Minutes of Regional State Committee (RSC) for the Southwest Power Pool (SPP)
Meeting on July 26, 2004

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 is 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 send 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. Treasure 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 of 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 Nation 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
REGIONAL STATE COMMITTEE
FOR THE SOUTHWEST POWER POOL
REGULAR MEETING
JULY 26, 2004
EMBASSY SUITES HOTELS
KANSAS CITY INTERNATIONAL AIRPORT
KANSAS CITY, MISSOURI

* * * * *

PRESIDENT BODE: Before we go into
Our business meeting, I wanted to just ask. We had in our previous conference call I think several weeks ago asked for a regular kind of FERC update as part of these meetings, and I know our colleague is here representing FERC, and we actually didn't put it on the agenda anywhere.

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

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

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

MR. INGRAM: Yes, we are flexible.

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

MR. INGRAM: I happened to be here today and I do have to apologize, I was out of the office for a couple of weeks and had about
four days in to catch up before I came here. My family and I are preparing for a move to Little Rock next week so it's a busy time.

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

I know that the OMS with the ISO is going forward with a number of things. I don't have any details on that, but we at FERC look forward to further developments on this end. And I'll continue to keep you apprised of things. I'll try to respond to any questions if anybody has any but...
might give us on that?  How many more
conditional approvals are we going to get?

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

PRESIDENT BODE: That's all right.

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

PRESIDENT BODE: Thank you, very
much.

And can you spell your name for the
court reporter.

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

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

Are there any other questions of
Tony?

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

All right. The order on the agenda
has us moving to Previously Discussed Issues,
and the first item on that is, Report,
discussion and action regarding the cost-benefit study that's been commissioned. Perhaps we can get an update and status if Sam is on the phone from Arkansas or if not, from the Arkansas Commissioners.

VICE PRESIDENT HOCHSTETTER: I don't think Sam is in the office today, Denise. And the last that I heard, however, they were still working in parallel fashion to do two things: One was work on the contract between the SPP RSC and the consultants themselves, and then the second thing was to delineate the list of data requirements that the consultants needed to begin the analysis.

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

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

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

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

The next steps on the Cost-Benefit Task Force is, of course, we need some Board
action tomorrow on approving a budget for
that.

There are immediate activities going
on for us to negotiate a contract with the TCA
CRA group. And there are some filings I
believe that need to be made in the different
states as I would call them an issue of
protective order concerning the specific data
that's submitted to support this cost-benefit
study. And with all of those activities going
on, we still have a goal of getting the
cost-benefit study completed by the end of
October of this year. So things are moving
ahead and they are moving ahead rapidly.

PRESIDENT BODE: Any comments or
questions of Richard?

SECRETARY PARSELY: When will the
study be completed?

PRESIDENT BODE: Did you hear that?

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

PRESIDENT BODE: Yeah. A timeline.

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

PRESIDENT BODE: That's pretty good.

SECRETARY PARSELY: It is good.

PRESIDENT BODE: Thank you, very
much.

Any other comments or questions?

Thank you, very much.
I don't believe there's any action that's needed to be taken on that. We're already moving forward, but that's great news and a good update.

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

Larry.

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

Also, I would like to ask the RSC, we have had some discussions on the process involved and I would like to make sure that the RSC is aware of that and concurs.

Currently, our plans are to have
face-to-face meetings with the Cost Allocation Working Group and also include others that maybe want to participate. I believe we have discussed some possible Bylaws. I might ask Mike to elaborate on that, Mike Proctor, in a minute. But we will meet for the first time August 3rd in Dallas. I believe that’s set up at the Hyatt at the airport at this point. And I think the meeting time is 10:00 to 4:00. We will have a follow-up meeting probably on a bi-weekly basis in Dallas, and we will have phone calls in the interim and between that on the weekends that we don’t meet in Dallas.

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

MR. PROCTOR: Well, I’m not sure, we’re going to have some discussions in the first meeting August 3rd about that. What I would tell you is we discussed it as the Cost Allocation Working Group. What we’re interested in is getting input, getting information from stakeholders, where they’re at on a variety of issues, you know. We will take -- we will hear some presentations on Wednesday from three different folks on
proposals, on the complete type of proposals. But this is going to be a difficult process and what I would say is probably not anybody is going to get everything they want, so we had talked about voting. It's very difficult on something like this to lay it out in the context of a vote because there are all these different parts and tradeoffs and, you know, I'm willing to accept one thing if something else goes the other way. So what we're really looking for is feedback from folks as we go along, as we go through the different things. We are going to start with our meeting on August 3rd. We have an agenda set up for that. Is Les in here someplace? Is that agenda on the website, Les?

MR. DILLAHUNTY: (Nods head).

MR. PROCTOR: Okay. The agenda is on the website. But after we go through some administrative things that you have to go through in the first meeting, we are going to focus on the base plan and two primary issues in the base plan: One, of course, is the rate design, how do you set up the rate structure for base plan improvement; the second, and also a very critical issue, is how will new network resources be treated in the base plan. And we're looking for some discussion on that.
We've gotten a little bit of input from market participants. We would like to hear a lot more at that meeting as well.

So our purpose here is to kind of gather a sense of where folks are at. We can talk about voting, we can talk about voting procedures, but -- and we will, but my sense of it is I'm more interested in hearing where individual companies and individual participants in this are coming from on it. So if you can prepare in that fashion, we'll try to set up the sequence of meetings in such a way that people have an opportunity to present what their views are on very specific types of issues. As I said, we'll also listen to overall presentations. So that's kind of the administrative portion, part of where we're going with this.

