

**Southwest Power Pool  
Board of Directors  
Teleconference Meeting Minutes – March 1, 2002**

**Call to Order & Roll Call**

SPP Chair Mr. Al Strecker called the Board of Directors teleconference meeting to order at 8:32 a.m. All directors were present or represented by proxy (Proxies – Attachment 1) and included: Mr. Bill Dowling for Mr. Gene Argo (Midwest Energy), Ms. Kim Casey (Dynergy), Mr. David Christiano (City Utilities of Springfield), Mr. Harry Dawson (OMPA), Mr. Gene Reeves for Mr. Michael Deihl (SPA), Mr. Dick Dixon (WR), Mr. Jim Eckelberger for Mr. Harry Skilton (non-stakeholders), Ms. Trudy Harper (Tenaska), Mr. John Marschewski (SPP), Mr. Tom McDaniel (non-stakeholder), Mr. Stephen Parr (KEPCo), Mr. J. M. Shafer (Western Farmers) and for Mr. Quentin Jackson (non-stakeholder), Mr. Richard Spring (KCPL), Mr. Larry Sur (non-stakeholder), Mr. Richard Verret (AEP), and Mr. Gary Voigt (AECC). Attendance more than satisfied 13 members required for a quorum. SPP Staff present were: Mr. Nick Brown, Ms. Stacy Duckett, and Mr. Carl Monroe.

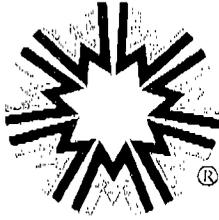
**Conditional Withdrawal Agreement**

Mr. Strecker stated that the purpose of the teleconference meeting was for the Board of Directors action on the Conditional Withdrawal Agreement approved by the MISO Board of Directors and distributed Friday, February 22, 2002. Ms. Stacy Duckett described document modifications and the reason for these modifications. Ms. Duckett stated that rather than trying to resolve a potential state regulatory filing issue with a letter from the MISO president, a decision was made to simply relocate a provision in the Conditional Withdrawal Agreement from one section to another (Amended CWA – Attachment 2). Mr. McDaniel moved to accept the agreement as presented. Mr. Voigt seconded this motion. During discussion, Mr. Verett asked to verify that all monies would change hands at closing. Mr. Verett was told yes, that there are no longer promissory notes contemplated in the agreement. A roll call vote resulted in the motion passing without opposition and with two abstentions: Mr. Verett (AEP) and Mr. Dawson (OMPA).

**Adjournment**

With no further business, Mr. Strecker adjourned the teleconference meeting at 9:04 a.m. and thanked everyone for their participation.

Nicholas A. Brown, Corporate Secretary



**Midwest  
Energy, Inc.**

**Gene Argo**  
President and General Manager

1380 Canterbury Road  
P.O. Box 898  
Hays, Kansas 67601-0898  
Direct (785) 625-1402  
FAX (785) 625-1494

February 28, 2002

Al Strecker, Chair  
Southwest Power Pool Board of Directors

Dear Al,

Bill Dowling has my proxy to vote at the 8:30 a.m. March 1<sup>st</sup> teleconference board meeting regarding the Conditional Withdrawal Agreement.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gene Argo".

bh

**Brown, Nick**

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**From:** Quentin Jackson on behalf of Jackson, Quentin  
**Sent:** Thursday, February 28, 2002 2:03 PM  
**To:** Shafer, J.M.  
**Cc:** Marschewski, John; Brown, Nick  
**Subject:** Proxy for Friday's Call

J.M.

This is to confirm our phone conversation that you will have my proxy for Friday's telephone Board Meeting.  
Many Thanks.

Quentin Jackson

-----Original Message-----

**From:** Shafer, J.M. [mailto:J\_Shafer@wfec.com]  
**Sent:** Thursday, December 06, 2001 5:39 PM  
**To:** gvoigt@aecc.com; Harry Dawson (E-mail); J. M. Shafer (E-mail); Jim Eckelberger (E-mail); Quentin Jackson; Trudy Harper (E-mail)  
**Cc:** John Marschewski (E-mail)  
**Subject:** Executive Agreements Conference Call November 6, 2001 2:30 PM CST

I have summarized the meeting as follows:

Conferees: Harry Dawson, Jim Eckelberger, Quentin Jackson, Gary Voigt, J.M. Shafer.  
John Marschewski joined at a later time.

