailored in such a way that they do not become overly burdensome:
 - Establish a formal “feedback loop” that would provide greater transparency in how stakeholder views are received, reviewed, and considered in the Board decision making process. This would include a requirement that all written stakeholder comments to the Board for all issues be posted. Management summaries of comments are not sufficient
 - Establish a system whereby the Midwest ISO Board and Management would separately and independently report to the Advisory Committee on why they chose actions on major initiatives that differed from positions taken by the Advisory Committee. This report could be once-a-year or at the next Advisory Committee meeting.
 - Continue to allow Board members to gather information directly from stakeholders (i.e., unfiltered by RTO management) and to directly interact with stakeholders. Such procedures could include Board member participation in major stakeholder meetings, making all stakeholder comments available to the Board and by regular Board solicitation of stakeholder input (e.g., position papers) on relevant issues. Stakeholders should also be allowed to submit written correspondence to individual Board members and the Board as a whole.

In addition, the Board should continue to safeguard its independence; particularly, to ensure that the process of filling Board positions is free of undue influences.