

**Minutes of Regional State Committee (RSC) for the Southwest Power Pool (SPP)  
Teleconference Special Meeting on June 23, 2004 at 10:00 a.m.**

**CALL TO ORDER**

Denise Bode, RSC President, called the meeting to order at approximately 10:10 a.m.

**PRELIMINARY MATTERS**

**a. Declaration of a Quorum.** The following individuals were in attendance:

**RSC Members:**

President Denise Bode, Oklahoma Corporation Commission  
Vice President Sandra Hochstetter, Arkansas Public Service Commission  
J.Michael Peters, Proxy for Board Member Brian Moline, Kansas Corporation  
Commission  
Board Member Steve Gaw, Missouri Public Service Commission  
Treasurer David King, New Mexico Public Regulation Commission  
Adrienne Brandt, Proxy for Secretary Julie Parsley, Texas Public Utility Commission

**Associate Members and Non-Members:**

Commissioner John Wine, Kansas Corporation Commission  
Commissioner Robert Krehbiel, Kansas Corporation Commission  
Nick Brown, CEO of SPP  
Les Dillahunty, SPP  
Stacy Duckett, SPP  
Carl Monroe, SPP  
Tony Ingram, FERC  
Sam Loudenslager, Arkansas Public Service Commission  
Richard House, Arkansas Public Service Commission  
Pat Moser, Arkansas Public Service Commission  
Don Low, Kansas Corporation Commission  
Mike Peters, Kansas Corporation Commission  
Larry Holloway, Kansas Corporation Commission  
Tom DeBaun, Kansas Corporation Commission  
John Bell, Kansas Corporation Commission  
James Watkins, Missouri Public Service Commission  
Lena Mantle, Missouri Public Service Commission  
Ryan Kind, Missouri Office of Public Counsel  
Ben Matallie, New Mexico Public Regulation Commission  
Joyce Davidson, Oklahoma Corporation Commission  
Kelli Leaf, Oklahoma Corporation Commission  
Gary Walker, Oklahoma Corporation Commission  
Ken Zimmerman, Oklahoma Corporation Commission  
Ed Farrar, Oklahoma Corporation Commission  
Jess Totten, Texas Public Utility Commission

Bridget Headrick, Texas Public Utility Commission  
Walter Wolf, Stone, Pigman, Walther, Wittman, LC, outside counsel for the Louisiana  
Public Service Commission  
Michael Deselle, AEP  
Beth Martin, Entergy  
Steve Owens, Entergy  
Barry Warren, Empire District  
Tom Tramueolk, New Energy Associates  
Lori Net, OMPA  
Osha Kirsten, EEI  
Ken McClure, City Utilities  
Richard Spring, KCPL  
Mike McLaughlin  
Walt Shumate, Consultant from Dallas  
David Brian, East Texas Cooperatives

It was determined that a quorum was present.

Bridget Headrick, Texas Public Utility Commission, requested that everyone sign up for meetings through the SPP website. This will enable Cheryl Robertson at SPP to provide a list of attendees and will streamline the roll-call in the future. Ms. Headrick also requested that one person from each state Commission send via email a list of persons on the call in the event they dial in on the same number.

**b. Adoption of the June 2, 2004 Meeting Minutes**

**Vice President Hochstetter moved that the June 2, 2004 minutes be adopted. Treasurer King seconded. There was no discussion and no objections, and the minutes were accepted by acclamation.**

**c. Update from Treasurer**

Treasurer King provided an update on the budget approved by the SPP. (See Attachment A for detailed budget information.) Treasurer King suggested that the accounts be set up in Little Rock at the same bank as the SPP account, and that the bank be authorized to act as the agent for the organization. Under the Bylaws, two of three RSC officers (the Chairman, Vice Chairman, or Treasurer) would be able to call in, send a memo, or send a fax to take money out of the account to pay RSC bills. The bank would handle the transactions and do the bookkeeping and monthly reports at no extra charge. Any fees outside of that would be charged to the RSC. The bank is also concerned that the RSC is on a fiscal-year basis and would like the RSC to consider going to a calendar-year basis. This would be more efficient from an auditing standpoint and would distinguish the organization as independent from any state.

