

**ORGANIZATION OF MISO STATES, INC.
EXECUTIVE COMMITTEE MEETING MINUTES
February 24, 2005**

Approved 3/24/05

Commissioner Kevin Wright, President of the Organization of MISO States, Inc. (OMS), called the February 24, 2005 Meeting of the OMS Executive Committee to order via conference call at approximately 3:05 p.m. (CST). The following directors participated in the meeting:

Kevin Wright, Illinois
Burl Haar, proxy for Ken Nickolai, Minnesota
Bert Garvin, Wisconsin
Judy Jones, Ohio (joined after the meeting began)
Steve Gaw, Missouri

Others participating in the meeting were:

Ken Nickolai, Minnesota
Randy Rismiller, Illinois
Wanda Jones, Michigan
Bill Smith, OMS Staff

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

Steve Gaw offered a motion to adopt the January 27, 2005 OMS Executive Committee meeting minutes as distributed. Bert Garvin seconded. By voice vote the directors unanimously approved the minutes as presented

Business Items

1. Discussion - Review of Upcoming Dates - Bill Smith

- Market Readiness: Bill Smith briefly discussed the changes of the readiness procedure now that the OMS comments have been approved and are ready to be filed with the FERC.
- Data Access: OMS Market Monitoring WG held a call to schedule events to lead up to the March 8 meeting when the WG will decide whether to go forward with comments to be approved at the March 10 board meeting. If the draft isn't ready for the March 10 board meeting, there will be a special meeting March 17 to decide on the document. President Wright asked for clarification on dates for Data Access Comments. Bill Smith reviewed possible date outcomes: the earliest possible date commissions might see a comment draft for their commissions to review is March 4. On Tuesday March 8, MMMWG will determine whether the draft will be offered for the BOD meeting on March 10.
- Capacity Markets. OMS RAWG just completed hosting the third of three workshops for OMS commissioners on capacity markets. This was held in Washington, DC prior to NARUC's start and involved PJM's Reliability Pricing Model. RAWG meets February 22 to discuss what OMS next steps will be.
- Pricing/RECB. President Wright asked what preparation OMS members might need in concerning RECB? Steve Gaw acknowledged RECB as a huge issue and requested that information about RECB be provided in the form of a briefing or tutorial and be available to the OMS board members in a discussion format as well. Chair Randy Rismiller pointed out that the next RECB meetings are March 1 and March 11. Bill Smith suggested that at the March 10 OMS Board meeting, Randy Rismiller provide a tutorial plan to be presented to OMS board members the second half of March to present RECB information. Randy Rismiller

agreed to do so. (Bill offered the Capacity Market Model that Jan Karlak's RAWG just used as a suggested method to convey the material.)

2. Discussion: Revisions to OMS Travel Policy - Bill Smith

- Bill Smith mentioned that after 18 months, several items in the OMS travel policy may need to be revised or updated. Discussion about the OMS Travel Policy largely centered around expenses. OMS members choose to be reimbursed in two different ways - Actual Expenses or Per Diem Expenses.
- Most commissioners use actual expenses reimbursement. Most per diem expenses are submitted by commission staff.
- OMS Per Diem Expenses are based on the G.S.A. model which NARUC uses. The G.S.A. reference in the OMS Travel Policy on the OMS web site has a new URL -- which needs to be corrected if we are to continue citing the G.S.A. method of Per Diem reimbursement. G.S.A. has also changed the method in which it chooses to reimburse per diem expenses the first and last day of travel. The per diem becomes strictly 75 % of the daily per diem regardless of how much of the day the traveler spends traveling.
- Another issue for OMS travelers particularly going to Carmel. They need to be reminded that they are receiving lunch every day at MISO, therefore the lunch amount needs to be subtracted from their daily per diem break down. When meals are provided, these meals should be deducted from the total per diem amount.
- Bill Smith would like to prepare a reminder sheet for all OMS travelers who request travel reimbursement. In it he intends to include information about the new G.S.A. changes, information about including OMS with your own name when renting cars for OMS purposes.
- Bill Smith also raised the issue about reimbursement for the Indiana commissioners/staff when they participate in a MISO or OMS meeting in Indiana. Bill asked if the OMS Travel policy could be tweaked to allow this. (Both Bert Garvin and Steve Gaw agreed that discretion should be given to Bill Smith to determine as to whether Indiana should be approved to have dinners with the group or not. Their feeling was that "no state commission should gain nor be penalized for being in the location where the meeting is held.")
- Ken Nickolai suggested that OMS move to a system with receipts only.
- President Wright requested that Bill Smith prepare a Travel Policy Proposal that the board could discuss at its next meeting.
- Bill Smith then indicated the OMS Travel Policy needed to address travel by staff. Bill wanted to know what the executive committee considers "automatic" travel for the executive director. President Wright indicated OMS, MISO, NARUC meetings are not a problem for Bill to attend and be reimbursed for his travel expenses automatically.
- If there is a rational relationship for the executive director to speak at a meeting, then there shouldn't be a problem. The executive director is to check with president as well as the treasurer for travel reimbursement approval for speaking engagements. If they need further assistance they will take it to the executive committee.
- FERC, EPSA, NECPUC and other meetings where the executive director has been invited to speak on behalf of OMS in the past, will be considered on a case by case basis - and if the meeting/trip isn't related to OMS business, the executive director will need to take the time off as vacation time.
- President Wright further requested that for out of country trips (i.e. NARUC special projects), that the executive director provide the OMS executive committee as much lead time as possible, so that all can be certain his time away won't interfere with FERC filings, and other important OMS business.
- Mention was also made of the executive director staying within the constraints of his OMS travel budget. Last year's executive director's travel was \$9,200 which Steve Gaw did not consider out of line; nor did it approach the \$20,000 budgeted for his travel.

