December 10, 2004

OPERATIONAL BYLAWS

FOR

GRID WEST

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EXHIBITS

Exhibit A Examples of Reallocation and Tabulation of Member Votes

December 10, 2004

PROPOSED OPERATIONAL BYLAWS

FOR

GRID WEST

ARTICLE I

GENERAL PROVISIONS

1.1 Defined Terms. For purposes of these Operational Bylaws, the following terms shall be defined as follows:

1.1.1 "Affiliate" of a Person means a Person that directly or indirectly through one (1) or more intermediaries controls, is controlled by, or is under common control with such Person. For purposes of these Operational Bylaws, in determining whether one (1) Person controls another Person, without limitation, the direct or indirect ownership or control of or power to vote five percent (5%) or more of the outstanding voting securities of a corporation shall be deemed to constitute control of such corporation; provided, however, that in the case of any Person that is a public utility that owns an interest in an Independent Transmission Company and has divested ownership of its electric transmission system, such Person and the Independent Transmission Company shall not be considered Affiliates. In addition, for purposes of these Operational Bylaws:

(i) members of any cooperative corporation shall not, merely by virtue of membership in such corporation, be deemed to be Affiliates of each other or of the cooperative corporation;

(ii) members of any joint operating agency, joint operating entity, joint powers authority, or comparable entity shall not, merely by virtue of membership in such joint operating agency, joint operating entity, joint powers authority, or other such entity, be considered Affiliates of each other or of the joint operating agency, joint operating entity, joint powers authority, or other comparable entity;

(iii) separate agencies of a state, a province, or the federal government shall not be considered Affiliates, regardless of any commonality of political control; and

(iv) no Crown-owned utility shall be considered an Affiliate of any State or Provincial Energy Authority.

1.1.2 "Articles of Incorporation" means the Articles of Incorporation of the Corporation, as amended from time to time.

1.1.3 "Bylaws Dispute Resolution Provisions" means the provisions of Article XIII.

1.1.4 "Board of Trustees" means both the Developmental Board of Trustees and the Operational Board of Trustees for the periods for which they serve.

1.1.5 "Certain Public Interest Group" is any entity that

(i) is a public interest membership organization that is qualified under Section 501(c)(3) of the Internal Revenue Code (or, for Canadian organizations, analogous Canadian law);

(ii) is an environmental organization, demand-side management advocacy organization, energy efficiency advocacy organization, or renewable energy advocacy organization;

(iii) has an office within the Geographic Area; and

(iv) is not a Member of any of the following:

(a) Member Classes: Major Transmitting Utilities; Transmission-Dependent Utilities; Generators, Power Marketers, Large Generating End-Use Consumers, and Others; or End-Use Consumers; or

(b) Member Sub-Classes: State or Provincial Energy Authority, or Tribes.

1.1.6 "Consumer Advocate" means a Person that has been recognized, designated, or funded by or through applicable law or a State or Provincial Energy Authority (or other agency of a Participating Jurisdiction) for purposes of representing the interests of end-use consumers in regulatory proceedings within the applicable Participating Jurisdiction.

1.1.7 "Corporation" means Grid West, a Washington nonprofit corporation formed under the Washington Nonprofit Corporation Act, RCW Chapter 24.03, formerly known as RTO West.

1.1.8 "Developmental Board of Trustees" or "Developmental Board" means the Board of Trustees of the Corporation during the time the Developmental Bylaws are in effect, which may, subject to these Operational Bylaws, continue to serve until the Operational Board is elected.

1.1.9 "Developmental Bylaws" means the bylaws that governed the activities of the Board of Trustees during the Developmental Stage.

1.1.10 "Developmental Stage" means the period of time in which the Developmental Bylaws were in effect.

1.1.11 "Disputing Party" means a Person that is subject to these Operational Bylaws that has

(i) initiated a dispute under the Bylaws Dispute Resolution Provisions by delivering notice of a demand for arbitration to the Corporation;

(ii) been named as a responding party in an arbitration demand issued under the Bylaws Dispute Resolution Provisions by another Person that is subject to these Operational Bylaws; or

(iii) been granted intervener status by the arbitrator(s) selected to arbitrate a dispute under the Bylaws Dispute Resolution Provisions.