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

PRESIDENT BODE: That's a very ambitious timeline.
MR. HOLLOWAY: I might elaborate a little bit on the schedule, too. I believe we will come up with, as Mike said, as much detail as we can get in a proposal to be then discussed again at a participant funding symposium in September, towards the end of September, with the overall goal of having something the RSC can approve as a participant funding, this is actually a transmission upgrade cost allocation process, and basically how to allocate costs for upgrades for the RSC meeting towards the end of October to support the filing that SPP must do at the Board meeting in October.

PRESIDENT BODE: Thank you, very much.

Are there any questions on this report from anyone?

I think for those of you who either sat in or heard, we had an open meeting on the -- at Salt Lake City by conference call and, also, anyone from the -- who was there at the neighborhood meeting who wanted to sit in, so we had several participants from the industry at that meeting and a number of people by telephone. And I think part of the direction -- and, Sandy, correct me if I'm wrong because I believe, you know, you were there and David and others -- that the direction that was
given to Larry, to the staff, Brian, was that we want to be as inclusive as possible, that we wanted this process to reflect a traditional Southwest Power Pool approach to things, which is to try to make sure that everybody's input is fairly considered and that we try to build, as Mike says, a consensus that hopefully everybody feels pretty good about as opposed to everybody feeling bad about, but that we're trying to move forward.

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

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

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

PRESIDENT BODE: Thank you, very
much. Is there any action we need to take today?

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

PRESIDENT BODE: Thank you, very much.

Any further questions on this topic?

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

SECRETARY PARSELY: And that would be.

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

SECRETARY PARSELY: I think what I really was hoping we could do is point out -- the Bylaws are beautifully written, but there are a few little tweaks we probably need to make. And under the Bylaws, we have to actually with the notice -- put actual language in with the notice. So I thought if we could have this discussion, get some consensus, and then we could draft some language and file it in the notice for the
next regular meeting. We kind of talked around the edges of some of these issues but they are mostly things like posting. We just want to make sure that we're consistent and the meeting is as open as possible. So these mainly deal with notice posting dates and, really, the minutes are kind of the two big things we've got right now.

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

PRESIDENT BODE: Right.

SECRETARY PARSELY: -- in conjunction with SPP Board meetings. I didn't know if we had designated one of those meetings as the annual meeting, but that's a very long lead time and so that we would -- I was just curious if we had talked about that or had any idea about what would be the annual meeting or if we amend the Bylaws if we just had regular meetings as opposed to an annual meeting or if we wanted to discuss that.

PRESIDENT BODE: Well, probably it is good to have an annual meeting just because that would be your normal time to discuss your budget for the year, make any changes or corrections, identify sort of year-wide --
year-long policy things we need to get addressed. I mean, so I think probably from a business meeting standpoint that could be our big business meeting for the year.

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

UNIDENTIFIED MALE: October 27th of this year. It’s always the end of October.

PRESIDENT BODE: It’s that meeting. So it’s the next meeting coming up is your annual meeting?

UNIDENTIFIED MALE: That’s correct.

PRESIDENT BODE: Do you all have any comment on that anyone on the phone or here around the table, on doing an annual meeting and maybe designating it at the same time as SPP’s?

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

PRESIDENT BODE: That makes a lot of
sense. And I think we have our budget right now on kind of a two-year track because of tax purposes and stuff. And David may want to comment on that.

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

Do we need to vote on that under our Bylaws?

SECRETARY PARSELY: I think what we can do is kind of generally agree and then I can fit the language and then we can vote on the language at the next regular meeting, we can do it that way.

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

SECRETARY PARSELY: See if you like the language.

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

Anything else you have got?

SECRETARY PARSELY: Would it be -- would it concern anyone if we moved it from being 30 days prior to something more like 20 or 14 days, two weeks' notice just to be more inclusive on our -- what would specifically be
because we could leave it at 30 days, we haven't had one, we can see if that works. But it seems that 20 or 14 would be adequate, but I just wanted to see if anybody had any thoughts about that. What we're running into is -- and we'll talk about that --

PRESIDENT BODE: It's hard to be specific.

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

Nick, did you --

PRESIDENT BODE: Brian, did you have a comment?

COMMISSIONER MOLINE: Well, Mike has pointed out we are not a corporation and we just want to make certain that we don't, in setting it for our convenience, which I agree with, we don't run afoul of any statutory requirements for an annual meeting. I know in
Kansas you can do that real easy.

SECRETARY PARSELY: That's a very good point.

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

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

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

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

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

COMMISSIONER GAW: This is Steve. I'm trying to understand if you all are talking about all of our meetings or just the annual meeting. Can you clarify, please?
SECRETARY PARSELY: At the moment, I'm just talking about the annual meeting, I haven't gotten to the regular meetings yet.

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

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

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

COMMISSIONER GAW: And do you have -- are you -- you are not going by a 30-day requirement on these regular meetings, though;
SECRETARY PARSELY: No. And, actually, it has a 10-day requirement, but even that's become difficult because we're having weekly meetings and so it becomes almost impossible to put notice out of what you are going to be doing a week before if you are having another meeting at an intervening time.

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

MR. KIND: This is Ryan Kind. I thought that the meetings were every two weeks.

