

**ORGANIZATION OF MISO STATES, INC.
EXECUTIVE COMMITTEE MEETING
CONFERENCE CALL
SEPTEMBER 30, 2003**

APPROVED: NOV. 13, 2003

Commissioner Susan Wefald, President of OMS, called the Executive Committee meeting of the Organization of MISO States, Inc. (OMS) to order at approximately 4:00 pm.

The following members of the Executive Committee were present by conference call for the meeting:

Susan Wefald, North Dakota	Kevin Wright, Illinois
Laura Chappelle, Michigan	Diane Munns, Iowa

A proxy for the following Executive Committee member was established:
Mike Proctor, Missouri as a proxy for Steve Gaw

The members of the Executive Committee listed above established the necessary quorum for the meeting of at least three members being present.

Other parties also participated in the conference call.

Agenda Item 1, Approval of Minutes of the August 15, 2003 and August 28, 2003 Meetings

It was moved that the draft minutes of the August 15, 2003 Executive Committee meeting be approved as distributed. The motion was approved. Prior to the meeting, Michigan had submitted some corrections to the draft minutes of the August 28, 2003 Executive Committee meeting as distributed. No Executive Committee member expressed objections to Michigan's proposed revisions. It was then moved that the draft minutes of the August 28, 2003 Executive Committee meeting be approved as amended. The motion was approved.

Agenda Item 2, Establish Pricing Working Group, and Agenda Item 3, Letter to FERC Regarding "Timely" Decisions on Pricing Issues

Commissioner Wefald proposed that a seventh OMS working group be formed to consider Midwest Independent System Operator, Inc. (MISO) pricing issues. There was a consensus within the Executive Committee that formation of this working group was necessary. After some discussion, it was determined that the Pricing working group should focus on the current FERC Order 2003 Large Generator Interconnection Rules. The Executive Committee agreed that it would be desirable for the group to be led by an individual from a state that does not currently have a member chairing an existing working group. It is desirable that the Pricing working group be in place prior to the

planned MISO Order 2003 workshop scheduled for October 8. Commissioner Wefald will send out an e-mail shortly after the Executive Meeting is concluded to seek recruits for the new OMS Pricing working group.

The Executive Committee then discussed a letter that Commissioner Wefald had written to FERC concerning the Order 2003 Large Generator Interconnection Rules, and the timing of OMS input into that docket. MISO had originally been granted 60 days by FERC to make a compliance filing, but FERC had since granted MISO a 90-day extension for that filing, to mid-January 2004. In response to Commissioner Wefald's letter, FERC's general counsel stated that if OMS wanted more time to respond to MISO's compliance filing, OMS should file for an extension to file comments after the MISO compliance filing was made. However, if OMS wanted more time to discuss issues with MISO prior to MISO making the compliance filing, then the FERC representative advised that OMS seek a further extension of the deadline beyond January 2004 for MISO to make its compliance filing.

In regard to the issue of the timing of the OMS actions concerning the FERC Order 2003 docket, and whether to seek an extension of MISO's filing date for the tariff or OMS' filing date for comments on the tariff, it was decided that the Executive Committee would wait for the Pricing working group to make a recommendation on this point at the next scheduled Executive Committee meeting in late October 2003.

Agenda Item 4, Discussion of Proposed Budget for 2004

Commissioner Chappelle, Treasurer of OMS, discussed the draft 2004 OMS budget. For the year 2004, the approximate amount of the budget is \$800,000. In most areas, this budget is consistent with the start-up OMS budget for partial-year 2003. The major change in the 2004 budget, compared to the 2003 budget, is an increase in the number of expected OMS meetings (mainly involving OMS working groups) and associated travel costs. The budget will be further discussed among the OMS Board of Directors at the next Board meeting on October 9.

Agenda Item 5, Time and Place for OMS Annual Meeting

Commissioner Wefald suggested that the OMS Annual Meeting be held in Carmel, Indiana, site of MISO headquarters, around the time of MISO's monthly meetings in December. There was a consensus within the Executive Committee in favor of this suggestion. After some discussion, it was decided that the OMS Annual Meeting should be scheduled for December 11 in Carmel, Indiana, with a tentative duration of 11:00 am to 3:00 pm.

Agenda Item 6, Review Bonding, Indemnification and Directors Insurance

Recommendations from NARUC

The Executive Committee discussed a proposal received by OMS in an amount of \$5,650 in response to its insurance needs. Commissioner Wefald indicated that she would contact Commissioner Gary Gillis of Kentucky so he could examine the proposal in detail. Pending any concerns expressed by members of the OMS Board of Directors, the Executive Committee will recommend that the insurance proposal be accepted.

Agenda Item 7, Discuss State Travel Spending Guidelines

Commissioner Chappelle discussed the latest draft of the OMS Travel Expense Reimbursement Policy (Travel Policy). The major difference from the last draft of this document was the expansion of the provisions for “automatic” approval of travel of OMS representatives under certain circumstances. It was determined that the Travel Policy should be further revised to reflect the position of OMS executive director, with that position’s travel to be approved by the OMS treasurer. It was asked if the Travel Policy provided for exceptions in cases where adhering to the travel cost limits contained within might cause hardships; such as when the combination of airline costs from a given location and an overnight stay at a meeting location might exceed the travel cost limits contained within the Travel Policy. Commissioner Chappelle responded that the intent of the Travel Policy was not to enforce draconian limitations on travel, and that under the Travel Policy exceptions to the travel cost caps could be granted for good cause. The Executive Committee agreed with this approach.

It was moved that the OMS Travel Expense Reimbursement Policy, as amended, be approved. The motion was approved.

Agenda Item 7, Funding of FTR Workshops

A series of Financial Transmission Right (FTR) workshops will be held during the month of October 2003, both in-person and by conference call. It was moved that up to three individuals from each OMS state be reimbursed for travel costs by OMS to attend each of the in-person workshops seminars. At least one of the three attendees funded from each state must be a commissioner. Reimbursement of travel expense will be made up to a limit of \$500 per person. The motion was approved.

Next, the question was raised as to whether these OMS FTR workshops should be restricted to OMS members. There was a consensus that these meetings should be open to the public. It was then moved that the FTR workshops be opened up to interested parties. The motion was approved.

Agenda Item 8, Motion to Suspend Payments from MISO

Commissioner Chappelle explained that, for various reasons, OMS was not expending its funds at the rate initially expected, which means OMS does not currently need any more funds transferred from MISO for the time being. The need for funds from MISO is expected to resume when the OMS Staff is hired and the OMS offices are needed to house them. Therefore, it was moved that the OMS Treasurer be authorized to seek an amendment to the OMS/MISO Funding Agreement to temporarily suspend receipt of payments from MISO. The motion was approved.

Agenda Item 9, Other Business

The next OMS Board of Directors meeting will be held on October 9, 2003.

Commissioner Wefald will shortly issue a revised agenda for that meeting, to replace the agenda item concerning OMS Working Group reports with an agenda item calling for discussion of the recent decision by MISO to deploy its MISO Market Initiative on a “staged” basis. The Chairmen of the OMS working groups that had been asked to give reports to the OMS Board of Directors at the October 9 meeting will instead be asked to submit written reports of their recent activities.

Commissioner Wefald adjourned the meeting at approximately 5:00.

Respectfully submitted by Steve Gaw, OMS Secretary.