

**ORGANIZATION OF MISO STATES, INC.  
EXECUTIVE COMMITTEE MEETING MINUTES  
July 29, 2004**

**Approved August 26, 2004**

Commissioner Susan Wefald, President of the Organization of MISO States, Inc. (OMS), called the **July 29, 2004**, Meeting of the OMS Executive Committee to order via conference call at approximately 2:05 p.m. (CDT). The following directors participated in the meeting:

Susan Wefald, North Dakota  
Laura Chappelle, Michigan  
David Sapper proxy for Bert Garvin, Wisconsin  
John Harvey proxy for Diane Munns, Iowa  
Mike Proctor proxy for Steve Gaw, Missouri

Others participating in the meeting were:

Randy Rismiller, Illinois  
Kevin Wright, Illinois  
Margaret Barnabee, Illinois  
Gary Stump, Iowa

Bill Malcolm, MISO  
Bill Smith, OMS

The directors listed above established the necessary quorum of three (3) Executive Committee members.

A motion was offered to approve the June 24, 2004 OMS Executive Committee meeting minutes as distributed. The motion to accept the minutes as presented was unanimously approved.

**Business Items**

**Item 1. Update on Request to DOE for Funding of RTO 101. - Bill Smith**

President Wefald asked Bill Smith to report on his contact with the DOE as concerns RTO 101 funding.

- Bill indicated he'd talked to a DOE representative on July 26.
- RTO 101 would be offered as an "open meeting" at state commission facilities in order to make the presentations available to commissioners, staff, munis, co-ops and others interested in learning more about the topic.
- Bill also checked on costs for MISO's Mr. Chandley's travel and time to sites for the RTO training. A 1/2 day presentation (3 hr training and 2 hr set-up) would cost approximately \$3000. Full-day presentation would total approximately \$4500-\$6000.

- Discussion followed concerning the number of presentations needed, and how soon RTO 101 would be ready to begin. Bill Smith indicated the training would be ready by Fall 2004.
- David Sapper suggested that perhaps RTO 101 training could be geared to more advanced level topics as well as just providing the basics.
- Bill Smith highlighted some of the topics that could be covered in a full day including: Understanding Systems Operations, RTO Benefits, Fundamentals of Transmission, Introduction to Locational Marginal Pricing, Introduction of Financial Transmission Rights and Fundamentals of Resource Adequacy within an RTO.
- Modules were developed to customize the presentations extending the course from one half day to a whole day of training. President Wefald pointed out that this would allow states to choose the package that would work best for them - either 1/2 day or a full day's training and which modules would work best for each particular state.
- Directors agreed that Bill Smith should request \$75,000 from DOE for to be earmarked for this training. (Bill clarified that RTO 101 would only require use of half the DOE funding available to OMS.) This fund request letter would be sent prior to August 6 (the first day of Bill's vacation.)

## **Item 2. Assignment of Demand Response to a Working Group - Bill Smith**

- Bill Smith indicated he has had no response from the OMS work groups to handle this issue. Bill wants to work with Kevin Murray who chairs the task force at MISO to write a one-pager describing the demand side management issue and why state commissions should be interested in it.
- President Wefald asked if any of the executive committee members knew of staff interested in following this issue. Laura Chappelle suggested Lisa Pappas from the Michigan PSC; John Harvey recommended Frank Bodine and Gordon Dunn from the Iowa Utilities Board. Wisconsin's Dave Sapper was asked to ask Commissioner Burnie Bridge to offer a name to Bill Smith. Lena Mantle from Missouri is working on demand side management. (However since she is already a part of the Resource Adequacy WG, she may not have time.) John Harvey also mentioned that Iowa staff are interested in the issue, but do not want to chair the task force. President Wefald suggested that Bill Smith explore options with these staffers, i.e. six-month rotating chair. Bob Pauley from Indiana also sent an email message offering to work on demand response.
- President Wefald stated that OMS would form a new work group to handle demand response (which is different than how the committee talked about structuring it at the last meeting.)

## **Item 3. Update on Status of Grandfathered Agreements - Bill Smith**

President Wefald asked Bill Smith how many grandfathered agreements were going through the arbitration process. He indicated that on July 28 the two administrative law judges reported to the FERC meeting with a power point presentation containing all the statistics -- Bill noted that 450 contracts were filed; 235 of the contracts were not within the scope of what FERC was trying to look at. Of the 215 remaining contracts, 204 were resolved (11 had to be contacted, as they hadn't filed. Judges also filed their written report on July 28, and it is available on the

FERC web site. Exceptions are due August 17 to the judges' report. The hearings have been completed.

- Bill Smith explained that the judges phrased the questions that go to the FERC for step three this way:
  1. "Whether the grandfathered agreements can function as written within the proposed energy market."
  2. "Whether the grandfathered agreements can function as necessary under the proposed treatment."

President Wefald asked for questions or comments; requesting from the Executive Committee members how their stakeholders have been affected by these grandfathered agreements. John Harvey indicated that "nothing is perfect yet" since the municipalities in Iowa want to meet with the IUB August 13 and didn't want to share anything in advance.

President Wefald then asked David Sapper, Wisconsin and Laura Chappelle, Michigan what their state commissions have been hearing about the grandfathered agreements. Neither state has heard much from their stakeholders. Mike Proctor indicated that very few of Missouri's wholesale customers have grandfathered agreements, but their commission has been meeting with the munis about different issues.

Bill indicated that OMS probably wouldn't expect to hear much more from the FERC about grandfathered agreements until September.