The proposed Executive Agreements were discussed with the remaining issues being 1 - Termination of Employment, Section 7(d)(iii). Agreement was reached by adding language Jim Eckelberger had proposed in his December 5, 2001, 1:29 AM e-mail. 2 - Termination Benefits, Section 9(a). Agreement was reached to remove the proposed Section 9(a) and make Sections 9(b) and 9(c) Sections 9(a) and 9 (b) respectively.

John joined the conference and agreed to the proposed revisions. John will have the documents revised and prepared for signature.

Other Items:

The EBWG/Compensation Committee will meet at 6:30 AM December 12 before the SPP Board meeting at the Weston in OKC to discuss the SPP Retirement Plan proposal. Frank will get us the redlined version of the document if he receives it in time. John is arranging for the meeting room. We will have coffee and rolls available. Quentin will join us via telephone. Hopefully this will forego the need for a meeting in January.

Thanks for everyone's time.

J. M.  
**J. M. Shafer**  
**CEO, WFEC**

3/1/2002

**Brown, Nick**

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**From:** Marschewski, John  
**Sent:** Friday, March 01, 2002 7:22 AM  
**To:** Brown, Nick  
**Subject:** FW: SPP Board Phone Vote

-----Original Message-----

**From:** Deihl, Mike  
**Sent:** Thursday, February 28, 2002 6:26 AM  
**To:** Marschewski, John  
**Cc:** Reeves, Gene  
**Subject:** SPP Board Phone Vote

John..... for the rest of this week..... I will be having Mr. Gene Reeves proxy for me in any Board voting..... If there is a phone vote and/or email vote the remainder of this week, please include Gene in any email/phone/information distribution activities. Gene is aware of the situation and discussions I have had with you and Jim T. of MISO at the last Board Meeting.

Gene's email address is reeves@swpa.gov

Gene's phone number is 918-595-6696

Thank you..... Mike Deihl; Southwestern Power Administration

3/1/2002

**Brown, Nick**

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**From:** Marschewski, John  
**Sent:** Friday, March 01, 2002 7:22 AM  
**To:** Brown, Nick  
**Subject:** FW: TELECON

-----Original Message-----

From: Harry.Skilton@americanmeter.com  
[mailto:Harry.Skilton@americanmeter.com]  
Sent: Thursday, February 28, 2002 4:24 PM  
To: Marschewski, John  
Cc: eckelberger@earthlik.net  
Subject: TELECON

> Dear John,  
>  
> I received your notification for a teleconference Board meeting  
tomorrow  
> March 1st at 8:30 Central Standard Time (9:30 EST). I will be in  
> Washington, D.C. at the time and have an appointment at 9:00 Central  
> (10:00 a.m. EST). I will join you; however, if any vote or business  
is  
> transacted after I need to leave the conference call, I will extend my  
> proxy to James Eckelberger.  
>  
>  
> Yours truly,  
>  
> Harry Skilton

**FORM OF  
CONDITIONAL WITHDRAWAL AGREEMENT**

This **CONDITIONAL WITHDRAWAL AGREEMENT** (“Agreement”) is made as of \_\_\_\_\_, 2002, by and among **SOUTHWEST POWER POOL, INC.** (“SPP”) and the undersigned (the “Member”), each of whom is a signatory to that certain Southwest Power Pool Membership Agreement dated July 1999 (the “SPP Membership Agreement”).

**RECITALS**

A. SPP and Midwest Independent Transmission System Operator, Inc. (“MISO”) have entered into a Purchase and Assumption Agreement dated as of \_\_\_\_\_, 2002 (the “Purchase Agreement”), under which MISO has agreed to purchase substantially all of SPP’s tangible and intangible assets and assume substantially all of SPP’s obligations, as of the closing date described therein (the “Closing Date”).

B. It is the intention of SPP and MISO that, following the Closing Date, MISO (as restructured in accordance with the terms of the Purchase Agreement) will make available to the Member, provided the Member elects to become a member of MISO, substantially the same services currently provided under the SPP Membership Agreement, excluding only NERC-related reliability council functions that will remain with SPP.