SECRETARY PARSELY: Well, we've had -- we've had -- you can set regular meetings. We've had some special meetings which are actually three days notice; but if we wanted to have a series of regular meetings, if we had something we all wanted to talk about and we knew that there were three weeks, say we get the recommendation out of the Cost Allocation Working Group and we know we're going to need to talk two or three weeks in a row, then we can set those according to the agenda -- according to the Bylaws, but we have to have the notice -- we have to have the
notice out 10 days before the meeting happens so we can't really add to the notice once the notice has gone out so...

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

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

PRESIDENT BODE: Well, maybe what we should do, instead of like changing the date of the notice on the meetings is we change the provision that allows you to add things to the agenda; in other words, you post the meetings but you can add things to the agenda --

SECRETARY PARSELY: Up to three days out?

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

VICE PRESIDENT HOCHSTETTER: I like that approach a lot because our industry is so fluid and our work is going to be, you know, pretty fast paced for the next few years.
SECRETARY PARSELY: Okay, I think that would be -- because we can just --
PRESIDENT BODE: Unless it's required. Unless it's a Bylaw change or something that changes --
SECRETARY PARSELY: Right.
PRESIDENT BODE: -- the structure of the organization or changes anybody's rights. Maybe as long as it is a policy issue that we want to add to update people on, we ought to probably do that rather than not.
SECRETARY PARSELY: Sure. No, I think that's a good idea. We can do it that way, too.

PRESIDENT BODE: Do you all have any concern about that, being able to add to the agenda? I think that's what Steve thought we were doing; right?
COMMISSIONER GAW: Yeah. The proposal would be fine with me, especially if you have some caveats about changes to the Bylaws not being subject to the add provision.
SECRETARY PARSELY: Okay. We can do that. The Bylaws are subject to a regular meeting provision anyway, but I guess -- we can do that, that's no problem. I can work that in.
PRESIDENT BODE: We can circulate it among all our lawyers and they can take a look at it and give us advice on it.
SECRETARY PARSELY: Yeah. We can definitely do that because the Bylaw language will have to be in the next notice of the next regular meeting and we can do that with no problem.

And the other thing that we had all generally agreed about, that if we are going to be amending the Bylaws we had agreed there is no definition of what days means, if it's business days or calendar days. We agreed and voted and we have been treating them as business -- I mean -- I'm sorry -- as calendar days, and I would just like to clarify that if we are going to be addressing these other issues as well.

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

But we are keeping minutes on the Board of Directors meetings and we are keeping them on the regular meetings, I guess, regular and special meetings of the Board of Directors. The subordinate committee meetings would be I suppose like the Cost-Allocation Working Group and then the working groups, which are often staff working groups, I'm not sure if we actually are keeping actual minutes or not. It seems to me like that might be getting a little too fine, to keep minutes of the working groups, and I would propose that we not keep those minutes but that they remain open to the public.

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

SECRETARY PARSELY: That's a good point.

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

SECRETARY PARSELY: Okay. And I was wondering if we could -- and then within the circulation we could approve just change the
Bylaws so they are approved but then -- that the minutes are approved and circulated as soon as possible actually would be the best thing. I was going to say two weeks with them being circulated but even then, in the event we didn't have a regular meeting scheduled for two weeks, it could be -- it would seem kind of a little difficult if we had a regular meeting just to approve the minutes of the last regular meeting. So I think if we just say as soon as practicable and they be published electronically, then I think that accomplishes both the scribing of what we're doing as well as the making them open if everybody agrees -- if there is some agreement on that.

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

SECRETARY PARSELY: We can try to do it within two weeks. We're having -- we're doing it strictly through my office and it's
RSC Attachment A - transcript

been a little difficult, given our workload,
to get it really done necessarily within two
weeks and made available.

MR. KIND: Okay.

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

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

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

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

important thing is that you have the minutes
out there enough in advance of the next
meeting when approval is contemplated so that
people can see them and have a chance to make
corrections. And so I don't have -- I don't
care what the language -- how the language
ends up, but I understand the need for some
President Bode: Well, and part of what we are trying to do here is to try and handle as much of this, you know, workload from the RSC through volunteer staff work that we've kind of co-opted our staff into doing this, unlike the MISO group which, really, they do have at least a staff that actually works for the RSC so we're saving a little money here.

Commissioner Gaw: Actually, when we were doing it, they had no staff so --

President Bode: I know, but they do now, though; right?

Commissioner Gaw: What we're dealing with here we didn't -- so once there was -- once staff was onboard, then they picked up a lot of that workload and it made it a lot easier to not have to bear that with your own individual staff members.

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

Commissioner Gaw: Yeah.

Secretary Parsley: And we certainly want to have this as open and as available as
possible, we just don't want to run afoul of any deadlines and we are just trying to create flexibility. So I can take the comments and put together some language and then we can tweak the language to try to make sure that everybody thinks that it accomplishes all that we are trying to accomplish, if that's all right.

PRESIDENT BODE: I think that's great.

Anybody have any objection or any other comments?

VICE PRESIDENT HOCHSTETTER: It sounds good to me.

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

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

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

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

TREASURER KING: The only other
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

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.
PRESIDENT BODE: Okay. Is there anything else?
Brian, do you have any comments?
COMMISSIONER MOLINE: No, that's fine.

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

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

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

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

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

PRESIDENT BODE: That was my sense. If we don't have any other Previously
Discussed Issues, then let's go ahead and move to New Business.