1.1.12 "End-Use Consumer" means a Large Bundled End-Use Consumer, a Large Unbundled End-Use Consumer, or a Consumer Advocate.

1.1.13 "FERC" means the Federal Energy Regulatory Commission, or any successor agency.

1.1.14 "FPA" means the Federal Power Act, 16 USC § 792, et seq., as amended from time to time.

1.1.15 "Generator" means any entity, including, but not limited to,

(i) an Exempt Wholesale Generator ("EWG") as such term is defined in Section 32(a)(1) of the Public Utility Holding Company Act of 1935, 15 USC § 79z-5a(a)(1);

(ii) an Independent Power Producer, which means any nonutility generator that is involved in the ownership or operation of one or more electric generating facilities on a merchant plant basis;

(iii) a Qualifying Small Power Producer as such term is defined in Section 3(17)(D) of the FPA, 16 USC § 796(17)(D); or

(iv) a Qualifying Cogenerator as such term is defined in Section 3(18)(C) of the FPA, 16 USC § 796(18)(C),

that is not a Large Generating End-Use Consumer and that owns, leases, or otherwise exercises operational control over one (1) or more electric generating facilities (including any electric generating facilities on which significant construction has been completed) that

(a) have (or, upon completion of construction and commencement of commercial operation, will have) an aggregate net generating capacity of not less than ten (10) MW; and

(b) are (or, upon completion of construction and commencement of commercial operation, will be) either located in or dynamically scheduled into the Geographic Area;

provided, however, that no Power Marketer shall be deemed to be a Generator solely by virtue of its exercise of the right to direct the production of any electric generating facility that is physically controlled by an unaffiliated owner or operator.

1.1.16 "Generators, Power Marketers, Large Generating End-Use Consumers, and Others" means any entity (including, but not limited to, any Generator, Large Generating End-Use Consumer, or Power Marketer), other than a Major Transmitting Utility, Transmission-Dependent Utility, State or Provincial Energy Authority, Tribe, or Certain Public Interest Group, and other than an End-Use Consumer (except as provided by Section 5.2.2(iii)), that is

(i) engaged in purchases or sales of electric power that is scheduled for delivery within, into, or from the Geographic Area; and

(ii) entitled to apply to FERC for an order requiring interconnection or transmission services pursuant to Sections 210 or 211 of the FPA, or that would be entitled to apply for such an order were it doing business within the United States, or that is a marketing affiliate of any such non-U.S. entity seeking transmission services, or that receives interconnection or transmission services from a Canadian transmission provider.

1.1.17 "Geographic Area" means the portions of the provinces of Alberta and British Columbia and of the states of Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming that are electrically within the Western Interconnection, together with any additional geographic territory within the state of California that is encompassed by the control areas of the Bonneville Power Administration, PacifiCorp, and Sierra Pacific Power Company as of the effective date of these Operational Bylaws.

1.1.18 "Governmental Committee" has the meaning specified in Section 8.6.

1.1.19 "Grid West Website" means an Internet site through which the Corporation makes available information and notices concerning its business, operations, and services.

1.1.20 "Indemnitee" means an individual made a party to a proceeding because the individual is or was a Trustee, officer, employee, or agent of the Corporation, and who possesses indemnification rights pursuant to the Articles of Incorporation, these Operational Bylaws, or other corporate action. An employee or agent shall not be considered an Indemnitee pursuant to the Articles of Incorporation or these Operational Bylaws unless the Board of Trustees has exercised its power to provide indemnification to employees and agents generally or with respect to the particular employee or agent involved in the proceeding. Indemnitee shall also include the heirs, executors, and other successors in interest of such individuals.

1.1.21 "Independent Transmission Company" means a transmission company meeting the independence requirements established by FERC Order No. 2000, 89 FERC ¶ 61,285 (Dec. 20, 1999), and all supplements and amendments thereto issued by FERC.

