

**Minutes of Meeting of the
WSPP Inc. Executive Committee
July 6, 2009
Offices of Shell Corporation, San Diego**

Call to Order

Jeff Atkinson, Executive Committee (“EC”) Chair, called the meeting to order at 9:30 a.m.

Presentation on State of the Organization, Officers’ Meeting, and Meetings with FERC Commissioners and Staff

The Chair presented a report on the state of WSPP. A portion of the report (in the form of a Powerpoint® presentation) was posted at wspp.org. The Chair requested EC members to identify any new issues for the EC to consider. In response, one member suggested that the EC consider lowering the 90% threshold for certain actions.

The Chair presented on the WSPP Officers’ Administrative Retreat conducted in Washington, DC, briefly describing subjects of discussion.

The Chair described the meetings of the officers and legal counsel with certain FERC Commissioners and FERC Staff.

Discussion of State of the Budget for 2009

Discussion was had with respect to the billings of and services performed by Wright & Talisman, P.C. (“WT”) (legal), Mr. Farmer (EC consultant), and Mr. Campo (operating agent).

Discussion was had concerning the revenue resulting from new members and the relationship of revenue to costs.

Discussion was had concerning the website and related costs. A member suggested that the website should include notes of actions at meetings.

Messrs. Podgorsky, Farmer, and Campo returned to the room.

Discussion of the 90% Threshold

Discussion was had concerning the 90% threshold for action as stated in the WSPP Agreement and WSPP Bylaws. The Chair recounted that when WSPP was initially organized, unanimous agreement was required for any action. Prior to significant growth of WSPP, that requirement was reduced to 90%. The Chair recounted

that informal discussions with FERC staff indicated that a threshold of as low as 70-80% could be considered reasonable.

The Chair identified pros and cons of reducing the 90% threshold as follows:

Pros:

- Passage of proposals would be more likely (some members responded that this would not always be desirable)
- Any reduction would still require a super majority for passage
- Reduction would reduce the ability of a relative few uninformed members to stop forward progress

Cons

- 90% assures a very high level of agreement on any action covered by that threshold
- 90% allows WSPP to assure FERC that any revisions have very wide support in the membership

Report on Planning for Operating Committee Meetings

Steve McAdams, Operating Committee Chair, reviewed the locations and schedules for future Operating Committee meetings, reporting as follows:

October 2009:	Las Vegas
March 2010:	Park City
October 2010:	New Orleans
March 2011:	Lake Louise
October 2011:	Phoenix

Mr. McAdams emphasized the need for sponsors to manage these meetings and defray costs.

Consideration and Action upon Proposed Amendments to WSPP Agreement

Mr. Podgorsky presented proposed amendments to the WSPP Agreement. The revisions were as recommended by the Operating Committee at its most recent meeting. The revisions also included other options, developed to address concerns with the proposed language that several members raised after that Operating Committee meeting. The proposed amendments were provided with the Agenda for this EC meeting.

C-3.2 and C-3.10

Discussion was had on the proposals to amend C-3.2 and C-3.10, including options contained in the materials provided with the Agenda. Straw votes were taken with respect to certain options. Discussion focused on the possible impact (in the view of some members) that the proposed amendments could have on the ability of members to

“retag” transactions shortly before the hour, which practice some members favor and other members oppose.

Following discussion, Mr. Podgorsky stated his view that the relationship between the proposed amendments to C-3.2 and C-3.10 on one hand and the retagging issue on the other hand had not been evident in the deliberations of the contract subcommittee or Operating Committee, and that the amendments should not be adopted until the members had an opportunity to further explore this aspect further to evaluate the possible ramifications.

Upon a vote, the proposal to revise C-3.2 and delete C-3.10 (moving the language of that section into the revised C-3.2): was rejected overwhelmingly.

C-3.3

Discussion was had on the proposal to revise C-3.3, and, by a vote of 35 in favor and 4 opposed, it was **RESOLVED** to revise section C-3.3 as follows:

Firm capacity transactions shall include buying, selling, or exchanging capacity between Parties with or without associated energy. ~~Firm capacity is deemed a capacity sale from the Seller's resources and backed by the Seller's capacity reserves~~ A firm capacity sale or exchange is a commitment, in accordance with the terms and conditions specified in the Confirmation, of capacity resources.

C-3.4

Discussion was had on the proposal to revise C-3.4, and, by a vote of 39 in favor and 0 opposed, it was **RESOLVED** to revise section C-3.4 as follows:

Firm energy transactions shall include buying, selling, or exchanging firm energy between Parties in accordance with the terms and conditions specified in the Confirmation. ~~Subject to mutual agreement, firm energy is deemed a quantity of energy the Seller has agreed to sell and deliver and the Purchaser has agreed to buy within a specified time period.~~

C-3.5

Discussion was had on the proposal to delete C-3.5 in view of the possibility that the language would preclude participation in the markets by brokers and aggregators. By a vote of 39 in favor and 0 opposed, it was **RESOLVED** to delete section C-3.5 as follows:

~~Purchaser shall arrange purchases directly with Sellers.~~

All votes referred to above were taken of members in physical attendance, attending by telephone, and voting by proxy.

Discussion of Revised Investment Policy

Jim Lobdell, Secretary and Treasurer, proposed a change in the WSPP Investment Policy to allow for a greater concentration of investments in any one institution and adding a “AAA” money market fund as an approved eligible investment. An informal, non-binding vote was taken on the proposal (non-binding because the proposal had not been duly noticed in the Agenda). Members present and voting supported the change without objection. Mr. Podgorsky suggested that the change be duly noticed and presented for approval and ratification vote at a subsequent EC meeting.

Financial Annex

Discussion was had concerning a proposed financial annex. Mr. Podgorsky explained that the annex contained optional provisions that members could include in their transactions, had been requested by certain banks which were WSPP members, would be posted on the WSPP website, but would not be a part of the FERC-approved WSPP Agreement. Upon a vote, it was **RESOLVED** to approve the posting of the financial annex document, subject to the foregoing.

Discussion of Retagging Issue

The Chair described the retagging issue, explaining that some members believe that the WSPP Agreement permits retagging (after prescheduling, up to the time that WECC rules generally foreclose retagging), while other members believe that the WSPP Agreement precludes, or should preclude, retagging. The Chair described addressed the pros and cons of retagging and related issues. The Chair recited his “shuttle diplomacy” efforts among members to explore and achieve resolution of the issue, and his direction, upon the suggestion of a member, that Wright & Talisman, P.C. analyze retagging under the Agreement and its relationship to WECC rules. He explained that the Wright & Talisman, P.C. efforts would foster establishment of baselines in the Agreement and WECC rules, which would facilitate consideration of the issue. The members then discussed the retagging issue. Upon the conclusion of discussion the Chair stated that he would form a retagging task force to evaluate the issue and requested volunteers from all market sectors.

Adjournment

The meeting was adjourned at 2:10 pm.

Secretary

Jim Lobdell