- Steve Gaw asked that the travel policy be re-visited and asked that Bill re-examine the \$500 cap for travel to MISO for some of the states. Steve Gaw also asked that the \$500 be adjusted to be more realistic or clarify that the amount is not a cap but a suggested amount. Steve also asked that a reminder of the new travel changes be bulleted and sent to OMS travelers.

3. Discussion item: Updates to Other OMS Guidance - Bill Smith

Lead State Responsibility

- On Jan 7, Bill Smith sent out a document with Bill's suggested changes highlighted. The changes are felt to be needed because they reflect the addition of OMS staff. Burl Haar and Judy Jones thought the changes looked reasonable and that it should go before the board for approval at the March 10 meeting.
- President Wright had a question about the lead state for next year. Bill Smith responded that the recommendation was tied to the vice presidency and will have to be determined by the nominating committee for next year.

Public Relations Policy

- On December 30, 2004 Bill Smith sent out a document he called a "concept paper" that Bert Garvin commented on. Bert also described a procedure the Wisconsin commission uses to respond to press inquiries. Steve Gaw suggested that OMS should have a strategy in place whenever there is a press inquiry that relates to OMS: the president should be notified, the lead state should know.
- Bill Smith agreed with Steve's suggestions and added that the Executive Committee should be alerted by email and that the reporter be told that they'll have to get back to the reporter once an official OMS position is developed. Notifying the Executive Committee is the first stage of this policy, determining how they'll develop a statement and who will give it is the second concern Bill has.
- There was discussion among committee members as to whether this should be put before the board for a vote. The decision was to inform the board of the executive committee's position on the policy, so there would be consensus among the commissioners as to how to react to press questions concerning OMS.

NON-AGENDA ITEMS

The following items were brought to Bill Smith's attention during recent NARUC, FERC and MISO meetings. He brought them up to the Executive Committee for their thoughts, with the intention of bringing them up at a future agenda if necessary.

1. FERC Training

FERC conducts information sessions for its staff. For instance, recently the stand-alone transmission companies briefed on their business model and issues unique to them. Bill Smith was asked if OMS would present a two-hour session on the structure and processes of regional state committees. It would be an unparalleled opportunity to speak with one hundred plus key advisors off the record. OMS would have the option of including other RSCs. While our counterparts have something to contribute, Bill wondered if splitting two hours four ways would diminish impact. The training would likely take place in April. Bill Smith then asked the Executive Committee if they wanted to pursue this as an OMS project or an SPP project? Ken Nickolai indicated he thought it should be limited to OMS, because otherwise it gets diluted too much. Steve Gaw indicated there were significant differences (viewpoints) between the two groups, so maybe there could be separate preparations. Since Missouri is in both OMS and SPP, perhaps where there are differences the differences could be explained. Bill Smith is to proceed with this as suggested.

2. Market Status Report

Bill Smith visited the FERC market oversight room in Washington. At the end of the visit, FERC staff mentioned that they may make the market status report available to some states. The next day at MISO, Bill Meroney, one of the non-decisional FERC staff, showed Bill Smith a sample of FERC's "Energy Market Snapshot". (FERC provided Bill a copy of its non-disclosure agreement. FERC's material is confidential for copyright purposes - because it is based on subscription material.) The executive director referred this to the Market Monitoring WG for follow up. MMMWG met and decided they want some of the states to set up a regular cycle of phone calls with FERC staff and a regular way to get the document. Within the states, the commissions will send the non-disclosure document in and get copies of the FERC document from the OMOI staff. Bill Smith indicated he would make it an information item for the OMS board.

3. Jan Beecher, Michigan State Public Utilities Institute Director, is considering whether the Institute can serve as a forum for the FERC-State diplomacy suggested in the FERC/State resolution and in Commissioner Kelly's remarks to the Electricity Committee. Bill Smith offered to work in a support role with that project if it goes forward. President Wright suggested that Bill Smith wait until the direction of the issue becomes more clear

4. NARUC Invitations

NARUC's exchange program has asked Bill Smith to bring the regional cooperation story to two upcoming meetings. The first is in India the first week of March. Bill Smith plans to do that, as indicated above in the travel policy discussion, at no cost to OMS and using vacation days. Bill will do three presentations:

- U.S Power Sector Experience related to electricity market development
- Regulation and Investments in G&T: U.S. Experience (Midwest – Regulated or RTO perspective)
- Power Exchanges: Role and structure of spot and futures and settlement mechanism.

They have asked Bill Smith to meet with the Macedonia-Vermont partnership to discuss regional cooperation. That would be in the eastern US later in the spring, probably early June. Again, this would be at no cost to OMS.

5. Prepare For Market Launch

Commissioners discussed how the commissions want to be prepared for the start of the market April 1. Bill Smith asked what types of materials members want available. Ken Nikolai suggested some language is needed for all the contingencies: a paragraph if all goes well, as well as a script if all does not go well, (i.e. a paragraph stating that MISO has a plan to turn back control just in case there is a major glitch.) President Wright encouraged all the OMS board members to communicate with the market participants in their states concerning readiness.

Executive Committee members agreed unanimously to send a congratulatory note to OMS board member Diane Munns for her new position at NARUC. President Wright spoke for the Executive Committee in his praise of Diane; and, with eloquence, described how very proud of her accomplishments, OMS is.

Meeting adjourned at 4:35 p.m. central time.