C. The closing of the transactions contemplated by the Purchase Agreement (the “Closing”) is subject to the satisfaction of certain conditions, including the conditions that all signatories to the SPP Membership Agreement either agree to withdraw from the SPP Membership Agreement or are removed from membership pursuant to the SPP Bylaws and, further, that SPP members representing a specified minimum amount of Annual Billing Determinants, as defined in the Purchase Agreement, have executed the membership agreement of MISO.

D. The Member and SPP intend that certain obligations between them that arise under the SPP Membership Agreement and survive the withdrawal of the Member shall be assigned to and assumed by MISO upon the Closing.

E. SPP has previously collected amounts from the Member to cover tariff income shortfalls, and may collect additional amounts prior to the Closing Date. Any amounts so collected are subject to repayment under the Repayment Policy adopted by the SPP Board of Directors at the meeting held on November 8-9, 1999 (the “Repayment Policy”). The exact amount to be repaid to the Member by SPP will be determined as of the Closing Date. Concurrent with the Closing, SPP shall, or shall cause MISO to, pay to the Member the amount owed to it under the Repayment Policy.

F. Upon the Member’s withdrawal from SPP, it becomes obligated to pay to SPP its pro rata share of all financial obligations of SPP incurred prior to such withdrawal. If the Member chooses not to become a member of MISO following its withdrawal from the SPP

Membership Agreement pursuant to this Agreement, the Member shall concurrent with the Closing, pay to SPP, or to MISO, its pro rata share of all financial obligations of SPP incurred prior to the Closing Date, whether or not such financial obligations are then presently due and payable. The exact amount of the Member's payment to SPP or MISO will be determined as of the Closing Date. It is expressly understood by the Member that the Member's obligation to pay SPP its pro rata share of all financial obligations of SPP and all rights related thereto may be transferred and assigned to MISO.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, SPP and the Member hereby agree as follows:

1. **Conditional Withdrawal of the Member.** Upon the terms and subject to the conditions set forth herein, and as of the Effective Time (as defined in Section 5 below), the Member shall be deemed to have withdrawn as a member of SPP and from the SPP Membership Agreement and shall thereafter have the rights and obligations of a withdrawing member as provided in the SPP Membership Agreement, in Section 4.2 and elsewhere, and the rights and obligations provided in this Agreement. SPP and the Member hereby consent to the Member's withdrawal effected under this Agreement notwithstanding the fact that such withdrawal fails to comply with all the terms set forth in the SPP Membership Agreement pertaining to member withdrawals. Following the Member's withdrawal from the SPP Membership Agreement and its ceasing to be a member of SPP, the Member has the express right to rejoin, at no cost or charge, SPP in its capacity as the provider of services in connection with SPP's NERC-related reliability functions.

2. **Consent to Assignment and Assumption.** At the Effective Time, some or all of the rights and obligations of SPP under the SPP Membership Agreement (which, in light of the withdrawal or removal of all signatories to the SPP Membership Agreement, shall consist only of rights and obligations in respect of withdrawing members, herein called "Withdrawn Member Obligations") may, at MISO's discretion, be assigned to and assumed by MISO. The following Withdrawn Member Obligations shall be assigned to and assumed by MISO.

(a) the obligation of the Member to pay, and the corresponding right of SPP to collect from the Member, any assessments under the SPP Membership Agreement that are accrued and unpaid at the Effective Time; and

(b) the obligation of the Member to pay, and the corresponding right of SPP to collect from the Member, its pro rata share of all financial obligations of SPP incurred prior to the Effective Time, whether or not such obligations are then due and payable, including but not limited to obligations in respect of SPP's \$25 Million Senior Unsecured Notes, all as specifically described in Section 4 below.

The Member (regardless of whether it becomes a member of MISO) hereby (i) consents to the assignment and assumption of the Withdrawn Member Obligations and (ii) agrees that the Withdrawn Member Obligations shall be valid, binding and enforceable between it and MISO, and that MISO, as assignee, shall be entitled to enforce any of the Withdrawn Member Obligations.

