

**Minutes of Regional State Committee (RSC) for the Southwest Power Pool (SPP)
Meeting on July 26, 2004¹**

CALL TO ORDER

Denise Bode, RSC President, called the meeting to order at approximately 1:15 p.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 (by telephone)
Board Member Brian Moline, Kansas Corporation Commission
Board Member Steve Gaw, Missouri Public Service Commission
Treasurer David King, New Mexico Public Regulation Commission
Secretary Julie Parsley, Texas Public Utility Commission

Associate Members and Non-Members:

Tony Ingram, FERC
Jim Eckelberger, SPP Director
Nick Brown, CEO of SPP
Tom Dunn, SPP
Less Dillahunty, SPP
Harry Skilton, SPP
Mary Cochran, Arkansas Public Service Commission
Richard House, Arkansas Public Service Commission (by telephone)
Dave Slaton, Arkansas Public Service Commission (by telephone)
Don Low, Kansas Corporation Commission
J. Michael Peters, Kansas Corporation Commission
Larry Holloway, Kansas Corporation Commission
Tom DeBaun, Kansas Corporation Commission
Mike Proctor, Missouri Public Service Commission
David Woodslw, Missouri Public Service Commission (by telephone)
Ryan Kind, Missouri Office of Public Counsel (by telephone)
Joyce Davidson, Oklahoma Corporation Commission
Kelli Leaf, Oklahoma Corporation Commission
Nick Roy, Oklahoma Corporation Commission (by telephone)
Karen Forbes, Oklahoma Corporation Commission (by telephone)
Jess Totten, Texas Public Utility Commission
Bridget Headrick, Texas Public Utility Commission

¹ These Minutes were compiled from the transcript take by Mary Kay Martin, C.S.R. (Attachment A). Preliminary matters of roll call, adopting the minutes from previous meetings, and identifying those members and non-members in attendance of the meeting were audio taped and not included in the transcript.

Walter Wolf, Stone, Pigman, Walther, Wittman, LC, outside counsel for the Louisiana
Public Service Commission (by telephone)
Michael Deselle, AEP
Terri Gallup, AEP
Steve Owens, Entergy
Rick Tyler, NTEC
Gene Anderson, OMPA (by telephone)
Gary Livingston, OMPA (by telephone)
Richard Spring, Kansas City Power & Light
Burton Crawford, Kansas City Power & Light
Charles Locke, Kansas City Power & Light
Walt Shumate, Consultant
Dave Christiano, City Utility, Springfield, MO
Rick Wolfinger, Constellation Power Source
Ricky Bittle, AEU
Mel Perkins, OG&E
Bob Koenig, OG&E
Wayne Walker, Wind Coalition/Zilkhe
Tracy Hannon, SWPA
Robert Rolys, KEMA
Bary Warren, Empire District Electric

It was determined that a quorum was present.

b. Adoption of the June 23, 2004 Meeting Minutes

Secretary Parsley noted that the draft minutes reflect the names of the three finalists for performing the cost benefit study (CBS) because the names were discussed even though it was intended that the finalist remain confidential. Vice President Hochstetter suggested that the names be replaced with a generic reference to three finalists and the group agreed.

Secretary Parsley moved that the June 23, 2004 minutes be adopted as amended. Treasurer King seconded. There were no objections, and the minutes were approved by acclamation.

c. Adoption of the July 7, 2004 Meeting Minutes

Treasurer King moved that the July 7, 2004 minutes be adopted. Secretary Parsley seconded. There were no objections, and the minutes were approved by acclamation.

d. Adoption of the July 12, 2004 Meeting Minutes

Treasurer King moved that the July 12, 2004 minutes be adopted. Secretary Parsley seconded. There were no objections, and the minutes were approved by acclamation.

Tony Ingram with FERC provided an update of on items of interest to the SPP RSC. Mr. Ingram reported that the New England ISO is working on the development of an RSC with an active group of public utility commissioners.

BUSINESS MEETING

Previously discussed issues

a. Report, discussion and possible action with respect to the cost-benefit study commissioned by the SPP RSC

Vice President Hochstetter reported that it was her understanding that the Cost Benefit Task Force (CBTF) was working in a parallel fashion on the contract between the SPP RSC and the consultants and also to delineate the list of data requirements that the consultants need to begin the analysis. Richard Spring with Kansas City Power & Light reported that the CBTF is waiting on action from the SPP Board tomorrow to approve the budget for the CBS and that the immediate activity will be to negotiate a contract with TCA and CRA. Mr. Spring also noted that there would need to be some filings in the different states regarding a protective order concerning the specific data that is submitted to support the CBS. The goal is to have the study completed by the end of October this year.

b. Report, discussion and possible action with respect to policy concerning transmission upgrade and expansion cost allocation for the Southwest Power Pool

Larry Holloway with the Kansas Corporation Commission provided a report on the activities of the Cost Allocation Working Group (CAWG). Mr. Holloway noted that the CAWG will be discussing and presenting their proposal at the Participant Funding Symposium on Wednesday, July 28. Mr. Holloway noted that the CAWG will then meet on August 3 in Dallas and have follow-up meetings on a bi-weekly basis in Dallas, with phone calls in the interim. The CAWG plans to expand the membership or input to be similar to the CBTF. Mr. Mike Proctor with the Missouri Public Service Commission stated that the CAWG is interested in getting input and information from stakeholders. Mr. Proctor noted that the group will have to discuss the issue of voting at the August 3 meeting and Mr. Less Dillahunty with SPP noted that the agenda for the August 3 meeting is on the SPP website. Mr. Proctor stated that after going through the administrative items on August 3, the group will focus on the base plan and two primary issues in the base plan, the rate design and how new network resources will be treated in the base plan. Mr. Proctor noted that they would try to set up the sequence of the meeting such that people have an opportunity to present their views on specific issues. Mr.

Proctor noted that there would likely be three meetings in August focusing on the base plan and a couple meetings in September. Mr. Holloway stated that they would like to get as much detail as possible in a proposal to be discussed at a Participant Funding Symposium at the end of September, with the overall goal of having something for the RSC to approve at the end of October.

President Bode noted that at the last RSC meeting in Salt Lake City, the direction of the RSC was to be as inclusive as possible in the process to ensure that everybody's input is fairly considered. President Bode noted that the RSC wants to make sure that decisions are made on a timely basis and in a broadly inclusive manner.

c. Discussion and possible action with respect to amending the Bylaws concerning the time deadlines for meeting notice and meeting minutes, telephonic access to meetings, and related matters

Secretary Parsley noted some areas of concern in the Bylaws and suggested that if the group could reach general consensus on some concepts, she would propose specific language to be considered at the next meeting.

- First, the annual meeting requires 30 days notice and it is unclear what meeting should be designated as the annual meeting. President Bode noted that the annual meeting would be the normal time to discuss the budget for the year and suggested that it be designated at the same time that SPP holds its annual meeting in October. Secretary Parsley suggested that two weeks' notice may be more appropriate than 30 days because it is hard to be specific on the agenda with long lead times. Board Member Moline expressed concern over potential statutory requirements for an annual meeting, and Vice President Hochstetter agreed to check and confirm that such a revision would not violate any Arkansas law. Vice President Hochstetter agreed that two weeks notice would be a good balance and President Bode noted that if the RSC is not specific about what will be talked about, then the purpose of the open meeting laws is not met.
- Board Member Gaw questioned whether the notice discussion was applicable to the annual meeting only, or to all the meetings. Secretary Parsley responded that while the discussion had focused on the annual meeting, the notice issue was also of concern for the regular meetings. Ryan Kind with the Missouri Office of Public Counsel noted that the three day notice for special meetings should provide flexibility.
- President Bode suggested that instead of changing the date of the notice, a provision could be added that would allow the agenda to be amended up to three days before the meeting. The group agreed, with Board Member Gaw requesting inclusion of a provision that changes to the Bylaws would not be subject to the add provision.

- Secretary Parsley suggested that the references to days in the Bylaws be clarified to reflect calendar days to conform to the original intent.
- The final area discussed by Secretary Parsley concerned the minutes. Secretary Parsley noted that Section 11 requires minutes of the Board meetings, subordinate committee meetings and work groups, and that it might be difficult for the work groups to prepare minutes. Vice President Hochstetter agreed that minutes of working group meetings were not necessary as the groups report to the Board during Board meetings, so their work will be reflected in the minutes of the Board meeting. Secretary Parsley also noted that the requirement that minutes be approved two weeks from the date of the meeting is also difficult and meetings may not be scheduled within the two week timeframe to accommodate timely approval. Secretary Parsley suggested that the minutes be approved and circulated as soon as practical. The members agreed that maximum flexibility was appropriate as staff resources are limited.
- Treasurer King questioned whether it was clear in the Bylaws that the fiscal year was a calendar year and Secretary Parsley agreed to make sure that it was clear.

d. Other

Treasurer King noted that the signature cards are ready to sign and that billings, like the court reporter today, should go directly to Tom's office at SPP instead of having to go through multiple states.

NEW BUSINESS

a. RSC policy issues/assignments

Vice President Hochstetter prepared a draft letter to FECR with respect to the July 2, 2004 order in the SPP docket (Docket Nos. RT04-1-002 and ER04-48-002) to share the RSC history and view of how the RSC was set up within the SPP. Vice President Hochstetter noted that time is of the essence and if the group could agree on final edits, she would file the letter with the FERC and sent to all parties of record in the docket. The group discussed the letter and various edits. Board Member Moline noted that he was abstaining from signing the letter. No other Board Member objected to the letter, and it was decided that the letter would be sent on RSC letterhead on behalf of the RSC with electronic signatures. See Attachment B for a copy of letter.

Sandy Hochstetter moved to send the letter as amended (Attachment B) to the FERC Commissioners and filed in the FERC docket on behalf of the RSC. Secretary Parsley seconded. In a roll call vote, President Bode, Vice President Hochstetter, Treasure King, Board Member Gaw, and Secretary Parsley all voted aye. Board Member Moline abstained.

Treasurer King discussed the travel policy. The SPP RSC will reimburse RSC representatives for all fair and reasonable expenditures incurred by RSC representatives when conducting RSC business. Treasurer King discussed six points under the travel policy.

- First, Travel expenses must be submitted on the RSC Expense Reimbursement Form within 30 days after the conclusion of the travel and receipts are required for all expenses.
- Second, while traveling and away from home, RSC representatives are expected to use good judgment in incurring expenses for lodging, meals, transportation, etc. RSC will reimburse business-related mileage at the rate approved by the IRS. Reimbursement will be for mileage claimed due to travel to business location and return. This follows IRS guidelines.
- Third, RSC representatives are responsible for making their own arrangements for transportation, lodging and car rentals. All accommodations should be purchased as far in advance as possible to obtain available discount fares and rates. All air travel is to be booked at the lowest accommodating fare possible, in coach class, nonrefundable electronic tickets. Tony Ingram with FERC noted that nonrefundable tickets could be a problem and President Bode stated that part of the agreement with their state travel group is that tickets are refundable. Secretary Parsley suggested describing it as the lowest possible rate and eliminate the non-refundable language, and Treasurer King suggested the lowest accommodating fare possible in coach class.
- Fourth, hotel reservations should be made at mid-price, national chains when corporate rates aren't available. If an RSC member is attending a meeting or a function being held at a specific hotel, then reservations may be made at that facility. Secretary Parsley suggested that a government rate could be lower than a corporate rate and President Bode stated that it should not have to be a national chain because a locally-owned hotel or Bed & Breakfast could be cheaper. Treasurer King suggested that the language be modified to reflect mid-priced establishments at corporate or government rates.
- Fifth, RSC representative will use their personal or their employer's credit card to pay for travel expenses.
- Sixth, If a spouse or family member accompanies an RSC member on a business trip for nonbusiness reasons, the family member's travel expenses are not reimbursable.

Ryan Kind questioned whether there was a distinction between members and associate members and whether associate members would be eligible for reimbursement. Board

Member Moline questioned whether Commission staff members were eligible for reimbursement. Treasurer King noted that he understood that attendance by either a Board Member or a staff representative would be reimbursed, but it would not include associate members. Board Member Gaw noted that he is not sure that “representative” has been defined in the travel policy and that it should not be broad enough to include ten or fifteen people from the same state. Board Member Gaw suggested that the issue be discussed in further detail through an email exchange and agreed to send out the OMS travel policy for review. Secretary Parsley noted that there was not a definition of “representative” in the Bylaws. Board Member Moline and Treasurer King noted that the language needed to be such that travel for some key staff members would be included. The group agreed that this was good start, but that some clean-up and clarification was needed before the document could be finalized at the next meeting.

Treasurer King noted an expense policy that establishes a maximum airfare of \$500. It was agreed that Treasurer King would send out the documents so the group could review and compare to what MISO has done before making a final decision on the travel policy.

President Bode noted if a Commissioner has a staff member participating in an event, the Commissioner should sign a form to pre-authorize it before sending it to the Treasurer for reimbursement.

Ryan Kind noted that as an associate member, he is included in the basic category of members because the Bylaws define two types of memberships, regular and associate. Ryan Kind noted that OMS has provided expense reimbursement to associate members that are members of task forces for their participation in those task forces. Finally, Mr. Kind requested that a copy of the proposed policy be distributed to him so he can better participate in the discussion.

Treasurer King noted the document has not been circulated to anyone and that the comments need to be finalized by the next meeting. Treasurer King also commented that Tom Dunham has been very helpful in trying to be consistent with the SPP policies.

b. RSC administrative issues/assignments

There were no administrative issues or assignments.

c. Other

President Bode noted that several members received correspondence from the National Wind Coordinating Committee’s Transmission Work Group asking to make a presentation, and that if there was interest, this could be set up at the October RSC meeting. Wayne Walker, representing the National Wind Coordinating Committee, stated that they would like to talk to the RSC about the benefits of wind, address the issues related to wind, and talk about solutions as to how to go forward on transmission cost allocation. Mr. Larry Holloway noted that he was concerned that many of these topics

are decisions that will be made at the next RSC meeting, so something might need to be scheduled sooner. Mr. Holloway noted that he encouraged the group to participate in the CAWG meetings. Mr. Walker agreed to take Mr. Holloway's recommendation and do their best to have representation at the meetings. President Bode asked if there would be an opportunity for the RSC Board to get this information prior to the October meeting, and Mr. Holloway suggested the September Participant Funding Symposium. Members agreed to work with the National Wind Coordinating Committee to get a presentation in a timely fashion.

SCHEDULING OF UPCOMING SPECIAL MEETINGS OR EVENTS

Secretary Parsley noted that a special meeting might be needed to discuss the travel policy and Bylaws changes. Treasurer King is to send a timeline by email concerning the travel policy and when it needs to be discussed.

SCHEDULING OF NEXT REGULAR MEETING

The next quarterly meeting is October 26, and it has been designated as the annual meeting for purposes of going over next year's budget.

A tentative date of August 18 was set for a conference call meeting to discuss progress on the transmission cost allocation issues and the travel policy.

OTHER ITEMS

None.

ADJOURN

Having no other business, Secretary Parsley moved to adjourn. Treasurer King seconded. There were no objections. The meeting adjourned at approximately 3:13 p.m.