1.1.22 "Large Bundled End-Use Consumer" means an end-use consumer of electric power that

(i) is not a Member of any of the following Member Classes: Major Transmitting Utilities; Transmission-Dependent Utilities; Generators, Power Marketers, Large Generating End-Use Consumers, and Others (except as otherwise permitted under Section 5.2.2(iii)); or State and Provincial Energy Authority/Tribes/Certain Public Interest Groups;

(ii) individually and together with all of its Affiliates had, during the calendar year immediately preceding the relevant time, an aggregate retail electric load (not including electrical load for generator start-up or station service purposes) within the Geographic Area greater than or equal to five (5) aMW; and

(iii) purchases more than half of its power supply consumed within the Geographic Area solely from its legally authorized local electric or distribution utility(ies); provided, however, that if there is a pending dispute concerning the authority of its local electric or distribution utility(ies) to provide local electric or distribution service to the applicant or Member, then the applicant or Member shall be assigned to the Member Sub-Class designated (Large Bundled End-Use Consumer or Large Unbundled End-Use Consumer) on the application pending resolution of the dispute. Thereafter, the Secretary of the Corporation shall assign the Member to the Member Class or Member Sub-Class consistent with the resolution of the dispute concerning the authority of its local electric or distribution utility(ies) to provide local electric or distribution service by settlement of the parties or by a court with jurisdiction; provided, however, that nothing in this Section 1.1.22(iii) precludes challenges on other grounds under Section 5.5.3 or resulting reassignment.

1.1.23 "Large Generating End-Use Consumer" means a Large Bundled End-Use Consumer or a Large Unbundled End-Use Consumer that owns and operates in the Geographic Area one (1) or more Qualifying Cogeneration Facilities (as such term is defined in 16 USC § 796(18)(B)) that

(i) have an aggregate net generating capacity of not less than ten (10) MW; and

(ii) are in each instance located in proximity to, and electrically interconnected with, one (1) or more manufacturing or other industrial production facilities of such consumer at which electric power is consumed on an end-use basis.

1.1.24 "Large TDU" means a member of the group of those Transmission-Dependent Utilities that, when taken together, make up the minimum number of Transmission-

Dependent Utilities that can account for at least fifty percent (50%) of the total amount (measured by MW-hours delivered) of Qualifying Load served by all Transmission-Dependent Utilities during the preceding year ("Total Qualifying Load"). For purposes of this definition, "Qualifying Load" means

(i) retail load (sales not for resale), including energy delivered to an end-use customer located in the service area of the delivering Transmission-Dependent Utility that is not purchased from such delivering utility; and

(ii) a Transmission-Dependent Utility's wholesale sales to its members, if the Transmission-Dependent Utility is a joint operating agency, joint operating entity, generation and transmission cooperative, or comparable entity.

Those Transmission-Dependent Utilities that are to be designated as Large TDUs are identified by establishing a rank order of all Transmission-Dependent Utilities that are Members, with the Transmission-Dependent Utility that served the largest amount of the Total Qualifying Load ranked first, the Transmission-Dependent Utility that served the second-largest amount of the Total Qualifying Load ranked second, and so forth. The minimum number of Transmission-Dependent Utilities that can together account for at least fifty percent (50%) of the Total Qualifying Load is determined by beginning with the Transmission-Dependent Utility that served the largest amount of the Total Qualifying Load and continuing down through the ranking, including all Transmission-Dependent Utilities (but no more than those) necessary to account for at least fifty percent (50%) of the Total Qualifying Load. Any Transmission-Dependent Utility that would otherwise be a Small TDU shall be a Large TDU if the Transmission-Dependent Utility is a joint operating agency, joint operating entity, generation and transmission cooperative, or comparable entity with Qualifying Load greater than one million two hundred fifty thousand (1,250,000) MW-hours during the preceding year. In addition, a Transmission-Dependent Utility that would otherwise be a Small TDU may participate as a Large TDU if

(a) it submits a request to the Large TDUs that it be designated as a Large TDU;

(b) the Large TDUs invite the requesting Small TDU to participate as a Large TDU;

(c) the Small TDU accepts such invitation; and

(d) the Large TDUs notify the Secretary of the Corporation.