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

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

VICE PRESIDENT HOCHSTETTER: Well, I think since time is of the essence, you know, because of the fact that we need to get this filed on the docket before any order on rehearing is issued by the FERC, what I was hoping we could do today was, you know, get a
consensus on what the final edits ought to be and then, you know, basically get signoff from this group and then we can take the responsibility here at the Commission for filing it with the Secretary's office at FERC, getting it to the Commissioners and then, of course, copying all the parties of record in the docket.

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

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

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

Do you have it yet?

VICE PRESIDENT HOCHSTETTER: I don't know, but we will go check.
RSC Attachment A - transcript

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

PRESIDENT BODE: I'm --

MS. DAVIDSON: I don't know.

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

Vice President Hochstetter: Okay.

PRESIDENT BODE: What I wanted to do was just to start off the letter with your second paragraph. I just switched your first with your second to start off expressing appreciation. And, basically, I flipped that one to say, We appreciate, we want to work hard, we want to -- we have these incredible important objectives. Basically, what you said, no changes in the second paragraph, and move it up to the first.

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

Instead of saying, We're concerned
that there may be some confusion, I would just say -- I would start that off in a positive way. Hopefully, the enclosed information will aid in your understanding of the unique relationship between the SPP and the SPP RSC relative to the specific issues that will become the subject of future RTO filings under Section 205 of the Federal Power Act. Accordingly, we feel compelled to provide a more complete factual record to ensure.

So rather than suggest that they might be confused or -- which kind of might make them feel like we're being critical of their understanding of our approach, that we might say that in a more positive way.

And then when you get down --

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

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

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

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

But, Sandy, I haven't noticed this
in my e-mail. Could you tell me when you circulated it so I would know where to look for it?

VICE PRESIDENT HOCHSTETTER: I think I sent it to the Commissioners, Ryan, that would be the voting members on the Board. I did not send it out to, you know, the whole huge list, though, that we have for the RSC, just the actual Board members of the SPP RSC that would be signing it and sending it to FERC.

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

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

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

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

In the latest letter it does, in fact, make
the change that you suggested, the newer
version eliminates the confusing language.

PRESIDENT BODE: Okay. Well, then I
don't think Brian has the latest one either
because he has, I think, got the same one that
I've got.

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

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

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

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

PRESIDENT BODE: Page 4?

MR. PETERS: Yes.

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

Okay. Does everybody have that or
should we get a copy made of this one? Why
don't we make a copy of Scott's version here
and pass it around to everybody and we'll have
a chance to look it over so we can address it
during the -- at the end of this meeting, and
we can go on and talk about something else in
the meantime.
I think, Sandy, all my changes were basically just like I think I changed a provision which said the SPP was a regional trans -- an independent system -- an independent transmission operator, which I don't think it was, and I just made a couple of changes like that, I didn't make a lot of big, deep changes.

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

PRESIDENT BODE: Really?

VICE PRESIDENT HOCHSTETTER: Yeah.

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

VICE PRESIDENT HOCHSTETTER: No, that's fine.

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

COMMISSIONER GAW: Would you mind faxing with that our suggested changes to that one paragraph or do you want us to do that?

VICE PRESIDENT HOCHSTETTER:
Actually, I'm not faxing anything. I think that they have the latest copy there. My understanding is they are just going to be making copies of it.

PRESIDENT BODE: Yeah.

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

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

COMMISSIONER GAW: Yeah, no problem. Thanks.

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

COMMISSIONER GAW: My fax?

PRESIDENT BODE: Yeah.

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

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

COMMISSIONER GAW: Oh, okay. Hold on just a -- I'll give it to you in just a minute, Denise. We're in another room --

PRESIDENT BODE: Okay.

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

PRESIDENT BODE: Okay. Let's go ahead and let David finish up on his...
Treasurer's report and as soon as we get this document back, we'll finalize Sandy's letter so we can get it off if everybody is in agreement, which I think there seems to be a lot of nodding of heads about doing it so.

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

PRESIDENT BODE: Okay.

COMMISSIONER GAW: 573-526-7341.

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

COMMISSIONER GAW: Thank you.

PRESIDENT BODE: Thank you.

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

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

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

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

PRESIDENT BODE: Thank you, very much.

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

Under the travel policy, the Southwest Power Pool-Regional State Committee will reimburse RSC representatives for all fair and reasonable expenditures incurred by RSC representatives when conducting RSC business. It is intended that the representatives should neither lose nor gain money as a result of reimbursement.

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

PRESIDENT BODE: Uh-huh.

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

Two -- any problem on that?

PRESIDENT BODE: Is 30 days pretty
TREASURER KING: Is that all right?
PRESIDENT BODE: Is that enough time?

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

TREASURER KING: Okay.

Two: While traveling and away from home, RSC representatives are expected to use good judgment in incurring expenses for lodging, meals, transportation, et cetera.

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.

So we use the IRS there.

PRESIDENT BODE: Okay. All right. I see no objections to that.

TREASURER KING: Three: 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.

No indigestion there?

MR. INGRAM: The nonrefundable
tickets could be a problem in meeting dates, that kind of thing.

PRESIDENT BODE: In our state travel policy, I think part of the agreement with our state travel group is that they are refundable. And, I mean, and I think that's part of the agreement that they negotiate with the vendors that service the State of Oklahoma at least. But they give you the government rate which is the same, I think it's a nonrefundable rate. I mean, it's the lowest rate you can get so...

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

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

SECRETARY PARSELY: Ours does.

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

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

TREASURER KING: So it wouldn't hold us to that entirely if we had a change.
MR. TOTTEN: There could be instances you lose on those.