Secretary, Julie Parsley

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

REGIONAL STATE COMMITTEE

FOR THE SOUTHWEST POWER POOL

REGULAR MEETING

JULY 26, 2004

EMBASSY SUITES HOTELS

KANSAS CITY INTERNATIONAL AIRPORT

KANSAS CITY, MISSOURI

1
2

* * * * *

PRESIDENT BODE: Before we go in to

3 RSC Attachment A - transcript
our business meeting, I wanted to just ask.
4 We had in our previous conference call I think
5 several weeks ago asked for a regular kind of
6 FERC update as part of these meetings, and I
7 know our colleague is here representing FERC,
8 and we actually didn't put it on the agenda
9 anywhere.

10 Is there any preference as to where
11 we would have that update? Would you all like
12 that under -- prior to our business meeting or
13 as part of New Business or is there any
14 preference as to where we might tack that on?

15 COMMISSIONER MOLINE: I think you
16 should have it in the beginning because it
17 could prey in discussions later.

18 PRESIDENT BODE: Okay.

19 Well, is that acceptable to everyone
20 else because we could start off with that,
21 have Tony come up and do a little FERC update?
22 He didn't know he was going to have to do it;
23 but, you know, we're very flexible, aren't we,
24 at the --

25 MR. INGRAM: Yes, we are flexible.

3

1 PRESIDENT BODE: Okay. So we will
2 turn it over to our colleague from --
3 representing FERC and allow him to do an
4 update.

5 MR. INGRAM: I happened to be here
6 today and I do have to apologize, I was out of
7 the office for a couple of weeks and had about
Page 2

RSC Attachment A - transcript

8 four days in to catch up before I came here.
9 My family and I are preparing for a move to
10 Little Rock next week so it's a busy time.

11 In terms of developments, the only
12 development I can think of so far that I think
13 would be of interest to the SPP RSC is there's
14 activity in the Northeast related to ISO New
15 England. I think they are working on putting
16 together an RSC. And I don't know what the
17 state of play is yet there, but there is --
18 there has been an active group of Public
19 Utility Commissioners there, NEPUCA. And I
20 don't know what different forum this would
21 take on, but that would certainly be of
22 interest.

23 I know that the OMS with the ISO is
24 going forward with a number of things. I
25 don't have any details on that, but we at FERC

4

1 I look forward to further developments on this
2 end. And I'll continue to keep you apprised
3 of things. I'll try to respond to any
4 questions if anybody has any but. . .

5 PRESIDENT BODE: We kind of put him
6 on the spot here. He wasn't on the --
7 officially on the agenda, but we thought maybe
8 he might have some interesting things. You
9 know, we got our conditional approval, again,
10 of the SPP RT0 I think since our last meeting.

11 Are there any comments that you

12 RSC Attachment A - transcript
might give us on that? How many more
13 conditional approvals are we going to get?

14 MR. INGRAM: I probably can't
15 respond to that.

16 PRESIDENT BODE: That's all right.

17 MR. INGRAM: That order is subject
18 to rehearing also. But I personally am -- I
19 think SPP and the SPP RSC has made significant
20 progress here and I would encourage that. I'm
21 sure that the Chairman and Commissioners would
22 encourage further efforts in that regard and,
23 you know, we'll do what we can to assist.

24 PRESIDENT BODE: Thank you, very
25 much.

5

1 And can you spell your name for the
2 court reporter.

3 MR. INGRAM: Right. First name is
4 Tony, T-o-n-y, Ingram, I-n-g-r-a-m.

5 PRESIDENT BODE: And just for future
6 reference, because she has not been our court
7 reporter for all of these issues, if you can
8 spell your name if it is an unusual name to
9 try to help out, that's always helpful.

10 Are there any other questions of
11 Tony?

12 Thanks, Tony. Sorry to put you on
13 the spot.

14 All right. The order on the agenda
15 has us moving to Previously Discussed Issues,
16 and the first item on that is, Report,

RSC Attachment A - transcript

17 discussion and action regarding the
18 cost-benefit study that's been commissioned.
19 Perhaps we can get an update and status if Sam
20 is on the phone from Arkansas or if not, from
21 the Arkansas Commissioners.

22 VICE PRESIDENT HOCHSTETTER: I don't
23 think Sam is in the office today, Denise. And
24 the last that I heard, however, they were
25 still working in parallel fashion to do two

6

1 things: One was work on the contract between
2 the SPP RSC and the consultants themselves,
3 and then the second thing was to delineate the
4 list of data requirements that the consultants
5 needed to begin the analysis.

6 I don't know that there's much more
7 progress to report, although if there are
8 folks in the room with you there on the phone
9 that are on that task team, maybe they can
10 give us a more detailed report.

11 PRESIDENT BODE: Is there anybody
12 that can update us on the cost allocation
13 data?

14 Richard is here. Richard, could you
15 help update us, please.

16 MR. SPRING: Certainly. My name is
17 Richard Spring, S-p-r-i-n-g. I'm with Kansas
18 City Power & Light.

19 The next steps on the Cost-Benefit
20 Task Force is, of course, we need some Board

21 RSC Attachment A - transcript
action tomorrow on approving a budget for
22 that.

23 There are immediate activities going
24 on for us to negotiate a contract with the TCA
25 CRA group. And there are some filings I

7

1 believe that need to be made in the different
2 states as I would call them an issue of
3 protective order concerning the specific data
4 that's submitted to support this cost-benefit
5 study. And with all of those activities going
6 on, we still have a goal of getting the
7 cost-benefit study completed by the end of
8 October of this year. So things are moving
9 ahead and they are moving ahead rapidly.

10 PRESIDENT BODE: Any comments or
11 questions of Richard?

12 SECRETARY PARSELY: When will the
13 study be completed?

14 PRESIDENT BODE: Did you hear that?

15 MR. SPRING: The question was when
16 will the study be completed?

17 PRESIDENT BODE: Yeah. A timeline.

18 MR. SPRING: We are looking at the
19 end of October of this year.

20 PRESIDENT BODE: That's pretty good.

21 SECRETARY PARSELY: It is good.

22 PRESIDENT BODE: Thank you, very
23 much.

24 Any other comments or questions?

25 Thank you, very much.
Page 6

1 I don't believe there's any action
2 that's needed to be taken on that. We're
3 already moving forward, but that's great news
4 and a good update.

5 The next item is, Report, discussion
6 and possible action with respect to policy
7 concerning transmission upgrade and expansion
8 cost allocation for the SPP. And I think we
9 have Larry Holloway here from the Kansas
10 Commission who is prepared to do a follow-up
11 from the July 12th meeting we had in Salt Lake
12 City where we had the discussion about this
13 issue.

14 Larry.

15 MR. HOLLOWAY: Yes, we've met and
16 discussed that on the Cost Allocation Working
17 Group last week. This Wednesday at the
18 Participant Funding symposium, the Cost
19 Allocation Working Group will be discussing
20 and presenting our -- the proposal to the
21 extent that we've put it together and where
22 we're going forward on that.

23 Also, I would like to ask the RSC,
24 we have had some discussions on the process
25 involved and I would like to make sure that

1 the RSC is aware of that and concurs.

2 Currently, our plans are to have

3 RSC Attachment A - transcript
4 face-to-face meetings with the Cost Allocation
5 Working Group and also include others that
6 maybe want to participate. I believe we have
7 discussed some possible Bylaws. I might ask
8 Mike to elaborate on that, Mike Proctor, in a
9 minute. But we will meet for the first time
10 August 3rd in Dallas. I believe that's set up
11 at the Hyatt at the airport at this point.
12 And I think the meeting time is 10:00 to 4:00.
13 We will have a follow-up meeting probably on a
14 bi-weekly basis in Dallas, and we will have
15 phone calls in the interim and between that on
16 the weekends that we don't meet in Dallas.

17 Our plans are at this point probably
18 to have -- to expand the membership of the
19 Cost Allocation Working Group or at least the
20 input to be similar to the Cost-Benefit Task
21 Force. And we have had some discussions on
22 exactly how we do that, and I may let Mike
23 discuss that a little bit further.

24 MR. PROCTOR: Well, I'm not sure,
25 we're going to have some discussions in the
first meeting August 3rd about that. What I

10

1 would tell you is we discussed it as the Cost
2 Allocation Working Group. What we're
3 interested in is getting input, getting
4 information from stakeholders, where they're
5 at on a variety of issues, you know. We will
6 take -- we will hear some presentations on
7 Wednesday from three different folks on

RSC Attachment A - transcript

8 proposals, on the complete type of proposals.
9 But this is going to be a difficult process
10 and what I would say is probably not anybody
11 is going to get everything they want, so we
12 had talked about voting.

13 It's very difficult on something
14 like this to lay it out in the context of a
15 vote because there are all these different
16 parts and tradeoffs and, you know, I'm willing
17 to accept one thing if something else goes the
18 other way. So what we're really looking for
19 is feedback from folks as we go along, as we
20 go through the different things. We are going
21 to start with our meeting on August 3rd. We
22 have an agenda set up for that.

23 Is Les in here someplace? Is that
24 agenda on the website, Les?

25 MR. DILLAHUNTY: (Nods head).

11

1 MR. PROCTOR: Okay. The agenda is
2 on the website. But after we go through some
3 administrative things that you have to go
4 through in the first meeting, we are going to
5 focus on the base plan and two primary issues
6 in the base plan: One, of course, is the rate
7 design, how do you set up the rate structure
8 for base plan improvement; the second, and
9 also a very critical issue, is how will new
10 network resources be treated in the base plan.
11 And we're looking for some discussion on that.

RSC Attachment A - transcript
12 We've gotten a little bit of input from market
13 participants. We would like to hear a lot
14 more at that meeting as well.

15 So our purpose here is to kind of
16 gather a sense of where folks are at. We can
17 talk about voting, we can talk about voting
18 procedures, but -- and we will, but my sense
19 of it is I'm more interested in hearing where
20 individual companies and individual
21 participants in this are coming from on it.
22 So if you can prepare in that fashion, we'll
23 try to set up the sequence of meetings in such
24 a way that people have an opportunity to
25 present what their views are on very specific

12

1 types of issues. As I said, we'll also listen
2 to overall presentations. So that's kind of
3 the administrative portion, part of where
4 we're going with this.

5 Probably -- and I'm guessing now --
6 but I think we'll have three meetings in
7 August and then a couple meetings in
8 September. And we will really focus on the
9 base plan in August. And our goal, if I can
10 call it that -- our hope is probably a better
11 word, is that we can come up with some form of
12 resolution, something that everybody is
13 unhappy with, but nobody detests too much by
14 the end of August. Thanks.

15 PRESIDENT BODE: That's a very
16 ambitious timeline.

RSC Attachment A - transcript

17 MR. HOLLOWAY: I might elaborate a
18 little bit on the schedule, too. I believe we
19 will come up with, as Mike said, as much
20 detail as we can get in a proposal to be then
21 discussed again at a participant funding
22 symposium in September, towards the end of
23 September, with the overall goal of having
24 something the RSC can approve as a participant
25 funding, this is actually a transmission

13

1 upgrade cost allocation process, and basically
2 how to allocate costs for upgrades for the RSC
3 meeting towards the end of October to support
4 the filing that SPP must do at the Board
5 meeting in October.

6 PRESIDENT BODE: Thank you, very
7 much.

8 Are there any questions on this
9 report from anyone?

10 I think for those of you who either
11 sat in or heard, we had an open meeting on the
12 -- at Salt Lake City by conference call and,
13 also, anyone from the -- who was there at the
14 neighborhood meeting who wanted to sit in, so
15 we had several participants from the industry
16 at that meeting and a number of people by
17 telephone. And I think part of the direction
18 -- and, Sandy, correct me if I'm wrong because
19 I believe, you know, you were there and David
20 and others -- that the direction that was

21 RSC Attachment A - transcript
given to Larry, to the staff, Brian, was that
22 we want to be as inclusive as possible, that
23 we wanted this process to reflect a
24 traditional Southwest Power Pool approach to
25 things, which is to try to make sure that

14

1 everybody's input is fairly considered and
2 that we try to build, as Mike says, a
3 consensus that hopefully everybody feels
4 pretty good about as opposed to everybody
5 feeling bad about, but that we're trying to
6 move forward.

7 And the key thing is to get whatever
8 we come up with done in a timely fashion
9 because I think that's the biggest issue is
10 the lack of certainty when you've got
11 proposals hanging out there forever and ever
12 that has done so much damage in getting what
13 we need to get done in our region
14 accomplished. So to make sure whatever
15 decision we make, make sure we do it in a
16 timely basis and to do it as broadly inclusive
17 as possible of stakeholders and participants.
18 So that I think was our consensus.

19 Larry, do you have anything else you
20 want to add?

21 MR. HOLLOWAY: No, I feel like we
22 actually have quite a bit of direction from
23 the RSC and we also have quite a bit of work
24 in front of us.

25 PRESIDENT BODE: Thank you, very
Page 12

1 much. Is there any action we need to take
2 today?

3 MR. HOLLOWAY: I can't think of any.

4 PRESIDENT BODE: Thank you, very
5 much.

6 Any further questions on this topic?

7 I believe that we may have -- we
8 have on the agenda, Discussion and possible
9 action with regard to any Bylaw changes or
10 timeline deadlines or meeting notice, meeting
11 minutes, telephonic access, and et cetera.

12 SECRETARY PARSELY: And that
13 would be.

14 PRESIDENT BODE: And that would be
15 Commissioner Parsely who spoke up there and I
16 would turn that over to her for her report and
17 recommendation.

18 SECRETARY PARSELY: I think what I
19 really was hoping we could do is point out --
20 the Bylaws are beautifully written, but there
21 are a few little tweaks we probably need to
22 make. And under the Bylaws, we have to
23 actually with the notice -- put actual
24 language in with the notice. So I thought if
25 we could have this discussion, get some

1 consensus, and then we could draft some
2 language and file it in the notice for the

3 RSC Attachment A - transcript
next regular meeting. We kind of talked
4 around the edges of some of these issues but
5 they are mostly things like posting. We just
6 want to make sure that we're consistent and
7 the meeting is as open as possible. So these
8 mainly deal with notice posting dates and,
9 really, the minutes are kind of the two big
10 things we've got right now.

11 The annual meeting requires that we
12 post 30 days prior to the meeting. And I
13 guess my question is, when were we
14 anticipating the annual meeting is going to
15 be? I think we are going to meet four times a
16 year --

17 PRESIDENT BODE: Right.

18 SECRETARY PARSELY: -- in
19 conjunction with SPP Board meetings. I didn't
20 know if we had designated one of those
21 meetings as the annual meeting, but that's a
22 very long lead time and so that we would -- I
23 was just curious if we had talked about that
24 or had any idea about what would be the annual
25 meeting or if we amend the Bylaws if we just

17

1 had regular meetings as opposed to an annual
2 meeting or if we wanted to discuss that.

3 PRESIDENT BODE: Well, probably it
4 is good to have an annual meeting just because
5 that would be your normal time to discuss your
6 budget for the year, make any changes or
7 corrections, identify sort of year-wide --

RSC Attachment A - transcript

8 year-long policy things we need to get
9 addressed. I mean, so I think probably from a
10 business meeting standpoint that could be our
11 big business meeting for the year.

12 I'm just wondering, when does the
13 Southwest Power Pool designate its annual
14 meeting? Because it would be logical to have
15 it on the same track as whenever they do
16 theirs since we also have our quarterly
17 meetings on their track, too.