1.1.25 "Large Unbundled End-Use Consumer" means an end-use consumer of electric power that

(i) is not a Member of any of the following Member Classes: Major Transmitting Utilities; Transmission-Dependent Utilities; Generators, Power Marketers, Large Generating End-Use Consumers, and Others (except as otherwise permitted under

Section 5.2.2(iii)); or State and Provincial Energy Authority/Tribes/Certain Public Interest Groups;

(ii) individually and together with all of its Affiliates had, during the calendar year immediately preceding the relevant time, an aggregate retail electric load (not including electrical load for generator start-up or station service purposes) within the Geographic Area greater than or equal to five (5) aMW;

(iii) does not purchase more than half of its power supply consumed within the Geographic Area solely from its legally authorized local electric or distribution utility(ies); and

(iv) either

(a) is authorized to purchase unbundled transmission services pursuant to

(1) an unbundled retail transmission access program authorized or instituted by competent jurisdiction under applicable law, or

(2) an agreement with the retail utility that formerly provided the power supply to the End-Use Consumer; provided, however, that if there is a pending dispute concerning the authority of its local electric or distribution utility(ies) to provide local electric or distribution service to the applicant or Member or to authorize or allow unbundled retail access, then the applicant or Member shall be assigned to the Member Sub-Class (Large Bundled End-Use Consumer or Large Unbundled End-Use Consumer) designated on the application pending resolution of the dispute. Thereafter, the Secretary of the Corporation shall assign the Member to the Member Class or Member Sub-Class consistent with the resolution of the dispute concerning the authority of its local electric or distribution utility(ies) to provide local electric or distribution service by settlement of the parties or by a court with jurisdiction; provided, however, that nothing in this subsection (iv) precludes challenges on other grounds under Section 5.6 or resulting reassignment; or

(b) is a "direct service industrial customer," which means a direct service industry to which the Bonneville Power Administration is authorized to sell power under the Pacific Northwest Electric Power Planning and Conservation Act.

1.1.26 "Major Transmitting Utility" means a transmission owner within the Geographic Area with transmission pole miles greater than or equal to five hundred fifty (550) that desires membership and otherwise qualifies to become a Member; provided, however, that a Member of the Transmission-Dependent Utilities Member Class that has signed a Transmission

Agreement and otherwise qualifies to become a Member of the Corporation may enter the Major Transmitting Utilities Member Class upon the affirmative vote of a majority of the Members of the Major Transmitting Utilities Member Class.

1.1.27 "Market Participant" means any entity that, either directly or through an Affiliate, sells or brokers electric energy, is the owner or operator of transmission facilities, or provides transmission services within the Geographic Area.

1.1.28 "Member" means any Person that has become a Member of the Corporation under and in accordance with the provisions of Article V of these Operational Bylaws, and that has not resigned or been terminated from membership in the Corporation.

1.1.29 "Member Class" shall have the meaning set forth in Section 5.2.1 of these Operational Bylaws.

1.1.30 "Member Sub-Class" means a sub-class of Members in any Member Class.

1.1.31 "Members Representative Committee" or "MRC" shall mean the committee described in Article VI.

1.1.32 "NWPCC" means the Northwest Power and Conservation Council, or any successor organization.

1.1.33 "Operational Board of Trustees" or "Operational Board" means the Board of Trustees elected pursuant to these Operational Bylaws.

1.1.34 "Operational Bylaws" means these bylaws, which govern the activities of the Board of Trustees, as may be amended pursuant to Section 12.5.

1.1.35 "Operational Stage" means the period of time that these Operational Bylaws are in effect.

1.1.36 "Participating Jurisdiction" means any state (other than California) or province, all or any portion of which is located within the Geographic Area.

1.1.37 "Person" means an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint stock company, trust, unincorporated organization, government entity or political subdivision thereof, or organization recognized as a legal entity by law in the United States or Canada.

1.1.38 "Power Marketer" means a wholesale power marketer that is authorized by FERC to sell electric power at market-based rates and that does not own, control, or operate any electric generation, transmission, or distribution facilities.

1.1.39 "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal.

1.1.40 "RCW" means the Revised Code of Washington, as amended from time to time.

1.1.41 "Related Person" of an individual means all of the following: an individual's spouse, domestic partner, parents (including stepparents and in-laws), children (including stepchildren and in-laws), and siblings (including stepsiblings and in-laws).