**Treasurer King moved that the accounts be set up in Little Rock at the same bank as the SPP account, that the bank be authorized to act as the agent for the RSC, and**

**that the accounting be done on a calendar year. Vice President Hochstetter seconded. There were no objections and the motion was approved by acclamation.**

## **BUSINESS MEETING**

### **Previously discussed issues**

- a. Report, discussion and possible action on cost-benefit study commissioned by the SPP RSC, including a possible vote on the consultant to perform the study**

Sam Loudenslager, with the Arkansas Public Service Commission, Chair of the Cost Benefit Task Force (CBTF), provided an update concerning the cost benefit study (CBS) and work of the CBTF. He noted that additional clarification has been sent to vendors, and that the CBTF has narrowed it to three remaining vendors. On Wednesday, June 30, 2004, the vendors will amend their bids. Chair Loudenslager noted that a webcast presentation from vendors has been scheduled for July 1. The CBTF will meet on July 2 and will bring their final recommendations to the RSC Board on July 7.

- b. Report, discussion and possible action with respect to policy concerning transmission upgrade and expansion cost allocation for the SPP**

Mike Proctor, with the Missouri Public Service Commission, provided an update on the issues list that the cost allocation working group (CAWG) has been developing. Responses to questions and issues are preferred by June 30 to give the CAWG guidance in terms of developing a proposal with respect to transmission funding. CAWG will meet in person in Little Rock on July 8 and 9. He requested feedback from various states with respect to their answers to questions on the issues list by June 30 and stated that each state's CAWG staff representative should meet with the Board members to review answers and get those distributed by June 30. Vice President Hochstetter suggested that the call on June 30 be used to discuss each state's preliminary thoughts on the answers.

Previously, Jess Totten, Texas Public Utility Commission, had raised the issue of the travel budget. There will be a discussion on travel funding for CAWG members for the July 8 and 9 meeting. Budget requests must be sent to three signatories. President Bode needs written process statements for submission. Treasurer King will work with SPP and get a written process for submitting such requests. Larry Holloway asked about travel expenses to Little Rock and whether the agencies should make normal arrangements and then send the bill for reimbursement.

Vice President Hochstetter suggested that Commissioners, if able, should try to attend the July 8 (all day starting at 8:30 a.m.) and 9 (half day until noon) meeting. President Bode agreed. The CAWG should have a workable product to be delivered before NARUC so that Commissioners can visit during NARUC. Following that, the CAWG will make a proposal public on July 21 to allow one week for review before the transmission funding symposium on July 28.

Ryan Kind requested documents from the CAWG, but was advised that the documents will not become public until distributed later in July. Mr. Kind asked if the July 8 and 9 meeting was open to the public. Vice President Hochstetter stated that it would be a confidential meeting. Larry Holloway stated there would not be any presentations at the working meeting, but rather the group would work on numbers and get focused.

**c. Report, discussion and possible action with respect to RSC budget**

**d. Other**

Carl Monroe, SPP, provided a summary and update of the SPP/MISO efforts on the Joint Operating Agreement (JOA). The JOA refers to the Congestion Management Whitepaper. Documents were sent out to stakeholders, including members of the RSC, and will be distributed on the exploder list. The meeting on June 30 in Dallas will be to review the JOA, and SPP will facilitate participation of those who are not able to attend in person. Please reply to Carl Monroe or Lanney Nichols with your comments if you are unable to attend the meeting. The next step is to take comments and work with MISO to reflect the comments in the JOA. If the comments are not substantial, the agreement will be presented to the Board for approval, however, if the comments are substantial, the group will have to work with the stakeholders to get an acceptable agreement.

Mike Procter asked if the June 30 meeting will be webcast. Sam Loudenslager replied that it may be set up as a teleconference or webcast. Mr. Loudenslager asked if Cheryl Robertson could send out the JOA and Congestion Management Whitepaper over the email exploder list. The JOA memorializes some of the things that SPP already does in coordination with the MISO. The aspects of how to coordinate use of a transmission system will probably be the most substantial issue. There are some options that need feedback on how to coordinate activities. The JOA refers to the whitepaper as the methodology used to do that coordination.

**NEW BUSINESS**

**a. RSC policy issues/assignments**

There were no policy issues/assignments.

**b. RSC administrative issues/assignments**

There were no administrative issues or assignments.