18 UNIDENTIFIED MALE: October 27th of
19 this year. It's always the end of October.

20 PRESIDENT BODE: It's that meeting.
21 So it's the next meeting coming up is your
22 annual meeting?

23 UNIDENTIFIED MALE: That's correct.

24 PRESIDENT BODE: Do you all have any
25 comment on that anyone on the phone or here

18

1 around the table, on doing an annual meeting
2 and maybe designating it at the same time as
3 SPP's?

4 VICE PRESIDENT HOCHSTETTER: This is
5 Sandy. I think that's a great idea. And we
6 probably -- if we are going to have our budget
7 done on a calendar year basis instead of a
8 fiscal year basis, that should also be the
9 meeting in which we discuss our budget for the
10 upcoming calendar year.

11 PRESIDENT BODE: That makes a lot of

12 RSC Attachment A - transcript
13 sense. And I think we have our budget right
14 now on kind of a two-year track because of tax
15 purposes and stuff. And David may want to
16 comment on that.

17 But is there any objection that we
18 designate going forward with our annual
19 meeting being on the same track with the SPP
20 meeting?

21 Do we need to vote on that under our
22 Bylaws?

23 SECRETARY PARSELY: I think what we
24 can do is kind of generally agree and then I
25 can fit the language and then we can vote on
the language at the next regular meeting, we

19

1 can do it that way.

2 PRESIDENT BODE: Okay. Well, let's
3 generally agree to that if there is no
4 objection.

5 SECRETARY PARSELY: See if you like
6 the language.

7 PRESIDENT BODE: Yeah, we'll see if
8 we can approve the language and that will put
9 some framework around some of these changes
10 that we are seeing we need as we go along.

11 Anything else you have got?

12 SECRETARY PARSELY: Would it be --
13 would it concern anyone if we moved it from
14 being 30 days prior to something more like 20
15 or 14 days, two weeks' notice just to be more
16 inclusive on our -- what would specifically be

RSC Attachment A - transcript

17 -- because we could leave it at 30 days, we
18 haven't had one, we can see if that works.
19 But it seems that 20 or 14 would be adequate,
20 but I just wanted to see if anybody had any
21 thoughts about that. What we're running in to
22 is -- and we'll talk about that --

23 PRESIDENT BODE: It's hard to be
24 specific.

25 SECRETARY PARSELY: -- it's hard to

20

1 be specific when you have these long lead
2 times, and I think being more specific is
3 actually better than having a really long lead
4 time. But we need to have -- there is a fine
5 line. We need to have adequate lead time but
6 you need to be specific enough. And so it
7 would seem to me like -- I don't know if the
8 30 days was consistent with something in SPP's
9 Bylaws or if -- or why 30 days was chosen, but
10 I was wondering if we could move it to 20 or
11 14?

12 Nick, did you --

13 PRESIDENT BODE: Brian, did you have
14 a comment?

15 COMMISSIONER MOLINE: Well, Mike has
16 pointed out we are not a corporation and we
17 just want to make certain that we don't, in
18 setting it for our convenience, which I agree
19 with, we don't run afoul of any statutory
20 requirements for an annual meeting. I know in

21 RSC Attachment A - transcript
21 Kansas you can do that real easy.

22 SECRETARY PARSELY: That's a very
23 good point.

24 PRESIDENT BODE: Sandy, could you
25 check on that for us?

21

1 VICE PRESIDENT HOCHSTETTER: I will,
2 Denise. I think our laws are very, very lean
3 and liberal and fairly nonspecific on those
4 sorts of things, so I think that that would be
5 fine.

6 And I think that two weeks' prior
7 notice, Julie, would be adequate and I agree
8 with your concern that if you go out too far
9 in advance, you can't be specific enough and
10 if the real purpose is public notice, I think
11 two weeks is probably a good balance.

12 PRESIDENT BODE: And if people want
13 to know what we're talking about and you have
14 it so far in advance, you can't really be
15 specific about what you are talking about, you
16 are not meeting the purpose of the open
17 meetings laws.

18 SECRETARY PARSELY: And that's our
19 concern. We want to make sure it's open as
20 possible but also people know really what
21 we're doing.

22 COMMISSIONER GAW: This is Steve.

23 I'm trying to understand if you all
24 are talking about all of our meetings or just
25 the annual meeting. Can you clarify, please?

1 SECRETARY PARSELY: At the moment,
2 I'm just talking about the annual meeting, I
3 haven't gotten to the regular meetings yet.

4 COMMISSIONER GAW: On the annual
5 meetings, at least it seems to me that you
6 want to have as much notice as you can. And
7 I don't -- I mean, I'm not going to have big
8 heartburn about moving it to two weeks but we
9 already know when it is if you are setting it
10 when the SPP Board meeting is now and if you
11 have got agenda issues, they can be added
12 later and within that 30-day timeframe anyway,
13 so I'm not sure how big of a deal all that is.

14 PRESIDENT BODE: I think that the
15 concern Julie had is that our Bylaws are
16 specific about having to post what
17 specifically was on the agenda 30 days out.
18 Is that correct?

19 SECRETARY PARSELY: Right. And I
20 don't -- I didn't know that we had a provision
21 that would allow us to add things to the
22 agenda once it went out. We have been
23 operating under the process that what we put
24 on the agenda was what was on the agenda.

25 COMMISSIONER GAW: And do you have

1 -- are you -- you are not going by a 30-day
2 requirement on these regular meetings, though;

3 RSC Attachment A - transcript
right?

4 SECRETARY PARSELY: No. And,
5 actually, it has a 10-day requirement, but
6 even that's become difficult because we're
7 having weekly meetings and so it becomes
8 almost impossible to put notice out of what
9 you are going to be doing a week before if you
10 are having another meeting at an intervening
11 time.

12 So that was the other thing I wanted
13 to address was for the regular meetings, it
14 requires a 10-day notice and I was wondering
15 if anybody would be concerned if we moved that
16 to a 7-day notice.

17 MR. KIND: This is Ryan Kind.

18 I thought that the meetings were
19 every two weeks.

20 SECRETARY PARSELY: Well, we've had
21 -- we've had -- you can set regular meetings.
22 We've had some special meetings which are
23 actually three days notice; but if we wanted
24 to have a series of regular meetings, if we
25 had something we all wanted to talk about and

24

1 we knew that there were three weeks, say we
2 get the recommendation out of the Cost
3 Allocation Working Group and we know we're
4 going to need to talk two or three weeks in a
5 row, then we can set those according to the
6 agenda -- according to the Bylaws, but we have
7 to have the notice -- we have to have the

RSC Attachment A - transcript

8 notice out 10 days before the meeting happens
9 so we can't really add to the notice once the
10 notice has gone out so. . .

11 MR. KIND: It seems like the
12 provision for special meetings on just three
13 days' notice gives you lots of flexibility to
14 accommodate those kind of situations.

15 SECRETARY PARSELY: Well, we can do
16 that. And if we want to have the agreement
17 that they are special meetings as opposed to
18 regular meetings, that's fine. There are some
19 things in the Bylaws that are done only on
20 regular meetings, like amend the Bylaws, but
21 usually that's not anything that has to be
22 done on an emergency basis.

23 PRESIDENT BODE: Well, maybe what we
24 should do, instead of like changing the date
25 of the notice on the meetings is we change the

25

1 provision that allows you to add things to the
2 agenda; in other words, you post the meetings
3 but you can add things to the agenda --

4 SECRETARY PARSELY: Up to three days
5 out?

6 PRESIDENT BODE: -- up to three days
7 out or something.

8 VICE PRESIDENT HOCHSTETTER: I like
9 that approach a lot because our industry is so
10 fluid and our work is going to be, you know,
11 pretty fast paced for the next few years.

12 SECRETARY PARSELY: Okay. I think

13 that would be -- because we can just --

14 PRESIDENT BODE: Unless it's
15 required. Unless it's a Bylaw change or
16 something that changes --

17 SECRETARY PARSELY: Right.

18 PRESIDENT BODE: -- the structure of
19 the organization or changes anybody's rights.
20 Maybe as long as it is a policy issue that we
21 want to add to update people on, we ought to
22 probably do that rather than not.

23 SECRETARY PARSELY: Sure. No, I
24 think that's a good idea. We can do it that
25 way, too.

26

1 PRESIDENT BODE: Do you all have any
2 concern about that, being able to add to the
3 agenda? I think that's what Steve thought we
4 were doing; right?

5 COMMISSIONER GAW: Yeah. The
6 proposal would be fine with me, especially if
7 you have some caveats about changes to the
8 Bylaws not being subject to the add provision.

9 SECRETARY PARSELY: Okay. We can do
10 that. The Bylaws are subject to a regular
11 meeting provision anyway, but I guess -- we
12 can do that, that's no problem. I can work
13 that in.

14 PRESIDENT BODE: We can circulate it
15 among all our lawyers and they can take a look
16 at it and give us advice on it.

RSC Attachment A - transcript

17 SECRETARY PARSELY: Yeah. We can
18 definitely do that because the Bylaw language
19 will have to be in the next notice of the next
20 regular meeting and we can do that with no
21 problem.

22 And the other thing that we had all
23 generally agreed about, that if we are going
24 to be amending the Bylaws we had agreed there
25 is no definition of what days means, if it's

27

1 business days or calendar days. We agreed and
2 voted and we have been treating them as
3 business -- I mean -- I'm sorry -- as calendar
4 days, and I would just like to clarify that if
5 we are going to be addressing these other
6 issues as well.

7 And then the only other -- the other
8 thing we need to talk about is minutes. The
9 Bylaws, in Section 11, requires that all
10 meetings be open meetings, which is great, but
11 that there be minutes kept of the Board of
12 Directors, subordinate committee meetings and
13 work groups. And that ends up being difficult
14 with the work groups and so I just wanted to
15 talk about that for a minute. As well as
16 there is a requirement that the minutes be
17 approved two weeks from the date of the
18 meeting, and we know by practice it's hard to
19 actually get the minutes circulated within two
20 weeks so I was wanting to get a little more

21 RSC Attachment A - transcript
flexibility with that.

22 But we are keeping minutes on the
23 Board of Directors meetings and we are keeping
24 them on the regular meetings, I guess, regular
25 and special meetings of the Board of

28

1 Directors. The subordinate committee meetings
2 would be I suppose like the Cost-Allocation
3 Working Group and then the working groups,
4 which are often staff working groups, I'm not
5 sure if we actually are keeping actual minutes
6 or not. It seems to me like that might be
7 getting a little too fine, to keep minutes of
8 the working groups, and I would propose that
9 we not keep those minutes but that they remain
10 open to the public.

11 VICE PRESIDENT HOCHSTETTER: I agree
12 with that, Julie, because, you know, actually,
13 those working group folks are going to be
14 reporting to the Board during Board meetings,
15 regular meetings and special meetings, so
16 their work will be reflected in the minutes of
17 the Board of Directors meetings anyway.

18 SECRETARY PARSELY: That's a good
19 point.

20 VICE PRESIDENT HOCHSTETTER: So we
21 don't want to duplicate things and kind of
22 kill ourselves with too much minutia.

23 SECRETARY PARSELY: Okay. And I was
24 wondering if we could -- and then within the
25 circulation we could approve just change the

1 Bylaws so they are approved but then -- that
2 the minutes are approved and circulated as
3 soon as possible actually would be the best
4 thing. I was going to say two weeks with them
5 being circulated but even then, in the event
6 we didn't have a regular meeting scheduled for
7 two weeks, it could be -- it would seem kind
8 of a little difficult if we had a regular
9 meeting just to approve the minutes of the
10 last regular meeting. So I think if we just
11 say as soon as practicable and they be
12 published electronically, then I think that
13 accomplishes both the scribing of what we're
14 doing as well as the making them open if
15 everybody agrees -- if there is some agreement
16 on that.

17 MR. KIND: This is Ryan again. I'm
18 not sure that that section on minutes becomes
19 a problem unless you're -- that it's referring
20 to approved minutes versus just draft minutes,
21 because it seems like you could make draft
22 minutes available to the public within two
23 weeks and it could -- you know, they could be
24 designated as a draft, unapproved minutes.

25 SECRETARY PARSELY: We can try to do

1 it within two weeks. We're having -- we're
2 doing it strictly through my office and it's

3 RSC Attachment A - transcript
4 been a little difficult, given our workload,
5 to get it really done necessarily within two
6 weeks and made available.

7 MR. KIND: Okay.

8 SECRETARY PARSELY: That's what I'm
9 trying -- my secretary and Bridget are doing
10 these themselves and so that's why we end up
11 with some difficulty.

12 MR. KIND: Maybe we should change it
13 to 30 days then.

14 VICE PRESIDENT HOCHSTETTER: I like
15 Julie's idea of maximum flexibility because,
16 you know, we all do have regular day jobs and,
17 you know, this is an incredible additional
18 amount of workload, especially since there are
19 two RT0's as opposed to just one.

20 COMMISSIONER GAW: I'm not -- this
21 is Steve. When we were doing the secretary's
22 job at OMS and doing all of the minutes, we
23 had one of our staff members working on it and
24 it was a very, very major commitment. I mean,
25 the secretary's job in getting all of those
together takes a lot of time. I think the

31

1 important thing is that you have the minutes
2 out there enough in advance of the next
3 meeting when approval is contemplated so that
4 people can see them and have a chance to make
5 corrections. And so I don't have -- I don't
6 care what the language -- how the language
7 ends up, but I understand the need for some

RSC Attachment A - transcript

8 flexibility from our experience here.

9 PRESIDENT BODE: Well, and part of
10 what we are trying to do here is to try and
11 handle as much of this, you know, workload
12 from the RSC through volunteer staff work that
13 we've kind of co-opted our staff into doing
14 this, unlike the MIS0 group which, really,
15 they do have at least a staff that actually
16 works for the RSC so we're saving a little
17 money here.

18 COMMISSIONER GAW: Actually, when we
19 were doing it, they had no staff so --

20 PRESIDENT BODE: I know, but they do
21 now, though; right?

22 COMMISSIONER GAW: What we're
23 dealing with here we didn't -- so once there
24 was -- once staff was onboard, then they
25 picked up a lot of that workload and it made

32

1 it a lot easier to not have to bear that with
2 your own individual staff members.

3 PRESIDENT BODE: Right. But I guess
4 I was just saying we're actually saving
5 everyone money by doing this in-house, so if
6 they have a little flexibility in terms of how
7 long it takes to get it out then that's
8 probably not a bad thing, actually.

9 COMMISSIONER GAW: Yeah.

10 SECRETARY PARSELY: And we certainly
11 want to have this as open and as available as

12 RSC Attachment A - transcript
possible, we just don't want to run afoul of
13 any deadlines and we are just trying to create
14 flexibility. So I can take the comments and
15 put together some language and then we can
16 tweak the language to try to make sure that
17 everybody thinks that it accomplishes all that
18 we are trying to accomplish, if that's all
19 right.

20 PRESIDENT BODE: I think that's
21 great.

22 Anybody have any objection or any
23 other comments?

24 VICE PRESIDENT HOCHSTETTER: It
25 sounds good to me.

33

1 SECRETARY PARSELY: Does anybody
2 have any other -- has anybody else studied the
3 Bylaws late into the wee hours of the night
4 and have any other changes they want to make?