1.1.42 "Small TDU" means any Transmission-Dependent Utility that is not designated as a Large TDU pursuant to Section 1.1.24.

1.1.43 "State or Provincial Energy Authority" means

(i) the utilities regulatory commission of each Participating Jurisdiction;

(ii) any other state or provincial agency, ministry, or department in any Participating Jurisdiction that has siting, energy policy, or resource planning authority with regard to electrical energy, and that is designated by the governor or premier of a Participating Jurisdiction, by notice to the Secretary of the Corporation, as a Member in the State and Provincial Energy Authority Class, each of the foregoing subject to the limitations of Section 5.3.3; and

(iii) the NWPCC.

1.1.44 "Transmission-Dependent Utility" means any municipality; municipal utility; public utility district; people's utility district; cooperative corporation; joint operating agency, joint operating entity, joint powers authority, or comparable entity; irrigation district; mutual association; or tribal utility that

(i) furnishes electric services over an electric transmission or distribution system (whether its own or its members') located within the Geographic Area; and

(ii) is not a Major Transmitting Utility.

1.1.45 "Transmission Agreements" means the agreements executed by the Corporation with transmission owners or operators that, when effective, will allow the Corporation to perform services over or with respect to the transmission owners' or operators' transmission facilities as such agreements may be amended from time to time.

1.1.46 "Tribe" means a tribe or first nation recognized under applicable U.S. or Canadian federal law that has trust lands or traditional homelands with an official current address

recognized by the U.S. Department of the Interior within the U.S. portion of the Geographic Area or reserve lands or lands allocated to the first nation by treaty located within the Canadian portion of the Geographic Area.

1.1.47 "Trustee" means a member of the Board of Trustees.

ARTICLE II

OFFICES

The principal executive office of the Corporation shall be located at such place as the Board of Trustees may from time to time designate. Additional offices may be established and maintained at such place or places as the Board of Trustees may from time to time designate.

ARTICLE III

PURPOSES AND LIMITATIONS

3.1 Purposes. The purposes for which the Corporation is formed are to serve as an independent transmission entity for the Geographic Area that endeavors to improve reliability of the regional transmission grid and efficiency in its use, to provide nondiscriminatory access to transmission services and related markets, to provide cost-effective regional transmission planning and expansion, to develop solutions to operational and commercial problems resulting from limited transmission capacity, to support and establish effective monitoring and mitigation of market power abuses and market manipulation within the Geographic Area, and to support effective monitoring of markets and transmission and related services within the Western Interconnection, all in accordance with these Operational Bylaws, the Articles of Incorporation, and the applicable requirements of federal and state law, and to endeavor to provide sustainable customer benefits. In carrying out the foregoing, the Corporation shall take into account environmental stewardship, regional interests, and cost-effectiveness.

3.2 Limitations. The Corporation will not

(i) own any transmission or distribution facilities;

(ii) own any interest in generation facilities;

(iii) own any interest in generation output (except generation output as appropriate to meet its obligations

(a) with respect to congestion management, and

(b) as a control area operator); or

(iv) operate, or have any financial interest in, a power or energy exchange in which participation by buyers and sellers of electricity is mandatory; provided, however,

the Corporation may provide mandatory participation rules for those entities that voluntarily agree to allow the Corporation to operate its control area.

ARTICLE IV

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ARTICLE V

MEMBERS

5.1 Powers and Rights of Members. The Members shall, subject to these Operational Bylaws and applicable law, have the rights and powers listed in Sections 5.1.1 through 5.1.3:

5.1.1 Exclusive Member Rights. The Members shall have the exclusive right and power to

(i) participate in general Member advisory votes submitted to the Members by the Board of Trustees pursuant to Section 5.15.1;

(ii) participate in mandatory advisory vote where the Corporation's budget exceeds certain prior projections pursuant to Section 5.15.2;

(iii) nominate and elect members of the MRC pursuant to Section 6.3;

(iv) remove members of the MRC without cause pursuant to Section 6.6;

(v) participate in and constitute a majority of members on the Corporation's Budget Committee pursuant to Section 8.4;

(vi) appoint representatives to participate in the Board Advisory Committee pursuant to Section 8.5.1;

(vii) approve amendments of these Operational Bylaws proposed by the Board of Trustees pursuant to Section 12.5.2; and

(viii) express concern about and require a greater Board of Trustees vote to approve a proposal Members consider to be a major change in scope pursuant to Section 7.17.

