

Podgorsky Notes
WSPP Executive Committee Meeting
November 17, 2008

Jeff Atkinson, Executive Committee Chair, brought the meeting to order at 9:05 a.m. on the above date in Las Vegas, Nevada. Jeff requested that members introduce themselves, including members participating in the meeting by telephone.

1. Report on Administrative Committee Strategy Meeting and Related Discussions

Jeff reported on the Administrative Committee's October 20 WSPP strategy meeting, including the following subjects covered in that meeting:

Finances (including contribution of PGE to management of the books of account, and the work of the audit committee);

Relationship between WSPP and FERC (including continued vitality of the WSPP Agreement, rate cap issues, keeping FERC staff abreast of WSPP activities);

Succession planning for WSPP (including succession in legal representation; work of the nominating committee, itself a new approach), filling the OC Chair position with a member representative);

Communications (including continued develop and management of the WSPP website, problems with member contact lists, efforts to improve the technology used for meetings including telephonic and web seminars);

Ability of Organization to Function (including roles and responsibilities of organizational components; OC as a venue to vet issues and emphasize organizational networking; difficulties in addressing substantive issues if representatives are not prepared; enhanced enforcement of voting procedures);

Membership (increasing, participation of entities with emphasis on renewable energy, and high participation on WSPP committees);

Treasurer Jim Lobdell's development of a revised investment strategy in light of changes in the economic climate; and

Expectation that the Administrative Committee with arrange meetings with FERC Commissioners and staffs in early 2009, post Inauguration and expected revisions of Commission composition.

Jeff identified as some of the current issues:

Possible advantages of reorganizing the Agreement to make it more readable;

Continued wide use of the Agreement, even if sometimes to underlie financial transactions;

Liquidity in markets;

Lack of agreement on product definitions, which currently manifests itself in the operating reserves issue, and including precise commercial characteristics of firm energy;

Rate caps;

Reserves and other new products, including fixing section 3.3 of Service Schedule C, and related development of a municipal product and a financial annex;

Cap and trade, including whether or not WSPP should facilitate a carbon trading market. Some members noted that the Western Climate Initiative and other groups are addressing cap and trade, and expressed a preference that WSPP not pursue a cap and trade approach as outside its traditional strengths, and creating risk of additional regulatory scrutiny. Jeff said that in light of these observations, WSPP would take no actions at this time.

Jeff requested that Executive Committee members state concerns. A member suggested that the 90% threshold was an impediment. On a show of hands (non-binding straw vote) some 60-70% (estimated) indicated conceptual support for a change in the threshold. Jeff asked that this be put on the agenda for a future meeting. A member suggested that the threshold for OC action to send a matter to the Executive Committee for vote be more clearly established.

2. Legal and Consultant Contracts:

It was determined to continue legal representation by Wright & Talisman, P.C.

It was determined to renew Bobby Campo's contract.

Duane Farmer's work was discussed, that Duane, a former Executive Committee Chair, works in the background to discuss voting issues with OC and EC representatives, to help assure that representatives are informed about issues. Impact on budget was discussed as well as a possible need to cap these costs. The contract will come up for renewal in July. A member suggested that Duane be introduced to the membership so they know who he is.

The contract with Karen Carroll was discussed, and the reasonable cost and good work was noted. For an additional cost Karen will scrub member lists, and it was agreed to proceed in this manner.

3. Reserves (taken out of order).

Jeff reviewed the history of the reserves issue including possible impact on liquidity, and noting that some issues arise out of contract language that some find ambiguous (in Service Schedule C). A WSPP Task force was created, with representation drawn from respective market sectors, and a report was issued. WSPP sponsored webinars and workshops, including a training session attended by several hundred participations. WECC passed BAL002 by wide margins, by some 80% at committees and 96% at WECC board. WECC sent the standard to NERC. Shortly before the NERC vote, Jeff learned that NERC staff recommended remand to WECC. Jeff wrote a letter to NERC and appeared at NERC meeting.

Jeff described the NERC letter as a rare situation that arose from a "perfect storm" of factors, including, limited period to address, Jeff's belief that the issue was critical to the membership at large, and had a significant impact on product and markets. Jeff expressed his belief, in light of the WECC vote and heavy WSPP involvement with the issue, that the position he took represented the vast majority of WSPP members. Jeff

noted that he e-mailed a draft of the letter to the Executive Committee and requested comments. Additionally, before sending the letter, Jeff contacted the five members he believed would oppose the letter, based on those companies that submitted comments to NERC in opposition to the standard. These five members opted out from the letter, plus another two, and in the letter Jeff identified the opt-outs and noted that with more time it was possible that others would have opted out. Jeff noted that, upon the suggestion of another WSPP officer, he had sought legal advice about whether, as WSPP Chair, he had legal authority to send the letter. Arnie advised that he did have legal authority.

Some members complemented Jeff on his leadership. One member, said the actions stepped beyond the bounds of an officer, and that the letter could have asked for a postponement rather than taken a substantive position. Another member disagreed that Jeff had acted with legal authority. Another member stated disagreement with Jeff's action.

One member noted that as members of the WSPP Board of Directors (the Executive Committee functions as such).

Following considerable discussion, it was decided that the Administrative Committee devise procedures to allow quick voting in exigent circumstances. Specifically, as Jim Lobdell clarified, the Administrative Committee is to work with legal counsel to develop recommendations to vet with larger group, and then address the question with the membership at large to see if a change in procedures is needed.

4. Budget.
Bobby Campo presented the proposed budget as approved by the OC. The Executive committee approved the proposed budget unanimously, with slight amendment to reflect additional cost of managing the WSPP internet site. There was discussion about the 2008 budget shortfall, and discussion about increasing the one-time membership fee (which has not been adjusted since set in the early 90s.). No actions were taken in these respects.
5. Contract Amendments.
Arnie Podgorsky presented the three proposed contract amendments (included with the agenda:
 - (a) addition of damages language to address non-performance to which multiple Conformations could apply (item approved with a single dissent);
 - (b) technical correction to Service Schedule C to eliminate possible ambiguity regarding recall (item approved without dissent);
 - and (c) compliance language in each Service Schedule to address FERC's finding that the WSPP rate caps are unjust (item approved without dissent).
6. Officers:
Holli Krebs presented the nominating committee's (Holli, Brenda Anderson, and David Hansen) proposed slate of Executive Committee officers and solicited additional nominations from the floor, of which there were none.

The following were elected upon unanimous vote:

Chair: Jeff Atkinson

Vice Chair: Paul Choi

Secretary and Treasurer: Jim Lobdell

7. Arnie Podgorsky reported on potential bank annex, public power annex, and meeting with FERC Commissioners and staffs in the spring of 2009.
8. The meeting was adjourned.