5 TREASURER KING: We're all right on
6 the Bylaws. We talked about the change from
7 going from a fiscal year many of our states
8 are on, July to June, to a calendar year. Is
9 that clear enough in the Bylaws?

10 SECRETARY PARSELY: We can certainly
11 make sure that that is clear.

12 PRESIDENT BODE: Add that to the
13 list of things to look over. Is there
14 anything else from the Treasurer's standpoint
15 that we need to look at?

16 TREASURER KING: The only other
Page 28

RSC Attachment A - transcript

17 thing I think we have talked about and we are
18 about ready to send out is trying to follow up
19 pretty closely what SPP uses -- and we have
20 the signature cards I think ready to sign and
21 get everything pretty much tied down -- is
22 that we would have -- we would try and have
23 the billings going in, whether it was a court
24 reporter like today, go into that office
25 attention to the RSC but to Tom's office so

34

1 that we didn't have to send it to four states
2 or all the states or whatever, and then we
3 would get a status of what's coming in
4 e-mail-wise for the officers and then we would
5 have to look at a sign-off there if we needed
6 to follow that some.

7 But I think with that understood and
8 I know a lot of the states are -- again,
9 there's a lot of volunteer work going on in
10 these committees and different things and I've
11 had calls, that we could start probably
12 getting those coming in pretty quickly and get
13 some reimbursements for some of those
14 committee meetings and et cetera.

15 PRESIDENT BODE: Is there anything
16 else, though, you have related to the Bylaws
17 or anything like that?

18 TREASURER KING: No, I don't think
19 -- I think just that other is the main thing
20 in the Bylaws.

21 RSC Attachment A - transcript
PRESIDENT BODE: Okay. Is there
22 anything else?
23 Brian, do you have any comments?
24 COMMISSIONER MOLINE: No, that's
25 fine.

35

1 PRESIDENT BODE: Okay. All right.
2 Then we'll move on. I don't think we need to
3 vote on that. I think Julie will bring that
4 back to us at our next scheduled meeting that
5 we can take up our Bylaws under the Bylaws and
6 we'll make a recommendation after we get all
7 that out to us early.

8 Are there any other previously
9 discussed issues -- we just have other here --
10 that we need to take up before we move on to
11 New Business?

12 VICE PRESIDENT HOCHSTETTER: Denise,
13 would our RSC letter be old business or new
14 business?

15 PRESIDENT BODE: Well, I think we
16 have it under kind of an update or policy
17 issues is kind of where I had it, but we can
18 take it up wherever you would like to take it
19 up. I was going to have it first under New
20 Business but --

21 VICE PRESIDENT HOCHSTETTER: Well,
22 let's do that then. I was just querying, just
23 asking.

24 PRESIDENT BODE: That was my sense.
25 If we don't have any other previously

1 Discussed Issues, then let's go ahead and move
2 to New Business.

3 And I think the first thing we have
4 on the agenda is, RSC policy issues and
5 assignments. And the first topic is the
6 letter Sandy had recommended at our last
7 meeting in Salt Lake City that we might want
8 to consider to help share the history and our
9 view on how the RSC was set up within the
10 Southwest Power Pool in cooperation with the
11 SPP. And I think Sandy has done a lot of hard
12 work to put together a draft letter on that
13 and I think all of us have had a chance to
14 look it over.

15 I've got just a couple of changes
16 that I wanted to recommend to it. And I
17 didn't know, Sandy, if your interest is to
18 kind of get a vote on it or just kind of have
19 us all circulate it and bless it and get it
20 out? Or kind of what's your -- how do you
21 want to approach this?

22 VICE PRESIDENT HOCHSTETTER: Well, I
23 think since time is of the essence, you know,
24 because of the fact that we need to get this
25 filed on the docket before any order on

1 rehearing is issued by the FERC, what I was
2 hoping we could do today was, you know, get a

3 RSC Attachment A - transcript
4 consensus on what the final edits ought to be
5 and then, you know, basically get signoff from
6 this group and then we can take the
7 responsibility here at the Commission for
8 filing it with the Secretary's office at FERC,
9 getting it to the Commissioners and then, of
10 course, copying all the parties of record in
11 the docket.

12 So -- and I know that I do have a
13 couple edits from Missouri so maybe we could
14 go through that and then just get a sense from
15 everybody that's there in the meeting, you
16 know, if they are okay with it, with the, you
17 know, collection of edits.

18 PRESIDENT BODE: That's terrific if
19 that's the approach. I am faxing to you --
20 and I apologize, Sandy, I've been out of town
21 and just really got a chance to sit down and
22 work on this at some length over the weekend
23 -- so we are faxing you just some ideas that I
24 had about how it could be reorganized just a
25 little bit. I don't think there's any
significant changes. But if you all will bear

38

1 with me, I'll kind of walk through -- I think
2 we've got copies that Joyce has made that's
3 passed out to everyone here and you should be
4 getting it faxed right now to you.

5 Do you have it yet?

6 VICE PRESIDENT HOCHSTETTER: I don't
7 know, but we will go check.

RSC Attachment A - transcript

8 Did you put your edits on the latest
9 revised version that I sent out which was
10 basically revamped by Scott Hempling?

11 PRESIDENT BODE: I'm --

12 MS. DAVIDSON: I don't know.

13 PRESIDENT BODE: I don't know. I've
14 got the copy that Joyce had given me. I was
15 out of town and got back this weekend so I'm
16 not sure if I have. But if you want me to, I
17 can just go over briefly what I did and then
18 it may be mooted by his changes, too.

19 VICE PRESIDENT HOCHSTETTER: Okay.

20 PRESIDENT BODE: What I wanted to do
21 was just to start off the letter with your
22 second paragraph. I just switched your first
23 with your second to start off expressing
24 appreciation. And, basically, I flipped that
25 one to say, We appreciate, we want to work

39

1 hard, we want to -- we have these incredible
2 important objectives. Basically, what you
3 said, no changes in the second paragraph, and
4 move it up to the first.

5 And then the first paragraph would
6 be the second and then kind of go in to the
7 concurring opinions, you know, issue. And
8 then I guess what I would -- what I was going
9 to do is use the first paragraph and then --
10 let me just explain to you what I've done.

11 Instead of saying, We're concerned

12 RSC Attachment A - transcript
13 that there may be some confusion, I would just
14 say -- I would start that off in a positive
15 way -- Hopefully, the enclosed information
16 will aid in your understanding of the unique
17 relationship between the SPP and the SPP RSC
18 relative to the specific issues that will
19 become the subject of future RT0 filings under
20 Section 205 of the Federal Power Act.
21 Accordingly, we feel compelled to provide a
22 more complete factual record to ensure.

23 So rather than suggest that they
24 might be confused or -- which kind of might
25 make them feel like we're being critical of
their understanding of our approach, that we

40

1 might say that in a more positive way.

2 And then when you get down --

3 COMMISSIONER GAW: Denise, excuse
4 me. I need to know which draft we're working
5 off?

6 VICE PRESIDENT HOCHSTETTER: Yeah,
7 this is the very, very first draft. This is
8 an old draft, it's not the latest one that I
9 sent around that's been substantially redone
10 by Scott Hempling. So --

11 PRESIDENT BODE: Okay. Well, then,
12 we haven't been given -- I haven't been given
13 a copy of that one.

14 MR. KIND: Excuse me for
15 interrupting. This is Ryan Kind.

16 But, Sandy, I haven't noticed this

RSC Attachment A - transcript

17 in my e-mail. Could you tell me when you
18 circulated it so I would know where to look
19 for it?

20 VICE PRESIDENT HOCHSTETTER: I think
21 I sent it to the Commissioners, Ryan, that
22 would be the voting members on the Board. I
23 did not send it out to, you know, the whole
24 huge list, though, that we have for the RSC,
25 just the actual Board members of the SPP RSC

41

1 that would be signing it and sending it to
2 FERC.

3 MR. KIND: Okay, I guess I was just
4 assuming as an associate member I would be in
5 the loop on things like that, but we can talk
6 about that later, I don't want to interrupt
7 the discussion.

8 PRESIDENT BODE: Okay. I think the
9 paragraph that I was dealing with, if I've got
10 -- Brian gave me a copy of his. It looks like
11 it is the same, it says the same thing in the
12 old version and the new version; right?

13 VICE PRESIDENT HOCHSTETTER: I'm not
14 tracking where you are, Denise, but the --

15 PRESIDENT BODE: No, no. The first
16 paragraph where it says, "As the duly-elected
17 members of the Board of Directors, we are
18 writing you in response," that first paragraph
19 in your letter was unchanged by his -- by
20 Scott's changes?

21 RSC Attachment A - transcript
VICE PRESIDENT HOCHSTETTER: Okay.
22 In the latest letter it does, in fact, make
23 the change that you suggested, the newer
24 version eliminates the confusing language.
25 PRESIDENT BODE: Okay. Well, then I

42

1 don't think Brian has the latest one either
2 because he has, I think, got the same one that
3 I've got.

4 UNIDENTIFIED MALE: Do you want her
5 to fax one here?

6 PRESIDENT BODE: Yeah, why don't you
7 fax one and let us get a copy of the final
8 version of what we've got and then let's
9 consider this at the end.

10 COMMISSIONER MOLINE: Denise, look
11 at page 4 of the draft that you have.

12 MR. PETERS: That's where Scott's
13 new language is.

14 PRESIDENT BODE: Page 4?

15 MR. PETERS: Yes.

16 PRESIDENT BODE: Oh, okay. I'm
17 sorry.

18 Okay. Does everybody have that or
19 should we get a copy made of this one? Why
20 don't we make a copy of Scott's version here
21 and pass it around to everybody and we'll have
22 a chance to look it over so we can address it
23 during the -- at the end of this meeting, and
24 we can go on and talk about something else in
25 the meantime.

1 I think, Sandy, all my changes were
2 basically just like I think I changed a
3 provision which said the SPP was a regional
4 trans -- an independent system -- an
5 independent transmission operator, which I
6 don't think it was, and I just made a couple
7 of changes like that, I didn't make a lot of
8 big, deep changes.

9 VICE PRESIDENT HOCHSTETTER: I
10 think, actually, Denise, I think Scott took
11 back pretty much every single change that you
12 identified in your fax.

13 PRESIDENT BODE: Really?

14 VICE PRESIDENT HOCHSTETTER: Yeah.

15 PRESIDENT BODE: Okay. Good. Well,
16 then, hopefully, we'll have a chance to look
17 over that real quick and get that done before
18 we end. Is that okay with you? Can we move
19 on and --

20 VICE PRESIDENT HOCHSTETTER: No,
21 that's fine.

22 PRESIDENT BODE: -- have a chance so
23 everybody can see Scott's version.

24 COMMISSIONER GAW: Would you mind
25 faxing with that our suggested changes to that

1 one paragraph or do you want us to do that?

2 VICE PRESIDENT HOCHSTETTER:

3 RSC Attachment A - transcript
4 Actually, I'm not faxing anything. I think
5 that they have the latest copy there. My
6 understanding is they are just going to be
7 making copies of it.

8 PRESIDENT BODE: Yeah.

9 COMMISSIONER GAW: Okay. I
10 misunderstood. Never mind. We'll work on it
11 when we get to that.

12 VICE PRESIDENT HOCHSTETTER: When we
13 have that, yeah, we can say what your changes
14 are.

15 COMMISSIONER GAW: Yeah, no problem.
16 Thanks.

17 PRESIDENT BODE: Steve, what's your
18 fax number?

19 COMMISSIONER GAW: My fax?

20 PRESIDENT BODE: Yeah.

21 COMMISSIONER GAW: I don't -- we've
22 got the latest draft here so -- is that what
23 you were going to fax?

24 PRESIDENT BODE: No. We were going
25 to fax my changes to you.

COMMISSIONER GAW: Oh, okay. Hold

45

1 on just a -- I'll give it to you in just a
2 minute, Denise. We're in another room --

3 PRESIDENT BODE: Okay.

4 COMMISSIONER GAW: -- and I don't
5 have that memorized.

6 PRESIDENT BODE: Okay. Let's go
7 ahead and let David finish up on his

RSC Attachment A - transcript

8 Treasurer's report and as soon as we get this
9 document back, we'll finalize Sandy's letter
10 so we can get it off if everybody is in
11 agreement, which I think there seems to be a
12 lot of nodding of heads about doing it so. . .

13 COMMISSIONER GAW: Denise, I have
14 that fax number now.

15 PRESIDENT BODE: Okay.

16 COMMISSIONER GAW: 573-526-7341.

17 PRESIDENT BODE: Okay. We will fax
18 off a copy of the changes that I was talking
19 about as well.

20 COMMISSIONER GAW: Thank you.

21 PRESIDENT BODE: Thank you.

22 And I'm sorry we're doing this at
23 the last minute, Sandy. It's not a black --
24 you certainly did it in a timely enough
25 fashion.

46

1 VICE PRESIDENT HOCHSTETTER: I'm not
2 offended, I know that everybody has a lot of
3 balls in the air. That's fine.

4 PRESIDENT BODE: Thank you. Okay.
5 Let's move on and we'll come back to readdress
6 the letter proposed by Commissioner
7 Hochstetter. And let's move on to the
8 Treasurer's report to see if there's anything
9 in addition that he wanted to add to that
10 report. I think signature cards, travel,
11 those kind of things you discussed with us

12 RSC Attachment A - transcript
briefly but. . .

13 TREASURER KING: Right. We do have
14 the signature cards which all the officers
15 would sign so that any two, then, signatures
16 are needed. The way we would be doing it most
17 of the time -- and I would like to go through
18 quickly if I could the travel policy and
19 expense policy.

20 PRESIDENT BODE: Thank you, very
21 much.

22 TREASURER KING: -- to see if there
23 are any changes you want to make.

24 Under the travel policy, the
25 Southwest Power Pool -Regional State Committee

47

1 will reimburse RSC representatives for all
2 fair and reasonable expenditures incurred by
3 RSC representatives when conducting RSC
4 business. It is intended that the
5 representatives should neither lose nor gain
6 money as a result of reimbursement.

7 And we have got six points under
8 that, if I could just go through quickly.

9 PRESIDENT BODE: Uh-huh.

10 TREASURER KING: One: Travel
11 expenses must be submitted on the RSC Expense
12 Reimbursement Form within 30 days after the
13 conclusion of the travel. Receipts are
14 required for all expenses.

15 Two -- any problem on that?

16 PRESIDENT BODE: Is 30 days pretty

RSC Attachment A - transcript

17 much --

18 TREASURER KING: Is that all right?

19 PRESIDENT BODE: Is that enough

20 time?

21 Okay. I got nodding of heads for
22 those of you who are on the phone.

23 TREASURER KING: Okay.

24 Two: While traveling and away from
25 home, RSC representatives are expected to use

48

1 good judgment in incurring expenses for
2 lodging, meals, transportation, et cetera.
3 RSC will reimburse business-related mileage at
4 the rate approved by the IRS. Reimbursement
5 will be for mileage claimed due to travel to
6 business location and return.

7 So we use the IRS there.

8 PRESIDENT BODE: Okay. All right.

9 I see no objections to that.

10 TREASURER KING: Three: RSC
11 representatives are responsible for making
12 their own arrangements for transportation,
13 lodging and car rentals. All accommodations
14 should be purchased as far in advance as
15 possible to obtain available discount fares
16 and rates. All air travel is to be booked at
17 the lowest accommodating fare possible, in
18 coach class, nonrefundable electronic tickets.

