GMC Conference Call – January 22, 1999

Attendees: Farouk Nakhuda, Steve Greenleaf, Phil Leiber, Tony Braun, Gerry Jordan, Linda Walsh, Ellen Banaghan, Michelle Wynne, Susan Schneider, Carolyn Kehrein

Topic: Section 206 filing WPTF. No option but to respond to it. Two feasible responses:
1) File proposal for grid management change – 2 bucket approach
2) File contested settlement

Steve and Linda – Feel that appropriate response is Section 205 filing amending GMC effective 7-1-99. Weigh in on merit of complaint.

Ultimately will have to go to Board. Doubt unless unanimous agreement to extend settlement FERC won't approve.

Practicality – need to make 205 filing

FERC process standpoint – general process for FERC to have processee file their complaint.

In order to put first case forward file 205.

Challenging for ISO to defend current process because eof cost allocation process.

Billing determinant side – 50%
Non ISO Grid – 0
Number of compromises – nature of settlement

Jobson – thinks defendable

Ellen – filing itself legal instrument in her layman's understanding WPTF want instrument to be eligible for refund when this is settled. The FERC order has no mechanism for refund.

Susan to Ellen –What was the reason for filing 206 other than discussion in process. Yes, they need ability to be charged what they should have been charged.

Tony Braun – Reading wording on filing. Believe they intended to protect their refund right but complaint wording isn't the same as Ellen indicates as the issue being refund only.

WPTF doesn't feel like current process is getting them there. (Ellen)

Software is a problem which would cause delay even if decisions made now.

FERC would get either way on the decision

Carolyn – spoke to WPTF board member yesterday. Their interpretation of why they did the 206 filing was the same – refund purpose.

Linda – Complaint – Full blown complaint need to respond to the entire complaint it is not just for refund purposes.

Michelle - This is a wake up call to all of us that this needs to get done quicker.

Susan to Ellen – Could you get this clarified by WPTF.

Discussion of prior settlement – 50% - no refunds.

Steve and Linda – Process? Need to respond to complaint – FERC will establish date within a week or 2

Bottom line don't need proposal need to respond to basis of the complaint. Need to answer all of the allegations. Probably 20 to 30 days for answer.

Primary issue – GMC is justifiable and reasonable.

Susan – Do we need to go in with a proposal?

Steering Committee thoughts :

Brian J. – Last meeting largely in favor of settlement. Support defends consensus. One complaint should not blow up the consensus of members.

Carolyn – 2 camps on this issue: 1) extend settlement as is 2) extend settlement with adjustment. Need to file something defending settlement. Still need work on the number. (50%)

Mike Warner – in favor of defending settlement

Ellen – Enron not happy last time it was extended. Just want a rationale – rate design which charges to which parties specified

Tony – Defend settlement or litigate. Litigation will open up broad range issues.

Michelle – Defend settlement – it was a point where everyone sort of agreed.

Steve – What exactly meant by defending? Defend that the settlement was just and reasonable as is.

Susan – In answer to this filing this is what we would do.

Ellen – Mentioned she was the only one from the WPTF on these calls. She is representing many parties – needs to be more involvement.

Michelle – Need to answer complaint need to come up with a better system for going forward.

PX – We're in favor of settlement. 50/50 or 40/60 confusing. They have in the past been in favor of extension of settlement short term

Steve – Need to defend current GMC rate based on 50/50

Need to accomplish by end of the call. Notify committee of filing. Review with legal what the implications are. What are the options?

Steve: Do we intend to send to Board update of where we are and then discuss further?

Phil – Need to do something in next few weeks. Support for 6 bucket or something else.

Board presentation – Show steering committee's positions.

Steve – Complaint goes beyond a rate problem.

Barbara – to Ellen – Would you be willing to go to the WPTF and request clarification of point. They want to get the whole thing done.

Michelle – responding – defend what is in place. Going forward want to see 6 bucket approach of allocation.

Susan – in regard to level of actions – we will readjust resources.

Given history – legal issue – board should be consulted. It is on the Finance Committee agenda. On Executive session for next week.

Concern – complaint has thrown things in a tizzy. Want to make sure we are still going forward. (Brian Jobson)