3. **Repayment of Tariff Income Shortfalls.** SPP and the Member hereby agree that the attached Schedule 1 accurately reflects, as of February \_\_\_, 2002, the repayment obligation of SPP to the Member under the Repayment Policy (such repayment obligation, together with any additional repayment obligations accrued during the period between February \_\_\_, 2002 and the Effective Date being referred to, collectively, as the “Repayment Obligation”). Concurrent with the Closing, SPP agrees that it shall, or shall cause MISO to, pay the Repayment Obligation in full. The Member (regardless of whether it becomes a member of MISO) hereby agrees that such payment, when made, will constitute full satisfaction for the amounts payable under the Repayment Policy.

4. **Payment by the Member of Obligations Upon Withdrawal.** SPP and the Member hereby agree that if the Member as of the Closing has not become a member of MISO, notwithstanding the Member’s withdrawal as a member of SPP and from the SPP Membership Agreement pursuant to the terms of this Agreement, shall pay, as of the Effective Time, to SPP, or to MISO as the holder of the right to receive such payment pursuant to the terms of the Purchase Agreement, its pro rata share of all financial obligations of SPP incurred prior to its withdrawal as of the Effective Time, whether or not such financial obligations are then presently due and payable. As of February \_\_\_, 2002, the amount of the Member’s obligation is reflected on Schedule 2. The amount of the Member’s obligation will be recalculated on or before, but as of, the Effective Time. SPP hereby agrees that such payment, when made, will constitute full satisfaction for the amount payable by the Member to SPP. The Member hereby agrees and consents to the transfer of such payment and all rights thereunder to MISO.

5. **Effectiveness.** Section 1 of this Agreement shall become effective upon the Closing described in the Purchase Agreement, and the term “Effective Time” as used in this Agreement shall mean the effective time of the Closing under the Purchase Agreement. Notwithstanding anything to the contrary herein, Section 1 of this Agreement shall not become effective except upon satisfaction of each of the following conditions:

(a) All of the signatories to the SPP Membership Agreement shall have signed a Conditional Withdrawal Agreement or been removed as members of SPP under the SPP Bylaws prior to the Effective Time and none of the SPP members that have signed a Conditional Withdrawal Agreement shall have taken any action to withdraw from or disavow its obligations under such agreement;

(b) All of the conditions precedent to the Closing described in the Purchase Agreement shall have been satisfied or waived; and

(c) SPP shall have paid, or caused MISO to pay, the Repayment Obligation as provided in Section 3 hereof or such payment shall have been netted against the payment required to be made by the Member to MISO as contemplated by Section 4 hereof.

If the provisions of Section 4 above are applicable and the Member refuses to make the payment described in Section 4, SPP (or MISO as SPP’s assignee) shall be entitled to withhold payment of the Repayment Obligation to the Member and pursue and enforce its rights under the

SPP Membership Agreement and this Agreement or otherwise under applicable law for collection in full of the amounts payable by the Member to SPP plus reasonable attorneys' fees.

This Agreement shall be void and of no further force and effect if, and at the same time as, the Purchase Agreement shall be terminated for any reason.

6. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any counterpart signature page delivered by facsimile transmission shall be deemed to be and have the same force and effect as an originally executed signature page. This Agreement shall be binding, as between SPP and the Member, upon the Member's execution and delivery to SPP of the Member's counterpart signature page, subject to approval(s) of federal or state regulatory agencies, if any, that may be required to be obtained by the Member.

7. **Assignment.** SPP may, at the Effective Time or any time thereafter, assign all or part of its rights under this Agreement to MISO.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned, by its duly authorized officer, has caused this Conditional Withdrawal Agreement to be signed as of the date set forth first above, to be effective subject to the conditions recited therein.

SOUTHWEST POWER POOL, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF, the undersigned, by its duly authorized officer, has caused this Conditional Withdrawal Agreement to be signed as of the date set forth first above, to be effective subject to the conditions recited therein.

MEMBER COMPANY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Schedule 1 to Conditional Withdrawal Agreement**

Repayment Obligation as of \_\_\_\_\_, 2002

**Schedule 2 to Conditional Withdrawal Agreement**

Member's Pro Rata Portion of SPP Financial Obligations as of \_\_\_\_\_, 2002