19 No indigestion there?

20 MR. INGRAM: The nonrefundable

21 RSC Attachment A - transcript
tickets could be a problem in meeting dates,
22 that kind of thing.

23 PRESIDENT BODE: In our state travel
24 policy, I think part of the agreement with our
25 state travel group is that they are

49

1 refundable. And, I mean, and I think that's
2 part of the agreement that they negotiate with
3 the vendors that service the State of Oklahoma
4 at least. But they give you the government
5 rate which is the same, I think it's a
6 nonrefundable rate. I mean, it's the lowest
7 rate you can get so. . .

8 SECRETARY PARSELY: You could just
9 have it described that we get the lowest
10 possible rate and just eliminate
11 nonrefundable, and we can all be under the
12 obligation to do what we can to make sure we
13 have the lowest possible rate available.

14 PRESIDENT BODE: I think most of our
15 states have those requirements as well.

16 SECRETARY PARSELY: Ours does.

17 TREASURER KING: We will have the
18 lowest accommodating fare possible in coach
19 class and left out the nonrefundable?

20 PRESIDENT BODE: Or if you want to
21 say is comparable to nonrefundable or
22 something like that, yeah, such as, that would
23 be okay.

24 TREASURER KING: So it wouldn't hold
25 us to that entirely if we had a change.

1 MR. TOTTEN: There could be
2 instances you lose on those.

3 UNIDENTIFIED MALE: We've got to be
4 careful if we put that in there at all, I
5 think. So maybe we ought to just say the
6 lowest accommodating fare possible, such as
7 electronic tickets if that works. Sometimes
8 that may not work.

9 SECRETARY PARSELY: I think that
10 would be -- that would give the flexibility
11 then.

12 TREASURER KING: Okay. Number
13 Four: Hotel reservations should be made at
14 mid-price, national chains when corporate
15 rates aren't available. If an RSC member is
16 attending a meeting or a function being held
17 at a specific hotel, then reservations may be
18 made at that facility.

19 So that makes sense, I guess, unless
20 there is an overflow or whatever.

21 SECRETARY PARSELY: I guess could we
22 provide -- I guess corporate rate but we could
23 get a government rate that could be lower so
24 it could be corporate or government.

25 TREASURER KING: Or government rate

1 maybe we should say, yeah.

2 SECRETARY PARSELY: And then for the

3 RSC Attachment A - transcript
overflow, I guess -- could you read that part
4 again.

5 TREASURER KING: Hotel reservations
6 should be made at mid-price, national chains
7 when corporate or government rates aren't
8 available. So that way, it wouldn't hold us
9 to one place necessarily. I know like here at
10 the Embassy Suites, it was full by the time I
11 booked so they sent me to one of their other
12 comparables and it worked fine.

13 If an RSC member is attending a
14 meeting or function in a specific hotel, then
15 reservations may be made at that facility. So
16 you are not held to that facility if you had
17 some reason to go to a surrounding facility.

18 SECRETARY PARSELY: Or say maybe.

19 PRESIDENT BODE: Yeah, and I don't
20 think it necessarily needs to be a national
21 chain. I mean, there could be a lower priced
22 locally-owned hotel that might be cheaper. I
23 mean, why is that in there? Does it have to
24 be a national chain?

25 TREASURER KING: No, it wouldn't

52

1 have to be, I guess. Maybe just take the word
2 "chains" out of there?

3 PRESIDENT BODE: Yeah. I mean, we
4 are trying to get the lowest price we can get
5 for a hotel.

6 TREASURER KING: At mid-price local
7 or national? I don't know how you designate

RSC Attachment A - transcript

8 the difference some times.

9 SECRETARY PARSELY: Mid-price how
10 about hotel.

11 TREASURER KING: Mid-price hotels
12 at corporate government rates without saying
13 national chains at all?

14 PRESIDENT BODE: There may be a B&B
15 that's half the price of something else and
16 where you can save money.

17 SECRETARY PARSELY: In fact, you
18 might want to say -- this is the lawyer -- you
19 might want to say establishment as opposed to
20 hotel because there could be like a motor
21 court or something.

22 TREASURER KING: We could say hotel
23 reservations.

24 SECRETARY PARSELY: Tourist courts
25 can be really very nice.

53

1 TREASURER KING: At mid-price
2 establishments, let's say that and then we
3 cover all the bases, I think.

4 PRESIDENT BODE: You never know
5 where Nick is going to take us.

6 TREASURER KING: Yeah. We might be
7 in a bed and breakfast in Santa Fe, you never
8 know what we are going to do.

9 MR. BROWN: I've got a spare
10 bedroom.

11 PRESIDENT BODE: He is going to run

12 RSC Attachment A - transcript
out of spare bedrooms when we go to Arkansas.

13 TREASURER KING: Then Five: And RSC
14 representative will use their personal or
15 their employer's credit card to pay for travel
16 expenses.

17 PRESIDENT BODE: One more time.

18 TREASURER KING: I'll say that
19 again. RSC representatives will use their
20 personal or their employer's credit card to
21 pay for travel expenses.

22 So when you are traveling if you are
23 getting your tickets and all that, whether the
24 State is doing it or you are doing it
25 personally, then you will have those receipts

54

1 and you will turn those in.

2 PRESIDENT BODE: Okay.

3 TREASURER KING: Brian.

4 COMMISSIONER MOLINE: Wouldn't you
5 be better -- you were starting off RSC members
6 and now you go to RSC representatives. Is
7 there a difference? If there isn't, we should
8 use the same one.

9 TREASURER KING: Well, because we
10 have our -- I think if you say members, you've
11 got representatives of the RSC with our
12 staffs, and so by putting members it would
13 seem to say only the Board itself.

14 COMMISSIONER MOLINE: Well, that's
15 an issue we need to talk about.

16 TREASURER KING: Okay. Well, let's
Page 46

RSC Attachment A - transcript

17 talk about it, we better get it figured out.

18 MR. KIND: This is Ryan Kind.

19 I intended to raise that issue as
20 well, whether there would be a distinction
21 between members and associate members since my
22 office is the only associate member and I'm
23 interested to find out whether I would be
24 eligible for this type of reimbursement. And
25 there's some meetings coming up for the

55

1 Cost-Allocation Working Group in Dallas that I
2 would be -- you know, probably more likely --
3 much more likely to attend if there were some
4 reimbursement available to my office for that.

5 COMMISSIONER MOLINE: And related to
6 that, you know, frankly, I've got Holloway
7 going off to Dallas every week and we are
8 about to run out of money, quite frankly.
9 So unless we can -- I mean, I would rather you
10 pay his way and I'm only going to come three
11 or four times a year. If it came to that, I
12 would just -- but he is going every week. And
13 at some point that's going to -- we are going
14 to run into a point where we will say, He
15 can't go anymore unless his costs --

16 TREASURER KING: Well, the way we
17 have it here, Brian, I think clearly he is an
18 RSC representative.

19 COMMISSIONER MOLINE: Well, and
20 that's I guess what I'm trying to get at.

21 TREASURER KING: But it has got to
22 be either the Board member or your staff to be
23 representatives. It would not include the
24 associate members, as I understand it.

25 PRESIDENT BODE: Is that true? Is

56

1 that the MISO does their reimbursement or
2 others or how do they do theirs?

3 Steve.

4 COMMISSIONER GAW: I have -- thank
5 you. First of all, let me say, I'm not sure
6 that we -- and I'll get around to your
7 question -- but I'm not sure whether we have
8 defined what an RSC representative is in this
9 travel policy and that does make a significant
10 difference about who does and who doesn't
11 qualify.

12 Secondly, I need to check on the
13 details; but, in general, there is a specific
14 travel policy that allows for the approval of
15 certain travel. Initially, I think it was
16 done by the Executive Board, I think that's
17 been delegated to the Executive Director, with
18 some specific provisions that are basically
19 prior approvals for attending -- for advisory
20 Committee members attending the Advisory
21 Committee meetings in Carmel. So it is real
22 important that this travel be specific enough
23 so that we don't have it broad that you can
24 send ten or fifteen people -- I mean, not that
25 we would -- from each state to particular

1 meetings if it's a one-state meeting
2 representative that's designated, that's fine.

3 But I'll tell you that there are --
4 what I'm hearing so far in this draft probably
5 is more liberal than the travel policy that's
6 currently in effect with OMS. And my -- what
7 I would suggest is that we bat this around
8 with some e-mails. And I can get everybody a
9 copy of that -- of the OMS travel policy if
10 you would like, it's fairly detailed. Laura
11 Chappell (ph) worked on it for several months
12 in concert with the Board to get it into a
13 position where everyone felt comfortable. But
14 the reimbursements are -- reimbursements on
15 some of these meetings are not guaranteed with
16 OMS and you have to get some prior approval
17 for some of them to take place, for some
18 reimbursements to take place.

19 PRESIDENT BODE: Thank you, Steve.

20 SECRETARY PARSELY: And as the
21 person sitting here with the Bylaws, the
22 keeper of the Bylaws, just in case anybody is
23 curious, only membership -- only members and
24 associate members are described and there is
25 not a representative sort of discussion in the

1 Bylaws. So we could probably define that in
2 the travel policy but it's not currently in

3 RSC Attachment A - transcript
the Bylaws.

4 PRESIDENT BODE: So, in other words,
5 with regard to --

6 SECRETARY PARSELY: We have
7 membership and associate membership.

8 PRESIDENT BODE: But they're
9 representatives of the staff? Are the
10 staff --

11 SECRETARY PARSELY: Well, it's not a
12 -- I mean, in terms of being a
13 representative --

14 PRESIDENT BODE: In other words,
15 there is not a definition for that in the
16 Bylaws?

17 SECRETARY PARSELY: Right. Right.
18 Right.

19 COMMISSIONER MOLINE: You know, it
20 seems to me we are talking about three things:
21 We are talking about the members, and they are
22 easily defined, there are five of us. Then
23 there are representatives at the meetings and
24 that's easily defined, too. What I'm getting
25 at is a lot of the work of this organization

59

1 is done by staff people and Larry happens to
2 be here but I know there are many others, Mike
3 and others, who are spending lots and lots of
4 time on this.

5 PRESIDENT BODE: Certainly.

6 COMMISSIONER MOLINE: And the
7 individual states, I'm sure, mostly are

RSC Attachment A - transcript

8 probably in the same -- we're about to get a
9 ban on state travel pretty soon. I think
10 every state is in that situation. And all I'm
11 getting at is that if in the future, from
12 Kansas' standpoint, if we want Holloway to be
13 going every other week to Dallas, someone is
14 going to have to pay for it or he doesn't have
15 to go, one or the other.

16 TREASURER KING: We've got to have
17 Holloway and Proctor and some of the others so
18 we've got to get that clarified. We probably
19 could take this, clean up what we have done
20 and send it around --

21 PRESIDENT BODE: Okay.

22 TREASURER KING: -- and not finalize
23 it until the next meeting.

24 COMMISSIONER GAW: I think that
25 would be great, you guys. I think it is a

60

1 great start, David. You have done a lot to
2 put in some good skeleton here, but I think it
3 would be helpful if we could work some detail
4 out between the next meeting.

5 TREASURER KING: I'm just right to
6 the last point that I had and we may need to
7 add to this, but if I could just cover that --

8 PRESIDENT BODE: Yes. Absolutely.

9 TREASURER KING: -- and I have got
10 some ideas and see some of the complexities
11 here.

RSC Attachment A - transcript
If a spouse or family member

12
13
14
15
16
17
18
19
20
21
22
23
24
25

accompanies an RSC member on a business trip for nonbusiness reasons, the family member's travel expenses are not reimbursable. That is a standard kind of thing.

And I do have an expense policy kind of following along with the SPP where there is a maximum airfare of \$500 stipend and there are some other; but I think in going through that, that's more technical details. That if I send that out and we look at what OMI did and then let every member look at that, we can tie that down pretty tight and go from there.

So that might be enough for today

61

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16

without spending a lot more time unless you want me to go through -- I have a reimbursement policy, an expense reimbursement policy, to go along with the general travel policy which gets a little more specific; but it talks about rental cars and your personal car and getting to the -- all that kind of stuff, which is just technical that everybody can look at, I think.

SECRETARY PARSELY: If you could send it around to us and then maybe if Steve or someone could send us --

TREASURER KING: Any recommendations?

SECRETARY PARSELY: -- any recommendations or what MISO has done or --

RSC Attachment A - transcript

17 just so we would have some comparative, not
18 that we want to adopt anybody else's.

19 COMMISSIONER GAW: No. We were just
20 talking about that here, Julie, if that's you.

21 SECRETARY PARSELY: That's me.

22 COMMISSIONER GAW: And we're going
23 to get that done.

24 SECRETARY PARSELY: Okay. Great.

25 Thank you.

62

1 PRESIDENT BODE: Well, and I think
2 one of the things in terms of reimbursement
3 that might be useful is that for reimbursement
4 of our staff that are participating in this,
5 that the Commissioner member might sign it to
6 pre-authorize it before we send it off to the
7 Treasurer for his reimbursement might be a
8 nice, useful step to add to that. I don't
9 know if that's part of the other agreement but
10 that way, you have kind of a pre-approval --

11 TREASURER KING: So that the member
12 and his staff representatives -- so Brian
13 sending Larry -- Brian would actually be
14 sending it from that state. So that we are
15 not designating that authorization, that
16 member would then designate that staff and
17 that would be covered.

18 PRESIDENT BODE: Does that make
19 sense to kind of add that step in there?

20 COMMISSIONER MOLINE: Yeah.

21 RSC Attachment A - transcript
PRESIDENT BODE: Okay.

22 MR. KIND: This is Ryan Kind.

23 I have several comments. First of
24 all, under the Bylaws in Article Two it
25 defines two types of memberships, the regular

63

1 membership and an associate membership. As an
2 associate member, you know, I can -- you know,
3 I'm included basically in the category of
4 members.

5 A second point I wanted to make is
6 that it's my understanding that the OMS has
7 provided expense reimbursement to associate
8 members that are members of task forces for
9 their participation in those task forces.

10 And the last thing I wanted to
11 mention is that I would appreciate having a
12 copy of this proposed policy distributed to me
13 so that I can better participate in the
14 discussion.

15 TREASURER KING: Okay. Well, we'll
16 make it -- what we are doing to the members
17 and the associate members and the way we have
18 it prepared. I might say, too, the one
19 thing -- and Tom Dunham has been very helpful
20 in trying to be somewhat consistent with what
21 the SPP policies are and the way they do them
22 as long as it kind of falls within what we
23 thought the state guidelines might require us
24 in different states. So I think we are doing
25 most of those things. But as you look at it

1 you can tell me if we are getting that done or
2 not probably as we circulate this.

3 But we have, you know, the amounts
4 of money for hotel per day, meals per day, all
5 those kinds of things, and those vary from
6 state to state somewhat, but that we get an
7 agreement to have a general thing so we are
8 all on the same page.

9 PRESIDENT BODE: Okay. Are there
10 any other -- thank you, Ryan, for your input.
11 And, David, will -- I don't think he
12 circulated this document to anybody so I
13 don't --

14 TREASURER KING: I have not. I want
15 to kind of go over it to get a little idea --

16 PRESIDENT BODE: -- so don't feel
17 like you are being left out.

18 TREASURER KING: Nobody is being
19 left out yet, we just wanted to get some idea.

20 PRESIDENT BODE: We may be a little
21 bit on the lack of paperwork side, which is
22 sort of unusual for government entities, but
23 we're sort of trying to be flexible and lean
24 and mean. And so he is going to get these
25 documents out to us now that he has kind of

1 walked through it with us.