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

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

TREASURER KING: Okay. Number Four: 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.

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

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

TREASURER KING: Or government rate maybe we should say, yeah.

SECRETARY PARSELY: And then for the
overflow, I guess -- could you read that part again.

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

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

SECRETARY PARSELY: Or say maybe.

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

TREASURER KING: No, it wouldn't have to be, I guess. Maybe just take the word "chains" out of there?

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

TREASURER KING: At mid-price local or national? I don't know how you designate
RSC Attachment A - transcript

different sometimes.

SECRETARY PARSELY: Mid-price about hotel.

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

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

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

TREASURER KING: We could say hotel reservations.

SECRETARY PARSELY: Tourist courts can be really very nice.

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

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

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

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

PRESIDENT BODE: He is going to run
out of spare bedrooms when we go to Arkansas.

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

PRESIDENT BODE: One more time.

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

So when you are traveling if you are getting your tickets and all that, whether the State is doing it or you are doing it personally, then you will have those receipts and you will turn those in.

PRESIDENT BODE: Okay.

TREASURER KING: Brian.

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

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

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

TREASURER KING: Okay. Well, let's
talk about it, we better get it figured out.

MR. KIND: This is Ryan Kind.

I intended to raise that issue as well, whether there would be a distinction between members and associate members since my office is the only associate member and I'm interested to find out whether I would be eligible for this type of reimbursement. And there's some meetings coming up for the Cost-Allocation Working Group in Dallas that I would be -- you know, probably more likely -- much more likely to attend if there were some reimbursement available to my office for that.

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

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

COMMISSIONER MOLINE: Well, and that's I guess what I'm trying to get at.
RSC Attachment A - transcript

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

PRESIDENT BODE: Is that true? Is that the MISO does their reimbursement or others or how do they do theirs?

Steve.

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

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

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

PRESIDENT BODE: Thank you, Steve.

SECRETARY PARSELY: And as the person sitting here with the Bylaws, the keeper of the Bylaws, just in case anybody is curious, only membership -- only members and associate members are described and there is not a representative sort of discussion in the Bylaws. So we could probably define that in the travel policy but it's not currently in
PRESIDENT BODE: So, in other words, with regard to --

SECRETARY PARSELY: We have membership and associate membership.

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

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

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

SECRETARY PARSELY: Right. Right.

COMMISSIONER MOLINE: You know, it seems to me we are talking about three things: We are talking about the members, and they are easily defined, there are five of us of. Then there are representatives at the meetings and that's easily defined, too. What I'm getting at is a lot of the work of this organization is done by staff people and Larry happens to be here but I know there are many others, Mike and others, who are spending lots and lots of time on this.

PRESIDENT BODE: Certainly.

COMMISSIONER MOLINE: And the individual states, I'm sure, mostly are
probably in the same -- we're about to get a
ban on state travel pretty soon. I think
every state is in that situation. And all I'm
getting at is that if in the future, from
Kansas' standpoint, if we want Holloway to be
going every other week to Dallas, someone is
going to have to pay for it or he doesn't have
to go, one or the other.

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

PRESIDENT BODE: Okay.

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

COMMISSIONER GAW: I think that
would be great, you guys. I think it is a
great start, David. You have done a lot to
put in some good skeleton here, but I think it
would be helpful if we could work some detail
out between the next meeting.

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

PRESIDENT BODE: Yes. Absolutely.

TREASURER KING: -- and I have got
some ideas and see some of the complexities
here.
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. 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 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 --
just so we would have some comparative, not
that we want to adopt anybody else's.

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

SECRETARY PARSELY: That's me.

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

SECRETARY PARSELY: Okay. Great.

Thank you.

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

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

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

COMMISSIONER MOLINE: Yeah.
MR. KIND: This is Ryan Kind.

I have several comments. First of all, under the Bylaws in Article Two it defines two types of memberships, the regular membership and an associate membership. As an associate member, you know, I can -- you know, I'm included basically in the category of members.

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

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

TREASURER KING: Okay. Well, we'll make it -- what we are doing to the members and the associate members and the way we have it prepared. I might say, too, the one thing -- and Tom Dunham has been very helpful in trying to be somewhat consistent with what the SPP policies are and the way they do them as long as it kind of falls within what we thought the state guidelines might require us in different states. So I think we are doing most of those things. But as you look at it...
you can tell me if we are getting that done or no probably as we circulate this.

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

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

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

PRESIDENT BODE: -- so don’t feel like you are being left out.

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

PRESIDENT BODE: We may be a little bit on the lack of paperwork side, which is sort of unusual for government entities, but we’re sort of trying to be flexible and lean and mean. And so he is going to get these documents out to us now that he has kind of walked through it with us.

TREASURER KING: Thank you, very
much. I think that's enough for today. And
then we may have to have some initial
provision because I think we -- in setting the
budget up, we may want to go back in a month
or two in cases where like Brian is talking
about to reimburse from the start of when we
started the organization because we have had a
lot of meetings right after that and it's been
pretty intense.

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

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

PRESIDENT BODE: And we could --
since we don't have another meeting for a
quarter -- maybe in the next interim meeting
we have by conference call or special meeting,
that we can put this policy up for
consideration in that so we can go ahead and
get Larry and some of these others have been
doing yeoman's work traveling can get
reimbursed. Okay? So everybody will work
hard to get comments back to David and all
the --

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

PRESIDENT BODE: Thank you, David,
so much for the hard work you've done on that. And thank you also, I appreciate all the work you all have done as well.