#### **Item. 4. Update on PJM - MISO Pricing Meetings - Randy Rismiller**

Randy Rismiller was unavailable for the meeting, so Bill Smith presented information he had received from Randy Rismiller by email earlier in the week. (Draft was sent out to work group members, Bill Smith will make arrangements with Randy to see that the final copy is made available to the board.)

Chief Judge Wagner called for a conference on August 6 concerning PJM/MISO Pricing; settlement meetings will be held August 12 in Baltimore, and in Carmel September 13.

#### **Item. 5. FERC July 28 Meeting Highlights**

President Wefald asked Bill Smith to report on July 28 FERC Meeting.

- Issue of Grandfathered Agreements was discussed previously in this meeting.
- Although it was on the agenda, FERC did not discuss the issue of transmission and energy markets tariff, indicating it would be taken up later in the future.
- Ameren and Illinois Power merger was approved.
- September 15 is the next FERC meeting.

#### **Item 6. Nominating Committee Progress Report**

In the absence of Greg Jergeson, Kevin Wright reported that Judy Jones, Greg Jergeson and he would be meeting Monday, August 2 and would have a report for the board at the next OMS BOD meeting August 12.

## **Item 7. OMS Voting Principles - Review New Draft**

President Wefald asked if the revised language from the executive committee members who offered to write new language for the voting process document was available. Laura Chappelle and Steve Gaw indicated they would send their revisions to President Wefald to be ready for the August 12 Board Meeting. President Wefald asked John Harvey to remind Diane Munns that she offered to write new language for the document; but since subsequent changes have been made, she may no longer wish to revise the sections she felt needed re-wording.

President Wefald indicated she would like to have any new language suggestions be submitted to her by August 2, to be sent out to members for review when the OMS BOD Meeting agenda is sent out for the August 12 meeting.

President Wefald said that approval of the Voting Process document will not require the OMS Bylaws to be changed. It is to be considered "Policy" and will then be posted on the OMS Web Site. Laura Chappelle suggested beginning on the Work Group Process Document as soon as finishing the Voting Procedures Document; and keeping the two documents together for approval.

## **Administrative Update - Bill Smith**

- **Authorization to file IRS Form 990 for the year July 1, 2003 to June 30, 2004**

President Wefald explained that OMS started receiving funds in July of 2003, and therefore would like to submit taxes based on a fiscal year (July 1, 2003 to June 30, 2004) rather than a calendar year. Laura Chappelle concurred that this change seemed appropriate. Bill Smith mentioned that the IRS prefers organizations to remain on a calendar year, but that OMS would file this time for the fiscal year with the possibility of returning to a calendar year filing next year or the year after.

The Executive Committee members voted unanimously to authorize the executive director to file OMS taxes for the fiscal year July 1, 2003 to June 30, 2004.

Bill Smith also mentioned that OMS received its 501 (c) (4) tax status on July 13 and the IRS notice will be posted on the OMS web site. Laura Chappelle asked that the OMS IRS tax status be announced at the August BOD meeting as well.

- **Solicitation Letter Draft**

President Wefald began the discussion of the D.C. Counsel Solicitation Letter by referring to the draft prepared by Bill Smith and circulated with the agenda materials. David Sapper asked (on behalf of Bert Garvin) if OMS were going to seek fees normally extended to public interest groups. David Sapper indicated that Bert Garvin is in favor of D.C. counsel, he is just concerned about its cost. Bill Smith indicated he would weave this sentiment into the letter. Bill Smith was asked to send the letter out at the end of August to all interested parties.

Other comments followed. John Harvey was concerned about OMS getting an immediate response from outside counsel on issues, if outside counsel was not retained. Bill Smith indicated he would make a wording change to reflect that consideration. Kevin Wright suggested OMS members decide whether counsel must come from the D.C. area or not.

President Wefald agreed with Kevin Wright -- D.C. counsel may be too expensive. Members present agreed to delete the parenthetical phrase in the first paragraph of the letter "[located in the Washington, D.C. area]" to reflect their openness to hiring counsel outside the beltway. Discussion also centered on the possibility of contracting more than one attorney.

President Wefald then indicated that Bill provide the OMS Executive Committee with a revised letter for approval at its August meeting; after which, the letter would be sent out to contacts.

President Wefald asked for members on the call to give names to Bill for contacting. It was also suggested to post the solicitation letter on the OMS web site.

- **Formation of the OMS Budget**

President Wefald indicated that Bill Smith has prepared a draft 2005 budget for OMS, which both she and Laura Chappelle have reviewed.

- President Wefald asked that this first 2005 OMS budget draft be sent to the remaining Executive Committee members, John Harvey and Kevin Wright to be discussed at the August Executive Committee meeting.
- Bill Smith indicated he had spoken with Jo Biggers of MISO's financial staff for a timeline of the MISO Budget process. In order for OMS to parallel MISO's process, OMS needs to vote on its budget at the September BOD meeting. The OMS budget must be finalized before the MISO Board meeting in November. At that time the OMS 2005 budget would be ratified with the MISO budget. Jo Biggers also requested OMS quarterly actuals of expenses. President Wefald indicated that OMS also needs to have an audit, with a copy of the audit going to MISO.

### **Announcements**

- Next Regular OMS BOD Meeting will be held August 12.
- Bill Smith filed the comments on Reactive Power today; after adding Ohio and Nebraska's names to the list of states supporting the comments.

**Meeting adjourned at 3:15 p.m. (cdt)**