**c. Other**

Sam Loudenslager suggested that it would be helpful if in the future, SPP provided a broad report on recent SPP actions and efforts. Carl Monroe, SPP, reported that the SPP

Board acted on the following items in their last meeting: compliance filings and reply to FERC, and expectation of a non-conditional RTO order; long-term financing which approved SPP having the ability to borrow \$25 million for continuing capital costs and for development of the balancing energy market; approval of the fiscal year 2003 audit and RSC Budget; the Sarbanes-Oxley requirements for SEC registered members and how SPP may need to provide some information and audits for these members; change in the criteria for the threshold used for granting transmission service and the impact on transmission systems before providing or refusing service (increased threshold from 0% to 3% for long-term and reduced it to 5% to 3% for short-term); and authorization of SPP to make state filings in the states where required to in order to take on the function of an RTO. The next SPP Board meeting is scheduled on July 27 in Kansas City, and there is a participant funding summit on July 28.

President Bode agreed that it would be beneficial to get SPP updates during future meeting, and also requested a short report from FERC on what is going on outside our region that might impact the RSC and SPP.

Carl Monroe, SPP, noted that there will be a Market Operations Policy Committee meeting in Kansas City on July 14 and 15 to review actions and changes.

#### **SCHEDULING OF UPCOMING SPECIAL MEETINGS OR EVENTS**

The RSC is scheduled to meet in person in Kansas City on July 26 at 1:00 or 1:30. That will be followed by the SPP Board meeting on July 27.

There will be a special RSC meeting during NARUC on Monday, July 12, in the afternoon, and a call-in number will be provided for those who can't be there in person. Vice President Hochstetter will check to see if they can get a room with a conference phone.

#### **SCHEDULING OF NEXT REGULAR MEETING**

#### **OTHER ITEMS**

None.

#### **ADJOURN**

**Having no other business, Vice President Hochstetter moved to adjourn. There were no objections. The meeting adjourned at approximately 11:05 a.m.**

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Secretary Proxy, Adrienne Brandt

**SPP Regional State Committee**  
**Estimated FY Budget 2004 (July 1, 04 - June 30, 05)**

**SPP Regional State Committee**  
**Estimated FY Budget 2005 (July 1, 05 - June 30, 06)**

**Expense Category**

<b>Travel</b>		
RSC Meetings Day Before SPP BOD	\$ 21,120	\$ 21,120
Strategic Planning Committee	7,040	7,040
Transmission Working Group	10,560	10,560
Markets and Operations Policy Committee	10,560	10,560
Regional Tariff Working Group	10,560	10,560
Other Inter-regional Travel	1,875	1,875
Other SPP Meetings	10,560	10,560
<b>Total Travel</b>	<b>72,275</b>	<b>72,275</b>
<b>Administrative</b>		
Printing	5,000	5,000
Banking Charges	1,200	1,200
Annual Audit	10,000	10,000
Postage/Freight	1,200	1,200
Insurance, liability (6 board members)	1,200	1,200
Workers Comp	-	-
Bond for Treasurer (\$200,000)	100	100
Meeting transcript/minutes	1,500	1,500
Legal	100,000	100,000
<b>Total Administrative</b>	<b>120,200</b>	<b>120,200</b>
<b>Meetings</b>		
RSC Board Meetings (20 attendees x 4 meetings)	8,800	8,800
RSC Working Groups (10 attendees x 12 meetings)	13,200	13,200
RSC Weekly Teleconference (26 events)	8,190	8,190
<b>Total Meetings</b>	<b>30,190</b>	<b>30,190</b>
<b>Total Expenses</b>	<b>\$ 222,665</b>	<b>\$ 222,665</b>

Travel Cost Guidelines:

Meals - \$45/day  
 Airfare - \$500/roundtrip w/in SPP f  
 Rental Car - \$70/day  
 Lodging - \$130/night  
 Parking - \$10/day  
 Mileage - \$0.375/mile

Meeting Cost Guidelines:

Lunch - \$25/person  
 Continental Breakfast - \$10/persor  
 Afternoon Snack - \$150 total  
 Beverages - \$12/person  
 Meeting Room (<20 people) - \$25  
 Meeting Room (>20 people) - \$65  
 Supplies (<20 people) - \$350  
 Supplies (>20 people) - \$700  
 A/V Equipment  
 Conference Phones  
 Internet Access  
 Teleconference: 25 ports, 2 hr me

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