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

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

PRESIDENT BODE: Okay.

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

PRESIDENT BODE: It looks like a legal document.

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

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

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

PRESIDENT BODE: Have you all had a chance to look over this letter?
MR. WOLF: Commissioner Bode.

PRESIDENT BODE: Yes, sir.

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

PRESIDENT BODE: Hi, Walter.

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

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

MR. WOLF: That would be fine.

VICE PRESIDENT HOCHSTETTER: Now, is he an official voting member of the RSC Board now?

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

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

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

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

VICE PRESIDENT HOCHSTETTER: Sure.

PRESIDENT BODE: That would be great.

VICE PRESIDENT HOCHSTETTER: Okay.
I'm just trying to clarify.

MR. WOLF: Okay.

PRESIDENT BODE: Thanks, Walter.

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

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

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

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

VICE PRESIDENT HOCHSTETTER: No, huh-uh.

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

VICE PRESIDENT HOCHSTETTER: Well, I can just kind of synopsize it, I guess, generically.

PRESIDENT BODE: Okay.

VICE PRESIDENT HOCHSTETTER: And I'll take us back to when we were at the Salt Lake City NARUC meeting and we first talked about this issue. As everybody probably recalls, in the most recent FERC order on SPP's compliance here, there was concurring
opinion entered by Commissioners Kelly and Kelliher and they expressed I guess some potential concern about our RSC relative to a couple of FERC decisions -- or, I'm sorry -- court decisions having to do with delegation/subdelegation issues and that language concerned a lot of us because of the fact that we felt it was inapplicable or inapposite in time as to the way that the SPP RSC is currently structured as a matter of law. And so we decided at the RSC meeting in Salt Lake City to move forward with the preparation of a letter that we could sign and send to the FERC commissioners before they entered their order on rehearing and, of course, that would be filing it in the docket and serving all the parties, et cetera, you know, clarifying for them to the extent there was any confusion or misunderstanding exactly what the legal foundation is for the SPP RSC and the way that we interact legally as a matter of Federal Power Act law with the SPP Board.

And so I offered to take a stab at drafting a letter, which I did, sent it around to everybody that is a member of the Board and then got Scott's review of that. Scott put it into a legal context -- which he did a much, much better job than I did -- and phrased it along the lines of how exactly those two cases
that were cited in the concurrent opinion are
totally inapplicable to our legal foundation
and then quotes from a couple sections in the
SPP Bylaws to make that point even more clear.

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

PRESIDENT BODE: Yeah, thank you.
Are there questions or comments on it? That kind of I think also gave us a
little time to review some of the provisions
that were in the letter. And does everybody
have the final version of the letter? It's in
this memorandum I think that Brian shared with
us. It starts on page 4 and goes through page
8.

And I think also, Steve, you had

some things you wanted to share but let's just
-- let's talk about this first proposal first.
And, Steve, if you have some additional items you wanted to go over with us, then let's visit about that as well.

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

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

Michael.

MR. DESSELLE: My name is Michael Desselle with AEP. On the second page of this letter, in the fourth paragraph that begins, "It is against this backdrop, there is a sentence towards the end of the paragraph that says, "The delegation, quote, if there is one, is from the utilities themselves to the RSC and one that was entered into voluntarily."
Reading the memo, I'm not sure that you necessarily need that sentence and I think we would quibble with that characterization.

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

MR. DESSELLE: I'm reading from the new version -- what I believe is the new version that this memorandum From -- To: KCC
PRESIDENT BODE: Page 4. Are you reading from page 4 or page 5?

MR. DESSELLE: Page 2.

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

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

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

MR. DESSELLE: Oh, Okay. My apologies.

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

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

PRESIDENT BODE: It explains it.

VICE PRESIDENT HOCHSTETTER: Yeah.

-- and says why this language in the Bylaws and the legal relationship that our RSC has with the SPP RTO is not the type of situation that was addressed by the Courts in either the TRO order case with the D.C.
Circuit or the Cal. ISO case that was most recently handed down by the D.C. Circuit.

PRESIDENT BODE: I was looking to see if there was anything that even said that. I can't find a reference to that language anymore.

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

MR. DESSELLE: Thank you.

PRESIDENT BODE: Ricky, did you have any questions?

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

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

Ricky, did you find anything else?

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

PRESIDENT BODE: Okay. Absolutely.

COMMISSIONER MOLINE: Denise.
PRESIDENT BODE: Yes, sir, Brian.

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.

PRESIDENT BODE: Okay.

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 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.

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.

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...
trying to make this -- make these changes and get them moving forward on transmission upgrades and everything else that you all participated with. So I think we'll take your input and involvement at whatever level and under whatever circumstances you are willing to provide it. And, thank you, for the way in which you are managing your differences, I think it has been a very constructive approach.

Any other comments or questions? Sandy, I don't know if we need a vote on putting this letter out on behalf of the Board. What's your recommendation on that?

VICE PRESIDENT HOCHSTETTER: Well, I guess if we're going to take the responsibility of getting it filed, I would like to know which individual Commissioner's signatures to reflect as, you know, signatory parties. I don't think we actually have to have, you know, electronic versions of signatures but just indicate on the letter, you know, which Commissioners were wanting to be signatory parties and then, you know, that way --

PRESIDENT BODE: So you didn't want it to be an official action of the Regional State Committee? You are not asking for that?