2 TREASURER KING: Thank you, very

3 RSC Attachment A - transcript
4 much. I think that's enough for today. And
5 then we may have to have some initial
6 provision because I think we -- in setting the
7 budget up, we may want to go back in a month
8 or two in cases where like Brian is talking
9 about to reimburse from the start of when we
10 started the organization because we have had a
11 lot of meetings right after that and it's been
12 pretty intense.

13 PRESIDENT BODE: Yeah, whatever we
14 need to do, we need to do fairly promptly so
15 that we can get our states --

16 TREASURER KING: We need to get
17 those comments back and probably by our next
18 meeting we need to finalize this so we don't
19 put Brian or anybody out of business.

20 PRESIDENT BODE: And we could --
21 since we don't have another meeting for a
22 quarter -- maybe in the next interim meeting
23 we have by conference call or special meeting,
24 that we can put this policy up for
25 consideration in that so we can go ahead and
get Larry and some of these others have been

66

1 doing yeoman's work traveling can get
2 reimbursed. Okay? So everybody will work
3 hard to get comments back to David and all
4 the --

5 TREASURER KING: We'll get that out
6 in the next day or so.

7 PRESIDENT BODE: Thank you, David,
Page 56

RSC Attachment A - transcript

8 so much for the hard work you've done on that.
9 And thank you also, I appreciate all the work
10 you all have done as well.

11 Do we have -- everyone has got a
12 copy I think now of Sandy's letter as amended
13 by Scott. And that's dated 6 -- is that
14 7/22/04; is that right?

15 VICE PRESIDENT HOCHSTETTER: Yeah,
16 that's the latest draft.

17 PRESIDENT BODE: Okay.

18 VICE PRESIDENT HOCHSTETTER: And if
19 you want me to, yeah, he basically kind of put
20 it more into a Federal Power Act.

21 PRESIDENT BODE: It looks like a
22 legal document.

23 VICE PRESIDENT HOCHSTETTER: Yes,
24 which I think -- I mean, he helped it
25 tremendously by putting it in that sort of a

67

1 context.

2 PRESIDENT BODE: Yeah. I have
3 skimmed through it while we've been kind of
4 talking here and I think his approach is both
5 positive and substantive.

6 VICE PRESIDENT HOCHSTETTER: Right.
7 And I think it answers the question very
8 succinctly and, you know, kind of hits it
9 concisely right at the point.

10 PRESIDENT BODE: Have you all had a
11 chance to look over this letter?

12 RSC Attachment A - transcript
MR. WOLF: Commissioner Bode.

13 PRESIDENT BODE: Yes, sir.

14 MR. WOLF: Hi, it's Walter Wolf in
15 New Orleans.

16 PRESIDENT BODE: Hi, Walter.

17 MR. WOLF: Would it be possible to
18 have a copy of that letter faxed to me? I was
19 checking with Commissioner Campbell's office
20 and I don't think he ever received a copy of
21 it.

22 VICE PRESIDENT HOCHSTETTER: Do you
23 want her to e-mail it to you, Walter?

24 MR. WOLF: That would be fine.

25 VICE PRESIDENT HOCHSTETTER: Now, is

68

1 he an official voting member of the RSC Board
2 now?

3 PRESIDENT BODE: He's an observer.
4 I think he designated himself as an observer.

5 MR. WOLF: He's not an official
6 voting member.

7 VICE PRESIDENT HOCHSTETTER: Okay.
8 So he wouldn't be interested, then, in signing
9 the letter?

10 MR. WOLF: Well, I would like to
11 show it to him to see if he would be
12 interested in signing the letter as a non --

13 VICE PRESIDENT HOCHSTETTER: Sure.

14 PRESIDENT BODE: That would be
15 great.

16 VICE PRESIDENT HOCHSTETTER: Okay.

RSC Attachment A - transcript

17 I'm just trying to clarify.

18 MR. WOLF: Okay.

19 PRESIDENT BODE: Thanks, Walter.

20 MR. WOLF: No problem. I just want
21 him to see it so he knows that he has the
22 option of signing it or not signing it.

23 MR. KIND: And, Sandy, as an
24 associate member, I might be interested in
25 signing it as well if I am able to see it.

69

1 PRESIDENT BODE: Good deal. So will
2 you all send it to those two?

3 Sandy, would you like to go through
4 -- or is Scott on the phone?

5 VICE PRESIDENT HOCHSTETTER: No,
6 huh-uh.

7 PRESIDENT BODE: Okay. Sandy, would
8 you like to just walk through it just briefly
9 if there is anything so that if people have
10 questions or comments, they can address them?

11 VICE PRESIDENT HOCHSTETTER: Well, I
12 can just kind of synopsi ze it, I guess,
13 generi cally.

14 PRESIDENT BODE: Okay.

15 VICE PRESIDENT HOCHSTETTER: And
16 I'll take us back to when we were at the Salt
17 Lake Ci ty NARUC meeting and we first talked
18 about thi s issue. As everybody probably
19 recalls, in the most recent FERC order on
20 SPP' s compl iance here, there was concurri ng

21 RSC Attachment A - transcript
22 opinion entered by Commissioners Kelly and
23 Kelliher and they expressed I guess some
24 potential concern about our RSC relative to a
25 couple of FERC decisions -- or, I'm sorry --
court decisions having to do with

70

1 del egati on/subdel egati on issues and that
2 language concerned a lot of us because of the
3 fact that we felt it was inapplicable or
4 inapposite in time as to the way that the SPP
5 RSC is currently structured as a matter of
6 law. And so we decided at the RSC meeting in
7 Salt Lake City to move forward with the
8 preparation of a letter that we could sign and
9 send to the FERC commissioners before they
10 entered their order on rehearing and, of
11 course, that would be filing it in the docket
12 and serving all the parties, et cetera, you
13 know, clarifying for them to the extent there
14 was any confusion or misunderstanding exactly
15 what the legal foundation is for the SPP RSC
16 and the way that we interact legally as a
17 matter of Federal Power Act law with the SPP
18 Board.

19 And so I offered to take a stab at
20 drafting a letter, which I did, sent it around
21 to everybody that is a member of the Board and
22 then got Scott's review of that. Scott put it
23 into a legal context -- which he did a much,
24 much better job than I did -- and phrased it
25 along the lines of how exactly those two cases

1 that were cited in the concurrent opinion are
2 totally inapplicable to our legal foundation
3 and then quotes from a couple sections in the
4 SPP Bylaws to make that point even more clear.

5 Basically, in Section 7.2 and 7.3 of
6 the SPP Bylaws, it sets out how the RSC will
7 function in conjunction with the SPP Board
8 and, in particular, what aspects of the I
9 guess RT0 work, what subject matter areas, we
10 would be getting consensus opinions on and
11 getting to the Board for the purpose of the
12 Board's inclusion of those recommendations in
13 its Section 205 CARA filings. And so, at any
14 rate, that's kind of the overall objective and
15 thrust of this letter.

16 PRESIDENT BODE: Yeah, thank you.

17 Are there questions or comments on
18 it? That kind of I think also gave us a
19 little time to review some of the provisions
20 that were in the letter. And does everybody
21 have the final version of the letter? It's in
22 this memorandum I think that Brian shared with
23 us. It starts on page 4 and goes through page
24 8.

25 And I think also, Steve, you had

1 some things you wanted to share but let's just
2 -- let's talk about this first proposal first.

3 RSC Attachment A - transcript
4 And, Steve, if you have some additional items
5 you wanted to go over with us, then let's
6 visit about that as well.

7 COMMISSIONER GAW: Okay. Mine can
8 come later. I just have a couple of wording
9 suggestions toward the very end of the
10 document, Denise, so go ahead and do anything
11 else you want to first.

12 PRESIDENT BODE: Okay.
13 Are there any comments or questions?
14 I saw Michael and then also Ricky had some
15 comments or some questions.

16 Michael.

17 MR. DESSELLE: My name is Michael
18 Desselle with AEP. On the second page of this
19 letter, in the fourth paragraph that begins,
20 "It is against this backdrop," there is a
21 sentence towards the end of the paragraph that
22 says, "The delegation, quote, if there is one,
23 is from the utilities themselves to the RSC
24 and one that was entered into voluntarily."

25 Reading the memo, I'm not sure that
you necessarily need that sentence and I think

73

1 we would quibble with that characterization.

2 VICE PRESIDENT HOCHSTETTER: Michael,
3 are you reading from the old version or the
4 new one?

5 MR. DESSELLE: I'm reading from the
6 new version -- what I believe is the new
7 version that this memorandum From -- To: KCC

RSC Attachment A - transcript

8 and KCC RT0 Committee from Tom DeBaun.

9 PRESIDENT BODE: Page 4. Are you
10 reading from page 4 or page 5?

11 MR. DESSELLE: Page 2.

12 PRESIDENT BODE: No. No. You are
13 reading the wrong letter. That's the old one.

14 MR. DESSELLE: That's the old one,
15 okay.

16 PRESIDENT BODE: I don't think the
17 new one has that in there. That's why I told
18 you the page to look at.

19 MR. DESSELLE: Oh, Okay. My
20 apologies.

21 PRESIDENT BODE: I don't think it
22 has that language in there anymore. We're
23 reading from page 4, 5, 6, 7 and 8, so I think
24 the new version of it is pretty much, you
25 know, revisiting what's in the -- it's

74

1 actually wording from the Bylaws.

2 VICE PRESIDENT HOCHSTETTER: Yeah,
3 that's the overall thrust. It cites from the
4 Bylaws and then says why this language --

5 PRESIDENT BODE: It explains it.

6 VICE PRESIDENT HOCHSTETTER: Yeah.

7 -- and says why this language in the
8 Bylaws and the legal relationship that our RSC
9 has with the SPP RT0 is not the type of
10 situation that was addressed by the Courts in
11 either the TRO order case with the D.C.

12 RSC Attachment A - transcript
13 Circuit or the Cal. ISO case that was most
14 recently handed down by the D.C. Circuit.

15 PRESIDENT BODE: I was looking to
16 see if there was anything that even said that.

17 I can't find a reference to that
18 language anymore.

19 VICE PRESIDENT HOCHSTETTER: Yeah, I
20 think Michael's language has been deleted.

21 MR. DESSELLE: Thank you.

22 PRESIDENT BODE: Ricky, did you have
23 in questions?

24 MR. BITTLE: I had a question for a
25 sentence right before that, but I'm not even
sure now it is still in there.

75

1 PRESIDENT BODE: I think a lot of it
2 had been -- I had raised some questions about
3 the first draft as well. I think sort of the
4 same things and a lot of this was all
5 clarified by the Hempling draft which sorry
6 about that, Sandy, my incompetence in not
7 getting the latest version to look at. But
8 it's good to know we were all thinking the
9 same way and we ended up with the changes that
10 were made and so it ends up in a version I
11 think that reflects the state of play.

12 Ricky, did you find anything else?

13 MR. BITTLE: I've got to look at it.
14 If I do, I'll come back to you.

15 PRESIDENT BODE: Okay. Absolutely.

16 COMMISSIONER MOLINE: Denise.

RSC Attachment A - transcript

17

PRESIDENT BODE: Yes, sir, Brian.

18

19

COMMISSIONER MOLINE: At the risk of being the skunk at the garden party, I have to tell you we are going to abstain from signing the letter.

20

21

22

PRESIDENT BODE: Okay.

23

24

25

COMMISSIONER MOLINE: And I don't want to belabor this and make a big deal of it. But we have parsed this letter in our

76

1

office trying to figure out how we could sign the letter without certifying that the comments that we made at FERC have got no merit, because you remember that the Gallagher language and Kelly language specifically refers to comments of the Kansas Corporation Commission, and we are not sure how we could say, Oh, gee, never mind.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

So, you know, we've gone through these things before, there is no point in doing it again. Suffice it to say that, as you know, we have special difficulties in Kansas, we have gone through them, there is no point in going through them again. We would like to just simply be shown as abstaining.

16

17

18

19

20

PRESIDENT BODE: Well, and I appreciate the fact that you all have been such active participants in the RSC in allowing Larry and the staff to -- from the Kansas Commission to do yeoman's work in

21 RSC Attachment A - transcript
22 trying to make this -- make these changes and
23 get them moving forward on transmissi on
24 upgrades and everything else that you all
25 partici pated wi th. So I thi nk we'II take your
input and involvement at whatever level and

77

1 under whatever circumstances you are willing
2 to provide it. And, thank you, for the way in
3 which you are managi ng your di fferences, I
4 thi nk it has been a very constructive
5 approach.

6 Any other comments or questions?

7 Sandy, I don' t know if we need a
8 vote on putting thi s letter out on behal f of
9 the Board. What' s your recommendati on on
10 that?

11 VICE PRESIDENT HOCHSTETTER: Well, I
12 guess if we' re going to take the
13 responsibility of getti ng it filed, I would
14 like to know which indi vi dual Commi ssi oner' s
15 signatures to reflect as, you know, signatory
16 parties. I don' t thi nk we actual ly have to
17 have, you know, electronic versi ons of
18 signatures but just indi cate on the letter,
19 you know, which Commi ssi oners were wanti ng to
20 be signatory parties and then, you know, that
21 way --

22 PRESIDENT BODE: So you di dn' t want
23 it to be an offici al acti on of the Regional
24 State Commi ttee? You are not asking for that?

25 VICE PRESIDENT HOCHSTETTER: Well, I
Page 66

1 mean, I think -- I don't think it matters one
2 way or the other. We could either have, you
3 know, a lot of individual Commissioners sign
4 it or we could do it, you know, on RSC
5 letterhead stationery and have the
6 Commissioners signing as Board members of the
7 SPP RSC. I don't know that it differs -- that
8 it really matters that way one way or the
9 other because the point was to just get the
10 legal analysis --

11 PRESIDENT BODE: Right.

12 VICE PRESIDENT HOCHSTETTER: --
13 filed in the docket so they would understand
14 that they didn't have anything to be worried
15 about or concerned about before they issued
16 their order on rehearing.

17 PRESIDENT BODE: Does anybody else
18 have any input or ideas? I guess I assumed
19 that what you were proposing is something that
20 would go on the RSC letterhead, which I think
21 probably would require us to vote on it, don't
22 you think?

23 VICE PRESIDENT HOCHSTETTER: Yes.
24 And that would be Plan A. I mean, that was
25 kind of what I had in mind also. But if

1 there's people in the room that -- I mean, I
2 guess if we have a majority vote, we can go

3 RSC Attachment A - transcript
4 ahead and do that. I know that Kansas wants
5 to abstain. And I had not envisioned -- you
6 know, my understanding was that Louisiana
7 originally had some of the same concerns that
8 Kansas did so I anticipated that they would
9 not be interested in signing it either so,
10 then, we might have I guess a total of five
11 Commissioners signing it on behalf of the SPP
12 RSC.

