

**Southwest Power Pool  
BOARD OF DIRECTORS MEETING  
Riverside Hilton Hotel – New Orleans, LA  
Wednesday, November 12, 1997**

**- Summary of Action Items -**

1. Approved a 1998 administrative budget of \$7.8 million.
2. Approved a series of principles to guide detailed development of necessary documents for filing with the FERC for recognition of SPP as an ISO. These principles covered organizational structure, governance, coordinated planning, constraint identification and control, regional network and long term firm point-to-point transmission service, compliance monitoring, and energy exchange involvement. The ISOTF will oversee this development process and bring specific recommendations to the Board of Directors at the May 12, 1998 meeting.
3. Approved Nominating Committee recommendations for election of Bob Zemanek as Chair, Gary Voigt as Vice Chair, and election of an Executive Committee consisting of Bob Zemanek, Gary Voigt, Norm Jackson, Marvin Carraway, Dick Ingersoll, Steve Moore and John Marschewski.

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SPP Vice Chair Mr. Bob Zemanek called the regular meeting to order at 3:00 p.m. (Agenda – Attachment 1). Mr. Zemanek stated that SPP President John Marschewski received written notice from Mr. Jim Jura resigning as chair of SPP. The following Board members were in attendance:

Mr. Mike Apprill, proxy for Mr. Harvey Padewer, UtiliCorp United,  
Mr. Melvin Bowen, proxy for Mr. Steve Moore, Oklahoma Gas & Electric Co.,  
Mr. Marvin Carraway, City of Clarksdale, MS,  
Mr. David Christiano, City Utilities of Springfield, MO,  
Mr. Jimmy Crosslin, Oklahoma Corporation Commission,  
Mr. Michael Deihl, Southwestern Power Administration,  
Mr. David Eppler, Central Louisiana Electric Co.,  
Mr. Richard Ingersoll, ENRON Power Marketing, Inc.,  
Mr. Norman Jackson, Western Resources, Inc.,  
Mr. John McAfee, proxy for Mr. David Wilks, Southwestern Public Service Co.,  
Mr. Myron McKinney, The Empire District Electric Co.,  
Ms. Paula Rosput, Duke Energy Power Services,  
Mr. J. M. Shafer, Western Farmers Electric Cooperative,  
Ms. Trudy Utter, Tenaska Power Services Co.,  
Mr. Gary Voigt, Arkansas Electric Cooperative, Corp.,  
Mr. Robert Zemanek, Central and South West Corp., and  
Mr. John Marschewski, Secretary, Southwest Power Pool.

**Agenda Item 1 – Budget Committee Report**

Mr. Zemanek then asked Mr. Norm Jackson to review with the Board of Directors the proposed 1998 administrative budget (Budget Summary - Attachment 2). Mr. Jackson stated that the \$8.9 million budget previously approved by the Budget Committee for recommendation to the Board had been modified by Staff to reduce the impact of departing members. Modifications included \$1 million income for services some members wish to continue receiving, \$400,000 income from accrued financial obligations to departing members, and \$1.1 million in reduction of the 1998 budget previously approved by the Budget Committee for recommendation to the Board of Directors. A significant portion (60%) of SPP's expenses is to be collected through a transmission service fee related to administration of a regional tariff expected for operation in April 1998 (Budget Modifications – Attachment 3).

Mr. John McAfee stated his desire for no increase in assessments from 1997. He suggested that delay in implementation of the regional tariff should be considered to accomplish this. He also stated that MAPP/SPP consolidation efforts should be

factored into decisions to add staff. Messrs. Jackson and Marschewski noted considerable expense already incurred since tariff implementation was approved in May, and that delay would actually increase cost by losing current momentum of contract staff on-site at the SPP Offices. These contract workers are charging SPP only 40% of development cost for OASIS automation software based on desire to market the product to other customers. Mr. Marschewski also noted that revenue from tariff administration fees far out-weighed the incremental cost to implement the tariff due to most costs being driven by security coordination functions. Mr. Marschewski noted that quick implementation of the tariff was the best way to minimize member assessments during 1998. Mr. Marschewski also noted that the 14 staff additions in the original budget approved for recommendation by the Budget Committee were reduced to 7 as part of the \$1.1 million reduction. This action was mostly due to MAPP/SPP discussions, and even these 7 positions would not be added without coordination with the MAPP Staff.

Following discussion, Mr. Jackson motioned and Mr. Ingersoll seconded that the administrative budget of \$7.8 million for 1998 be approved. This motion passed unopposed. Mr. Carraway requested an update on expenses at the January meeting and frequent updates throughout the year to ensure conservative management of expenditures.

**Agenda Item 2 – Independent System Operator Task Force Report**

Mr. Ingersoll reported that the Independent System Operator Task Force (ISOTF) had completed an exhaustive process to seek input from all interested parties in consideration of developing an ISO for SPP members (ISOTF Report – Attachment 4). He stated that, based on results of this open process, the ISOTF developed a series of principles to guide detailed development of necessary documents for filing with the FERC for recognition of SPP as an ISO. If the principles are approved, the ISOTF will oversee this development process and bring specific recommendations to the Board of Directors at the May 12, 1998 meeting. These principles covered organizational structure, governance, coordinated planning, constraint identification and control, regional network and long term firm point-to-point transmission service, compliance monitoring, and energy exchange involvement.

Mr. McAfee questioned the logic of an independent sector on the Board of Directors. Mr. Brown stated that a FERC requirement on board structures was that no single interest group be able to approve or block action. This requires at least one additional sector to the transmission provider and transmission customer classes. The hybrid approach was believed to be the best balance available.

Mr. McAfee also stated his desire for the tariff work to include a principle of full cost of service recovery. Mr. Brown stated that the Regional Pricing Working Group has never questioned the requirement of full cost of service recovery (as a cap) for regional network service.

Following additional general discussion, Mr. Ingersoll motioned that the Board of Directors approve the guiding principles. Ms. Rosput seconded this motion which passed unopposed. Mr. Zemanek stated that he would seek to fill the ISOTF positions held by AECI and Entergy with representatives from SPS and WFEC.

**Agenda Item 3 – Election of Chair, Vice Chair and Executive Committee**

Mr. Zemanek then asked Ms. Paula Rosput for a report from the Nominating Committee (Nominating Committee Report - Attachment 5). Ms. Rosput stated that the Nominating Committee is recommending election of Bob Zemanek as Chair, Gary Voigt as Vice Chair, and election of an Executive Committee consisting of Bob Zemanek, Gary Voigt, Norm Jackson, Marvin Carraway, Dick Ingersoll, Steve Moore and John Marschewski. Ms. Rosput motioned that the Board of Directors approve these Nominating Committee recommendations. Mr. McKinney seconded this motion which passed unopposed.

**Adjournment**

At this point in the meeting, L. Christian Hauck, President & CEO of Sunflower Electric Power Corporation reported their intention to maintain SPP membership at the Board of Directors meeting – an announcement which was welcomed with a warm round of applause.

In closing the meeting, Mr. Nick Brown stated that Mr. Greg Nesbitt understood that the Staff would come back to the Board of Directors for filing instructions if signed agency agreements for tariff administration were not received from each and every transmission provider. Mr. Brown stated his intention to seek as many signed agreements as possible, and then make the filing upon consultation with the Chair, Vice Chair and President. The Board expressed full agreement with this plan of action.

There being no further business, Mr. Carraway motioned and Mr. Jackson seconded that the meeting be adjourned. This motion passed without opposition and the regular meeting was adjourned at 11:28 a.m.

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John Marschewski, President  
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