VICE PRESIDENT HOCHSTETTER: Well, I
mean, I think -- I don't think it matters one way or the other. We could either have, you know, a lot of individual Commissioners sign it or we could do it, you know, on RSC letterhead stationery and have the Commissioners signing as Board members of the SPP RSC. I don't know that it differs -- that it really matters that way one way or the other because the point was to just get the legal analysis --

PRESIDENT BODE: Right.

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

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

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

there's people in the room that -- I mean, I guess if we have a majority vote, we can go
ahead and do that. I know that Kansas wants to abstain. And I had not envisioned -- you know, my understanding was that Louisiana originally had some of the same concerns that Kansas did so I anticipated that they would not be interested in signing it either so, then, we might have I guess a total of five Commissioners signing it on behalf of the SPP RSC.

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

Is there any objection from taking that approach?

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

SECRETARY PARSELY: And I think it is most appropriate. I actually think if we didn't do it that way, it might actually undermine it a little bit because what we are trying to do is present them with the RSC's viewpoint and why it is a valid -- why there
is not the subdelegation issues and if we did it in some way that was anything less than it being from the RSC board, I think we could actually undermine it a little bit.

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

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

PRESIDENT BODE: Thank you, very much.

Is there a second?

SECRETARY PARSELY: I second.

PRESIDENT BODE: Commissioner Parsely has seconded.

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

COMMISSIONER GAW: Thank you, Denise.

On the next to the last paragraph -- and these are very -- these are very small changes -- in the third line down on my draft, I would scratch the word "regulatory." And I am mainly doing that because there are some members -- some individual entities out there
that love to use that phrase "regulatory uncertainty" to -- in a detrimental way to State Commissions and the Federal Commission and I would just as soon not join the crowd.

PRESIDENT BODE: Okay.

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

And the next thing I would do is later on in that sentence -- in that line, I would change that to instead of where it says "that has been identified as the strongest impediment to" -- let me see if I get this right -- "has been" -- "that has been asserted by some as the strongest impediment."

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

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

VICE PRESIDENT HOCHSTETTER: Yes.

Thanks, Denise.

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

They all sound okay to me.
RSC Attachment A - transcript

TREASURER KING: They sound okay to me.

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

Okay. It's been moved and seconded we have some amendments that have been offered to clarify the language in the proposal.

Could we have either Julie or Bridget call roll.

SECRETARY PARSELY: I can do that.

PRESIDENT BODE: Okay.

SECRETARY PARSELY: Chairman Bode.

PRESIDENT BODE: Aye.

SECRETARY PARSELY: Chairman Hochstetter.

VICE PRESIDENT HOCHSTETTER: Aye.

SECRETARY PARSELY: Treasurer King.

TREASURER KING: Aye.

SECRETARY PARSELY: Chairman Moline.

COMMISSIONER MOLINE: Abstain.

SECRETARY PARSELY: Chairman Gaw.

COMMISSIONER GAW: Aye.

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

PRESIDENT BODE: Okay. So that does constitute a majority. It does pass. And we
RSC Attachment A - transcript

will take that letter -- and, Sandy, if you
could put that finalized version in a form and
attach it, we will put it on letterhead and
have our staff circulate that for signatures.

VICE PRESIDENT HOCHSTETTER: Can I

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

PRESIDENT BODE: Sure. Absolutely.

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

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

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

VICE PRESIDENT HOCHSTETTER: Okay.

SECRETARY PARSELY: The lawyer in me
is coming out. Courts won't accept unsigned
documents even if you have a little ss: line
and so I'm curious to make sure that FERC --
I'm not sure that our Commission would accept
something that wasn't signed. So I'm just --
maybe Tony might know whether FERC would
accept something that doesn't actually have a
signature to it? Okay. No, he can't answer
that.

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

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

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

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

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

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

PRESIDENT BODE: Okay. And I will
have Joyce or Debbie in my office send you a
copy of the stationery. Since you are home,
you can get that out and if you will just give
a copy to all of us.
VICE PRESIDENT HOCHSTETTER: I will 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 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
this, is that we could set this up around the
next SPP RSC meeting next quarter coming up in
October, either beginning the presentation
that morning at 10:00, for example, allowing
them to come in and make a presentation with
our meeting starting at
1:00, so any of us that wanted to come in
early or we could even start our meeting at
10:00 and then have their presentation in the
afternoon.

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

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

MR. WALKER: Thank you, Madam Chair.

As some of you may or may not be
aware, the wind industry has played a fairly
active role in the SPP transmission playing
process since the February meeting back in
Wichita for the Kansas Panhandle Regional
Workshop.
We believe that wind is probably represents one of the largest potential types of generation growth in the Southwest Power Pool over the next few years. It's now economically viable and many folks are already starting to purchase it as we speak. We believe that beyond the current class of wind farms that have been built, that if the SPP takes some of our recommendations for future transmission planning, that one of the largest concentrations of wind power in the entire Great Plains, which is primarily in the western part of the SPP, can be realized over the coming years. And, of course, we have done real well with the transmission planning group, worked with the engineering side but it all comes down to who is going to pay for this stuff, how much is it on the transmission owners versus the people like us, the IPP, the developers.

So the purpose of us wanting to come before the RSC and hopefully the SPP Board in general is to talk about the benefits of when, address the issues related to when, and talk about solutions as to how we can go forward and possibly even recommend a methodology by which we think the cost can be fairly shared amongst all involved. So if there are any questions by the Board, I would be happy to take those now.
PRESIDENT BODE: Thank you, very much.

I think Mr. Holloway had a question.