13 PRESIDENT BODE: Well, and before we
14 do that, I think that would be my preference
15 as an approach is to put it on RSC letterhead
16 because I think that's the whole idea in
17 organizing is so that we can take, you know, a
18 stronger stand in terms of dealing with the
19 Federal Energy Regulatory Commission on issues
20 and that they would prefer to see something on
21 behalf of the RSC. So I guess that would be
22 my preference.

23 Is there any objection from taking
24 that approach?

25 TREASURER KING: No. From New
Mexico's standpoint, I think that's what we're

80

1 trying to do.

2 SECRETARY PARSELY: And I think it
3 is most appropriate. I actually think if we
4 didn't do it that way, it might actually
5 undermine it a little bit because what we are
6 trying to do is present them with the RSC's
7 viewpoint and why it is a valid -- why there

RSC Attachment A - transcript

8 is not the subdelegation issues and if we did
9 it in some way that was anything less than it
10 being from the RSC board, I think we could
11 actually undermine it a little bit.

12 PRESIDENT BODE: Okay. So, Sandy,
13 would you like to make it as an official
14 proposal?

15 VICE PRESIDENT HOCHSTETTER: Yes.
16 I guess I'll move then that this letter as
17 amended by Missouri and anybody else that
18 wants to give me any edits here today be sent
19 to the FERC Commissioners and filed in the
20 FERC docket on behalf the SPP RSC.

21 PRESIDENT BODE: Thank you, very
22 much.

23 Is there a second?

24 SECRETARY PARSELY: I second.

25 PRESIDENT BODE: Commissioner

81

1 Parsely has seconded.

2 Now, I think, Steve, you had some
3 additional changes that you wanted to propose?

4 COMMISSIONER GAW: Thank you,
5 Denise.

6 On the next to the last paragraph --
7 and these are very -- these are very small
8 changes -- in the third line down on my draft,
9 I would scratch the word "regulatory." And I
10 am mainly doing that because there are some
11 members -- some individual entities out there

12 RSC Attachment A - transcript
13 that I love to use that phrase "regulatory
14 uncertainty" to -- in a detrimental way to
15 State Commissions and the Federal Commission
and I would just as soon not join the crowd.

16 PRESIDENT BODE: Okay.

17 COMMISSIONER GAW: I think you can
18 leave "uncertainty" in there and it says
19 basically the same thing.

20 And the next thing I would do is
21 later on in that sentence -- in that line,
22 I would change that to instead of where it
23 says "that has been identified as the
24 strongest impediment to" -- let me see if I
25 get this right -- "has been" -- "that has been

82

1 asserted by some as the strongest impediment."

2 And that's it, that's all I have.

3 PRESIDENT BODE: I just had one
4 other change, too, before we comment on the
5 changes. At the beginning under, "Moving to
6 Make Markets Work," the first sentence, "We
7 wish to express our appreciation for that
8 portion of the July 2nd Order," just add the
9 word "Order" -- I mean, I think the word was
10 just left out -- "recognizing the important
11 directional role."

12 VICE PRESIDENT HOCHSTETTER: Yes.
13 Thanks, Denise.

14 PRESIDENT BODE: Do we have any
15 comments on Commissioner Gaw's changes?

16 They all sound okay to me.

RSC Attachment A - transcript

17 TREASURER KING: They sound okay to
18 me.

19 PRESIDENT BODE: Okay. Is there
20 anything else that anybody else sees that we
21 need to change, anything -- any other ideas,
22 suggestions? Any of our industry partners
23 have anything you want to throw out?

24 Okay. It's been moved and seconded
25 we have some amendments that have been offered

83

1 to clarify the language in the proposal.

2 Could we have either Julie or
3 Bridget call roll.

4 SECRETARY PARSELY: I can do that.

5 PRESIDENT BODE: Okay.

6 SECRETARY PARSELY: Chairman Bode.

7 PRESIDENT BODE: Aye.

8 SECRETARY PARSELY: Chairman

9 Hochstetter.

10 VICE PRESIDENT HOCHSTETTER: Aye.

11 SECRETARY PARSELY: Treasurer King.

12 TREASURER KING: Aye.

13 SECRETARY PARSELY: Chairman Moline.

14 COMMISSIONER MOLINE: Abstain.

15 SECRETARY PARSELY: Chairman Gaw.

16 COMMISSIONER GAW: Aye.

17 SECRETARY PARSELY: And I also agree
18 as well. So there is a majority.

19 PRESIDENT BODE: Okay. So that does
20 constitute a majority. It does pass. And we

21 RSC Attachment A - transcript
will take that letter -- and, Sandy, if you
22 could put that finalized version in a form and
23 attach it, we will put it on letterhead and
24 have our staff circulate that for signatures.

25 VICE PRESIDENT HOCHSTETTER: Can I

84

1 make an alternative suggestion? Instead of
2 having electronic signatures, because that may
3 take a long time to compile all those, can we
4 make that kind of filing where I think you
5 have a little S mark or whatever next to the
6 person's name?

7 PRESIDENT BODE: Sure. Absolutely.

8 VICE PRESIDENT HOCHSTETTER: And we
9 can take charge of doing that and getting that
10 filed in the docket so we don't lose any more
11 days because I don't know what the timing is
12 from the FERC standpoint.

13 One thing, though, I don't have any
14 of that RSC letterhead stationery. Can
15 somebody send me an electronic copy of what
16 the letterhead looks like so we can print it
17 out?

18 PRESIDENT BODE: Yeah, that would be
19 -- that's fine with me, Sandy.

20 VICE PRESIDENT HOCHSTETTER: Okay.

21 SECRETARY PARSELY: The lawyer in me
22 is coming out. Courts won't accept unsigned
23 documents even if you have a little ss: line
24 and so I'm curious to make sure that FERC --
25 I'm not sure that our Commission would accept

1 something that wasn't signed. So I'm just --
2 maybe Tony might know whether FERC would
3 accept something that doesn't actually have a
4 signature to it? Okay. No, he can't answer
5 that.

6 VICE PRESIDENT HOCHSTETTER: Could
7 we get one person's signature and do the s
8 on the other?

9 PRESIDENT BODE: Do we have the
10 electronic signatures? I thought we had
11 electronic signatures.

12 MS. DAVIDSON: We haven't done it
13 for the RSC Board.

14 SECRETARY PARSELY: I actually have
15 one that I could e-mail to anybody this
16 afternoon.

17 PRESIDENT BODE: Sandy, I can e-mail
18 you mine this afternoon, too.

19 VICE PRESIDENT HOCHSTETTER: That's
20 a great idea. If you all can just e-mail me
21 your electronic signatures and we'll compile
22 it here.

23 PRESIDENT BODE: Okay. And I will
24 have Joyce or Debbie in my office send you a
25 copy of the stationery. Since you are home,

1 you can get that out and if you will just give
2 a copy to all of us.

RSC Attachment A - transcript
VICE PRESIDENT HOCHSTETTER: I will

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

do that.

PRESIDENT BODE: Okay. So Joyce will be responsible for getting that and will you contact my office and make sure that she sends them my electronic signature?

Okay. You will send a final version out to everybody, including Ryan?

VICE PRESIDENT HOCHSTETTER: Yes, ma'am, I will.

PRESIDENT BODE: Thank you, very much.

Okay. We have got Sandy's letter and we have got the Treasurer's report. We have other business. Is there any other new business?

I have just one item that I need to raise with you all. I think several of us have received correspondence -- if I can find it here just a second -- from the National Wind Coordinating Committee's Transition Work Group and they have asked -- and, in fact -- they have asked -- in fact, Wayne Walker is

87

1
2
3
4
5
6
7

representing the group -- they have asked to make a presentation to the SPP RSC. And one of the things that I thought might be useful would be to also include any members of the SPP Board or industry stakeholders as well as just the RSC. And something that we had been talking about, if there was interest in doing

RSC Attachment A - transcript

8 this, is that we could set this up around the
9 next SPP RSC meeting next quarter coming up in
10 October, either beginning the presentation
11 that morning at 10:00, for example, allowing
12 them to come in and make a presentation with
13 our meeting starting at
14 1:00, so any of us that wanted to come in
15 early or we could even start our meeting at
16 10:00 and then have their presentation in the
17 afternoon.

18 Another idea would be to hold it
19 over and do the presentation the day after the
20 SPP Board meeting, but the idea would be to
21 allow them to -- they want to present the wind
22 power issues and transmission opportunities
23 and potential barriers, and they have asked to
24 have some time to be able to provide that for
25 all of those who are interested.

88

1 In fact, I might allow Wayne to talk
2 for a minute if he can grab a microphone and
3 to share with us just a little bit about what
4 his group's interest is.

5 MR. WALKER: Thank you, Madam Chair.

6 As some of you may or may not be
7 aware, the wind industry has played a fairly
8 active role in the SPP transmission planning
9 process since the February meeting back in
10 Wichita for the Kansas Panhandle Regional
11 Workshop.

12 We believe that wind is -- probably
13 represents one of the largest potential types
14 of generation growth in the Southwest Power
15 Pool over the next few years. It's now
16 economically viable and many folks are already
17 starting to purchase it as we speak. We
18 believe that beyond the current class of wind
19 farms that have been built, that if the SPP
20 takes some of our recommendations for future
21 transmission planning, that one of the largest
22 concentrations of wind power in the entire
23 Great Plains, which is primarily in the
24 western part of the SPP, can be realized over
25 the coming years. And, of course, we have

89

1 done real well with the transmission planning
2 group, worked with the engineering side but it
3 all comes down to who is going to pay for this
4 stuff, how much is it on the transmission
5 owners versus the people like us, the IPP, the
6 developers.

7 So the purpose of us wanting to come
8 before the RSC and hopefully the SPP Board in
9 general is to talk about the benefits of when,
10 address the issues related to when, and talk
11 about solutions as to how we can go forward
12 and possibly even recommend a methodology by
13 which we think the cost can be fairly shared
14 amongst all involved. So if there are any
15 questions by the Board, I would be happy to
16 take those now.

RSC Attachment A - transcript

17 PRESIDENT BODE: Thank you, very
18 much.

19 I think Mr. Holloway had a question.

20 MR. HOLLOWAY: I had the opportunity
21 to talk to Wayne a little bit before this
22 meeting and, also, I had the same e-mail last
23 Friday, and I wanted to share with the RSC
24 what my response to the Wind Coalition was on
25 that. And my concern was that many of the

90

1 things I think they would like are decisions
2 that will be made at the next RSC meeting and
3 the next SPP Board meeting when the cost
4 allocation recommendations are actually
5 approved by the Board to be submitted to the
6 FERC so --

7 PRESIDENT BODE: You think something
8 ahead of that needs to be scheduled?

9 MR. HOLLOWAY: Right. I encouraged
10 them to participate in the CAWG meetings, both
11 at Dallas and on our phone calls as we
12 schedule them over the next few months, just
13 because I am concerned that at the point in
14 time that they would like to do this, it may
15 well be too late to have any significant
16 policy changes.

17 PRESIDENT BODE: Wayne, did you have
18 any response to that?

19 MR. WALKER: Yes, Madam Chair.
20 Very good input there, Larry, and we are

21 RSC Attachment A - transcript
definitely going to take your recommendation
22 to heart and do our best to have
23 representation at these meetings, both in
24 person and on the phone. We are certainly
25 aware that the participant funding process is

91

1 much more comprehensive than just this group
2 here, although we think this group is
3 especially important to us because of the
4 things that we can bring in terms of economic
5 development in addition to low-cost,
6 pollution-free power, but we will do our best
7 to participate in all those various forums.

8 PRESIDENT BODE: Is there going to
9 be an opportunity for the RSC to get together
10 to hear on these issues before October? I
11 mean, we do have -- between now and then I
12 think we're not scheduled to have any
13 face-to-face meetings other than our
14 conference calls in which we establish, so the
15 only other opportunity would be if there was a
16 special session at your Cost-Allocation Work
17 Group one day that was set aside to allow them
18 to come in but that would mostly be for the
19 staff and some of the Commissioners that are
20 directly involved; right?

21 MR. HOLLOWAY: Either that or as we
22 get into this, it may be that we may -- we'll
23 see how successful we are Wednesday and how
24 satisfied everybody is with the process, but
25 we may want to repeat the same type of forum,

1 say, at the September Participant Funding
2 Symposium in which case we would have RSC --
3 both the RSC there and also some of the
4 current thoughts and most likely, at least the
5 hope is, we would have a relatively
6 well-developed Cost-Allocation Working Group
7 proposal with -- and then we would certainly
8 want people to have the ability to criticize
9 that proposal and to bring up any comments
10 they have on it.

11 MR. PROCTOR: I was going to ask Les
12 what the date of that September meeting was.
13 I think it's like the third, fourth, something
14 like that, Tuesday in September. He is
15 looking real week. But that would be
16 about. . .

17 Okay. Well, we think it's as early
18 as the 14th of September, which is real early.
19 There would be plenty of time before the
20 October meeting of the RSC Board.

21 PRESIDENT BODE: So it may be
22 worthwhile to work with Wayne and perhaps get
23 a presentation at an earlier time so at least
24 the staff have and the Commissioners that are
25 part of the working group might have an

1 opportunity to hear about it before October.
2 And I think that's what you want because that

3 RSC Attachment A - transcript
4 way, you have input into the process before it
5 becomes a plan that has to be changed.

6 MR. WALKER: That's absolutely what
7 we would like. It will cause a little panic
8 amongst some of the group members to get it
9 done that quick, but we'll do what we can.

10 PRESIDENT BODE: Oh, you guys will
11 make a good presentation, I'm sure. You all
12 have made good presentations individually.

13 Is there any objection by any of the
14 members to working with the wind power folks
15 to try to get a presentation done to staff and
16 maybe even go ahead and have something at
17 early -- or however it fits into the schedule
18 in October, we might want to still go ahead
19 and have a brief presentation, you know, 10:00
20 to noon type thing, before our meeting for
21 those who might want to come in who didn't get
22 a chance to participate, it might be useful as
23 well.

24 MR. WALKER: We would be happy to do
25 that.

PRESIDENT BODE: Is there any of the

94

1 RSC Board members have any objection of trying
2 to work with him to do something like that as
3 well?

4 TREASURER KING: Well, I think it
5 would be very helpful. I know our government
6 would be excited to hear we're doing that
7 because that's something we would like to see.

RSC Attachment A - transcript

8 PRESIDENT BODE: Any additional
9 comment, Mike, or Larry? Is that something
10 that would be worthwhile? They are both
11 nodding their heads for those of you on the
12 phone. I have to report nods of heads because
13 Sandy can't see you.

14 Is there anything else that you all
15 have in terms of new business that I haven't
16 gotten on the list?

17 Okay. Scheduling of upcoming
18 special meetings or events. What's our next
19 meeting that's scheduled?

20 SECRETARY PARSELY: I don't know
21 that we have one, but we may want to schedule
22 one -- or designate one of our phone calls to
23 discuss the travel plans and expenses and then
24 the Bylaw changes as well.

25 PRESIDENT BODE: Okay. David, why

95

1 don't you give us a timeline on that by e-mail
2 when you send this out when you would like to
3 have it discussed, maybe we could work on our
4 schedules.