MR. HOLLOWAY: I had the opportunity to talk to Wayne a little bit before this meeting and, also, I had the same e-mail last Friday, and I wanted to share with the RSC what my response to the Wind Coalition was on that. And my concern was that many of the things I think they would like are decisions that will be made at the next RSC meeting and the next SPP Board meeting when the cost allocation recommendations are actually approved by the Board to be submitted to the FERC so --

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

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

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

MR. WALKER: Yes, Madam Chair.

Very good input there, Larry, and we are
definitely going to take your recommendation
to heart and do our best to have
representation at these meetings, both in
person and on the phone. We are certainly
aware that the participant funding process is

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

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

MR. HOLLOWAY: Either that or as we
get into this, it may be that we may -- we'll
see how successful we are Wednesday and how
satisfied everybody is with the process, but
we may want to repeat the same type of forum,
say, at the September Participant Funding Symposium in which case we would have RSC -- both the RSC there and also some of the current thoughts and most likely, at least the hope is, we would have a relatively well-developed Cost-Allocation Working Group proposal with -- and then we would certainly want people to have the ability to criticize that proposal and to bring up any comments they have on it.

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

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

PRESIDENT BODE: So it may be worthwhile to work with Wayne and perhaps get a presentation at an earlier time so at least the staff have and the Commissioners that are part of the working group might have an opportunity to hear about it before October.

And I think that's what you want because that
way, you have input into the process before it becomes a plan that has to be changed.

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

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

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

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

PRESIDENT BODE: Is there any of the RSC Board members have any objection of trying to work with him to do something like that as well?

TREASURER KING: Well, I think it would be very helpful. I know our government would be excited to hear we're doing that because that's something we would like to see.
PRESIDENT BODE: Any additional comment, Mike, or Larry? Is that something that would be worthwhile? They are both nodding their heads for those of you on the phone. I have to report nods of heads because Sandy can't see you.

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

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

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

PRESIDENT BODE: Okay. David, why don't you give us a timeline on that by e-mail when you send this out when you would like to have it discussed, maybe we could work on our schedules.

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

VICE PRESIDENT HOCHSTETTER: I cannot think of anything.

PRESIDENT BODE: Okay. I think we'll probably -- Larry, will you or Mike --
or do we need to schedule any special meetings
to discuss any of your process along the way?

MR. HOLLOWAY: We well may but right
now, we don't have any --

PRESIDENT BODE: Okay. You don't
have a date in mind as yet?

MR. HOLLOWAY: Yes.

PRESIDENT BODE: Okay. And our next
regular meeting is?

SECRETARY PARSELY: The 7th?

MS. DAVIDSON: October 26th.

PRESIDENT BODE: October 26th is our
next quarterly meeting.

SECRETARY PARSELY: Quarterly

meeting. Sorry. And this will be our annual
meeting as well.

PRESIDENT BODE: And as of today, we
have designated it as our annual meeting as
well for purposes of going over next year's
budget and finalizing anything we might need
on Bylaws or anything like that.

Is there any other business for the
good of order? Comments? Questions?

If not --

TREASURER KING: Madam Chairman,
before we adjourn, then we'll probably have a
meeting like toward the middle of August or a
phone call?

PRESIDENT BODE: I think what Mike
and Larry have talked about is that we
possibly will have a phone call, a special meeting designated for us to discuss progress or to get further input as you've had some of these participant meetings and input from industry to make sure we're all together and in sync and then we'll likely also need a call from you, David, for a special meeting, maybe they can be combined, maybe we'll have to do a separate meeting, on the travel policy and other issues to get that finalized so that we can go ahead and be processing these reimbursements. So those are two items at least that I have on my agenda of items that we need to follow through on.

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

PRESIDENT BODE: Okay. Yes, Mike.

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

PRESIDENT BODE: Okay. Tentatively,
does that sound like something that's doable for everybody if we were to look at something like the 18th?

TREASURER KING: Then I will try to get comments back maybe by the 11th so we could have a final policy a few days before the 18th.

PRESIDENT BODE: That would be great.

Sandy, I didn't --

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

PRESIDENT BODE: Yeah.

VICE PRESIDENT HOCHSTETTER: Okay.

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

PRESIDENT BODE: Okay.

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

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

VICE PRESIDENT HOCHSTETTER: Well, a couple of our staff here were suggesting if
there's a lot of cost-allocation methodology detail to walk through with us, that might be kind of tricky to do on a conference call.

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

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

MR. LOUDENSLAGER: Thank you.

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

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

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

PRESIDENT BODE: Larry and Mike
I think have both suggested they think they can do it by conference call. It will only be the second meeting so they may not be as far along as they would think.

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

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

MR. PROCTOR: Yeah.

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

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

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

VICE PRESIDENT HOCHSTETTER: Okay.

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

VICE PRESIDENT HOCHSTETTER: Okay, sounds good.

PRESIDENT BODE: Thank you. So tentatively we will assign August the 18th at 10:00 as our next meeting and it will be by conference call and we'll get all the process and the posting of that done.
And is there any other business that we need to take up today?

If not, then I -- oh, Stacy.

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

SECRETARY PARSELY: So moved.

TREASURER KING: Second.

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

* * * * *

CERTIFICATE

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 Page 87
the shorthand notes made at that place and
time.

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

Certified Court Reporter
No. 0255
RSC Attachment A - transcript

17       tdunn@spp.org
18       bridget.headrick@puc.state.tx.us
19
20
21
22
23
24
25
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.
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