5 Sandy, what about you, do you have
6 anything that you -- that we need to work on
7 in the interim as well?

8 VICE PRESIDENT HOCHSTETTER: I cannot
9 think of anything.

10 PRESIDENT BODE: Okay. I think
11 we'll probably -- Larry, will you or Mike --

12 RSC Attachment A - transcript
or do we need to schedule any special meetings
13 to discuss any of your process along the way?
14 MR. HOLLOWAY: We well may but right
15 now, we don't have any --
16 PRESIDENT BODE: Okay. You don't
17 have a date in mind as yet?
18 MR. HOLLOWAY: Yes.
19 PRESIDENT BODE: Okay. And our next
20 regular meeting is?
21 SECRETARY PARSELY: The 7th?
22 MS. DAVIDSON: October 26th.
23 PRESIDENT BODE: October 26th is our
24 next quarterly meeting.
25 SECRETARY PARSELY: Quarterly

96

1 meeting. Sorry. And this will be our annual
2 meeting as well.
3 PRESIDENT BODE: And as of today, we
4 have designated it as our annual meeting as
5 well for purposes of going over next year's
6 budget and finalizing anything we might need
7 on Bylaws or anything like that.
8 Is there any other business for the
9 good of order? Comments? Questions?
10 If not --
11 TREASURER KING: Madam Chairman,
12 before we adjourn, then we'll probably have a
13 meeting like toward the middle of August or a
14 phone call?
15 PRESIDENT BODE: I think what Mike
16 and Larry have talked about is that we

RSC Attachment A - transcript

17 possibly will have a phone call, a special
18 meeting designated for us to discuss progress
19 or to get further input as you've had some of
20 these participant meetings and input from
21 industry to make sure we're all together and
22 in sync and then we'll likely also need a call
23 from you, David, for a special meeting, maybe
24 they can be combined, maybe we'll have to do a
25 separate meeting, on the travel policy and

97

1 other issues to get that finalized so that we
2 can go ahead and be processing these
3 reimbursements. So those are two items at
4 least that I have on my agenda of items that
5 we need to follow through on.

6 TREASURER KING: I wondered if we
7 get that out in the next day or two, the
8 policies, and if they have comments if we
9 could get those back by the 10th, that would
10 give us time for the next couple of weeks
11 before we meet.

12 PRESIDENT BODE: Okay. Yes, Mike.

13 MR. PROCTOR: It may be helpful, we
14 will have a meeting August 3rd and then a
15 meeting two weeks later which would be the
16 17th, and you may want to schedule a meeting
17 for the RSC Board on the 18th, that's a
18 Wednesday, and we could give you an update
19 after two meetings.

20 PRESIDENT BODE: Okay. Tentatively,

21 RSC Attachment A - transcript
22 does that sound like something that's doable
23 for everybody if we were to look at something
24 like the 18th?

25 TREASURER KING: Then I will try to
get comments back maybe by the 11th so we

98

1 could have a final policy a few days before
2 the 18th.

3 PRESIDENT BODE: That would be
4 great.

5 Sandy, I didn't --

6 VICE PRESIDENT HOCHSTETTER: I
7 wanted to clarify. Is that August 18th?

8 PRESIDENT BODE: Yeah.

9 VICE PRESIDENT HOCHSTETTER: Okay.

10 SECRETARY PARSELY: That's good for
11 me. And I can get the Bylaw changes out as
12 well, have those addressed at that meeting as
13 well. I bet we can get the Bylaws -- by the
14 beginning of next week I can get that language
15 out.

16 PRESIDENT BODE: Okay.

17 VICE PRESIDENT HOCHSTETTER: Denise,
18 would that be like an in-person meeting in
19 Dallas to coincide with --

20 PRESIDENT BODE: No, just a
21 conference call. I mean, we could have an
22 in-person meeting but I think a conference
23 call would work okay.

24 VICE PRESIDENT HOCHSTETTER: Well, a
25 couple of our staff here were suggesting if

1 there's a lot of cost-allocation methodology
2 detail to walk through with us, that might be
3 kind of tricky to do on a conference call.

4 MR. LOUDENSLAGER: It just depends
5 on the progress that gets made. This is
6 Loudenslager.

7 PRESIDENT BODE: Okay, Sam, glad to
8 have you with us.

9 MR. LOUDENSLAGER: Thank you.

10 PRESIDENT BODE: Why don't we
11 tentatively look at that date and decide how
12 far -- decide in advance whether we want to
13 have it as a face-to-face meeting or whether
14 we can do it part face-to-face, part
15 conference call depending on who all can get
16 there, but let's try to tentatively schedule
17 that date if that's okay.

18 I mean, do you all have a
19 preference? If that date is okay, then let's
20 try to see -- get input maybe from Mike and
21 Larry as to whether we want to -- we need to
22 have a face-to-face or a conference only.

23 MR. HOLLOWAY: I think conference
24 would probably be -- on the 18th, I think we
25 could accomplish everything we wanted to

100

1 accomplish.

2 PRESIDENT BODE: Larry and Mike

3 RSC Attachment A - transcript
I think have both suggested they think they
4 can do it by conference call. It will only be
5 the second meeting so they may not be as far
6 along as they would think.

7 MR. PROCTOR: That's what I was
8 thinking, it was really an update.

9 PRESIDENT BODE: It will be more of
10 an update on the 18th and probably after the
11 one in September, you will really get the
12 meat?

13 MR. PROCTOR: Yeah.

14 PRESIDENT BODE: Okay. Is that okay
15 with you, Sandy?

16 VICE PRESIDENT HOCHSTETTER: Yes.
17 And then so would the next in-person meeting
18 perhaps be sometime late September?

19 PRESIDENT BODE: Something like that
20 if we do need to get -- to walk through all
21 those --

22 VICE PRESIDENT HOCHSTETTER: Okay.

23 PRESIDENT BODE: -- details, that
24 would probably be more likely to be in
25 September.

101

1 VICE PRESIDENT HOCHSTETTER: Okay,
2 sounds good.

3 PRESIDENT BODE: Thank you. So
4 tentatively we will assign August the 18th at
5 10:00 as our next meeting and it will be by
6 conference call and we'll get all the process
7 and the posting of that done.

RSC Attachment A - transcript

8 And is there any other business that
9 we need to take up today?

10 If not, then I -- oh, Stacy.

11 If there's nothing further, I will
12 entertain a motion to adjourn.

13 SECRETARY PARSELY: So moved.

14 TREASURER KING: Second.

15 PRESIDENT BODE: It has been moved
16 and seconded. And if there is no objection,
17 the meeting is adjourned.

18 * * * * *

19
20
21
22
23
24
25

102

1 CERTIFICATE

2
3
4
5
6
7
8
9
10
11

I, MARY K. MARTIN, a Certified Court
Reporter, with offices at 1930 Commerce
Tower, Kansas City, Missouri, do hereby
certify that I was present at the
proceedings as set forth in the caption
sheet hereof; that I then and there took
down in shorthand the proceedings had at
that time, and the foregoing pages
constitute a true and accurate transcript of

12 RSC Attachment A - transcript
the shorthand notes made at that place and
13 time.

14 IN WITNESS WHEREOF, I have hereunto
15 set my hand this ___ day of _____, 2004.

16
17
18
19
20
21
22
23
24
25

Certified Court Reporter
No. 0255

103

1 BOWEN: MISSOURI
2 REPORTER: MKM
3 REGIONAL STATE COMMITTEE FOR THE SOUTHWEST
4 POWER POOL REGULAR MEETING
5 DATE TAKEN: 7-26-04
6 ATTENDANCE:
7 PAGES: 102
8 RATE TYPE: PUBLIC MEETING
9 ADDITIONAL FEES: POSTAGE
10
11 BILL ORIG & ONE TO: DAVID KING
12 Send bill to David King
13 Attention: Thomas P. Dunn,
Southwest Power Pool
415 North McKinely
Suite 800
14 Little Rock, AR 72205-3020
15
16 ADDITIONAL INFO: ASCII/ETRN

RSC Attachment A - transcript

17 tdunn@spp.org

18 bridget.headrick@puc.state.tx.us

19

20

21

22

23

24

25



1000 Center St.

Little Rock, AR 72201

July 27, 2004

VIA FAX AND FEDERAL EXPRESS

Chairman Patrick Wood, III
Commissioner Nora M. Brownell
Commissioner Joseph T. Kelliher
Commissioner Suedeen G. Kelly
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Southwest Power Pool, Inc.
Docket Nos. RT04-1-002 and ER04-48-002

Dear Chairman Wood and Commissioners Brownell, Kelly and Kelliher:

As the duly-elected members of the Board of Directors of the Southwest Power Pool Regional State Committee, we are writing you in response to the Concurring Opinion of Commissioners Kelly and Kelliher issued July 2, 2004 in Docket Nos. RT04-1-002 and ER04-48-002.

Citing two appellate decisions¹, the Concurring Opinion states: "The Commission will take these court decisions into account in determining the role of the RSC in the order on rehearing of the February 10 Order."

The SPP and the RSC have broken new ground in the political and economic relationships among RTOs, transmission owners, states and FERC. While the arrangement is unique, it raises no legal questions of the type catching the Court's attention in *U.S. Telecomm* (federal agency subdelegating to the states) and *Cal. Indep. Sys. Operator* (FERC directing the governance of a public utility). We explain further below.

¹ *U.S. Telecomm Ass'n v. Federal Communications Comm'n*, 359 F.3d 554 (D.C. Cir. Mar. 2, 2004); and *Cal. Indep. Sys. Operator Corp. v. Federal Energy Regulatory Comm'n*, No. 02-1287, 2004 U.S. App. LEXIS 12226, at *9-*10 (D.C. Cir. June 22, 2004).

The RSC-SPP Relationship

Section 7.2 of the SPP Bylaws, entitled "Regional State Committee," provides:

An RSC, to be comprised of one designated commissioner from each state regulatory commission having jurisdiction over an SPP Member, shall be established to provide both direction and input on all matters pertinent to the participation of the Members in SPP. This direction and input shall be provided within the context of SPP's organizational group meetings as well as Board of Directors meetings. The SPP Staff will assist the RSC in its collective responsibilities and requests by providing information and analysis. SPP will fund the costs of the RSC pursuant to an annual budget developed by the RSC and submitted to SPP as part of its budgeting process, which budget must ultimately be approved by the Board of Directors.

The RSC has primary responsibility for determining regional proposals and the transition process in the following areas:

- a. whether and to what extent participant funding will be used for transmission enhancements;*
- b. whether license plate or postage stamp rates will be used for the regional access charge;*
- c. FTR allocation, where a locational price methodology is used; and*
- d. the transition mechanism to be used to assure that existing firm customers receive FTRs equivalent to the customers' existing firm rights.*

The RSC will also determine the approach for resource adequacy across the entire region. In addition, with respect to transmission planning, the RSC will determine whether transmission upgrades for remote resources will be included in the regional transmission planning process and the role of transmission owners in proposing transmission upgrades in the regional planning process. As the RSC reaches decisions on the methodology that will be used to address any of these issues, SPP will file this methodology pursuant to Section 205 of the Federal Power Act. However, nothing in this section prohibits SPP from filing its own related proposal(s) pursuant to Section 205 of the Federal Power Act.

This unique arrangement is attributable to several factors. First, SPP was determined to develop its RTO proposal in conjunction with the affected state regulators from the very inception of their decision to file for RTO status. Second and relatedly, we had the distinct advantage of determining how to constitute our RSC at precisely the same time as the new SPP bylaws, tariffs, membership agreement, and RTO application were being developed. Third, we had the advantage of working from the blueprint provided by FERC in its "White Paper", which was issued during the same timeframe as the SPP decision to reconstitute itself as an RTO.

Absence of Subdelegation or FERC Invasion of Public Utility Governance

Section 7.2 causes no subdelegation. Subdelegation questions arise when the federal agency has delegated its decisionmaking to another entity, such as a state commission. Delegation occurs when the federal agency has committed to adopt as its own decision the decision of the delegatee. That situation does not exist here. Here, FERC retains complete authority to determine whether the filing made by the SPP satisfies the FPA. The SPP-RSC arrangement addresses only the process by which a proposal is filed with FERC; the arrangement does not affect, or even address, what FERC does with the proposal once it is filed. There is no subdelegation issue. Nor is there anything suggesting that FERC will direct the internal governance of the SPP.

The innovation here is that within the issue categories listed in Section 7.2, SPP has committed to file at FERC any methodology decided by the RSC (along with any filing the SPP wishes to make itself). SPP has agreed to this modification of its filing rights under the FPA to assure that RSC positions receive the Commission's official attention. The Commission of course retains its full authority to dispose of these filings. There is no subdelegation and no FERC involvement in SPP governance.

We hope the foregoing explanation eliminates any misunderstanding that may have caused the citation to the inapposite opinions in *U.S. Telecomm.* and *Calif. Indep. Sys. Operator*.

Moving to Make Markets Work

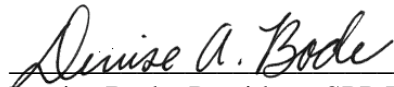
We wish to express our appreciation for that portion of the July 2 Order on Compliance Filing recognizing the important directional role that the Regional State Committee is playing and will continue to play on key issues like transmission cost allocation, rate design, and economic analysis of future market development. We at the RSC will continue to work hard to demonstrate to all stakeholders and market participants, as well as to our own state constituencies, that we are committed to the thoughtful and prudent development of a more robust wholesale generation market and incremental transmission capacity, as is appropriate and cost-beneficial to our region. If we are successful in achieving those objectives, in collaboration with the SPP RTO, its members and stakeholders, and the FERC, the results should benefit each of our individual states' economies as well as provide benefits for individual ratepayers in terms of generation diversity, enhanced reliability, and potential net reduction in generation cost.

We believe we have found a lawful mechanism to be able to provide the strong state leadership role and "regional regulatory" supervision that an RTO will require, if we are all going to be successful in developing a mechanism to achieve the cooperative federalism that is envisioned by the Federal Power Act. We also believe that, once demonstrated to others, our particular RSC structure and role will become the model that others will want to adopt, as many state regulators and stakeholders across the country search for a way to reach the ever-elusive "common ground" on regional transmission issues. We believe that the RSC is the single-most likely tool to be able to effectively, and efficiently, bridge the regulatory divide that currently exists between the FERC and

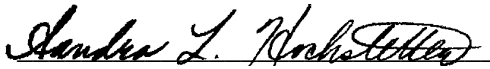
the states on electric transmission issues.

Accordingly, if we do not collectively do all that we can to ensure the success of the RSC structure that is adopted by each region, we will only perpetuate and exacerbate the level of uncertainty that has been asserted by some as the strongest impediment to solving the current problems in the electricity industry. We are confident that you share our resolve in remedying that uncertainty, and we look forward to working with you in the future in the cooperative manner outlined in the SPP RTO and SPP RSC corporate formation documents.

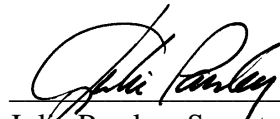
Sincerely,



Denise Bode, President, SPP Regional State Committee
Chairman, Oklahoma Corporation Commission



Sandra Hochstetter, Vice-President, SPP Regional State Committee
Chairman, Arkansas Public Service Commission



Julie Parsley, Secretary, SPP Regional State Committee
Commissioner, Public Utility Commission of Texas



Steve Gaw, Member, SPP Regional State Committee
Chairman, Missouri Public Service Commission

/s/ _____

David King, Member, SPP Regional State Committee
Commissioner, New Mexico Public Regulation Commission

cc: Ms. Magalie R. Salas, Secretary of the Commission
Official Service List