5.1.2 Nonexclusive Member Rights and Powers. The Members shall have the nonexclusive right and power to

(i) remove members of the MRC for cause pursuant to Section 6.6;

(ii) propose candidates for election as Trustees pursuant to Section 7.2.2(i);

(iii) nominate candidates for advisory committees pursuant to Section 8.2.2;

(iv) review the Corporation's records of accounts and finances available at the Corporation's office pursuant to Section 10.1;

(v) receive and review annual and quarterly reports delivered to Members by Trustees pursuant to Section 10.2.3;

(vi) approve the dissolution of the Corporation pursuant to Section 12.4;

(vii) approve any proposed merger or disposition of significant assets pursuant to Section 12.4.5;

(viii) propose and approve amendments to these Operational Bylaws pursuant to Section 12.5.3;

(ix) resolve disputes concerning these Bylaws pursuant to Article XIII;

(x) require the Trustees to designate a particular independent auditor if dissatisfied with the Trustees' selection;

(xi) require the Trustees to perform an independent audit within a specified time; and

(xii) amend the Articles of Incorporation pursuant to the provisions therein.

5.1.3 Additional Member Rights. The Members shall have the nonexclusive right to receive notices of and attend and be heard at meetings of the Members and the Board of Trustees as provided in these Operational Bylaws, and to provide guidance to the Board of Trustees through advisory votes requested by the Board of Trustees, by resolutions, and by other means as determined by the Members.

5.2 Classes of Members.

5.2.1 Identification of Member Classes. The Corporation shall have five (5) classes of Members (each such class, a "Member Class") with the voting rights as set forth in these Operational Bylaws:

(i) the Major Transmitting Utilities Member Class;

(ii) the Transmission-Dependent Utilities Member Class, with the following Member Sub-Classes:

(a) Large TDU Member Sub-Class, and

(b) Small TDU Member Sub-Class;

(iii) the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class, with the following Member Sub-Classes:

(a) Generators Member Sub-Class,

(b) Power Marketers and Others Member Sub-Class, and

(c) Large Generating End-Use Consumers Member Sub-Class;

(iv) the End-Use Consumers Member Class, with the following Member Sub-Classes:

(a) Large Unbundled End-Use Consumers Member Sub-Class,

(b) Large Bundled End-Use Consumers Member Sub-Class, and

(c) Consumer Advocates Member Sub-Class; and

(v) the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class, with the following Member Sub-Classes:

(a) State and Provincial Energy Authority Member Sub-Class,

(b) Tribes Member Sub-Class, and

(c) Certain Public Interest Groups Member Sub-Class.

5.2.2 Member Class Assignment Rules. Subject to the following limitations, any Person that has been determined, in accordance with the provisions of Section 5.3, to be qualified to become a Member shall be entitled to be a Member of the Member Class for which it qualifies. No Member may be a Member of more than one (1) Member Class or Member Sub-Class at any given time, and no Person may be a Member if an Affiliate of such Person is already a Member. Unless provided otherwise below, a Person that qualifies to be a Member shall be assigned to a Member Class or Member Sub-Class according to the following provisions; provided, however, that a Tribe may elect among any of the Member Classes or Member Sub-Classes for which it qualifies.

(i) If an applicant or Member qualifies for both the Major Transmitting Utilities Member Class and any other Member Class, it shall be a Member of the Major Transmitting Utilities Member Class, except as set forth in the definition of Major Transmitting Utility.

(ii) If an applicant or Member qualifies for both the Transmission-Dependent Utilities Member Class and any Member Class other than the Major Transmitting Utilities Member Class, it shall be a Member of the Transmission-Dependent Utilities Member Class.

(iii) If an applicant or Member qualifies for both the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class and the End-Use Consumers Member Class, the following rules shall apply:

(a) If the applicant or Member qualifies as a Large Generating End-Use Consumer, it shall be entitled to be a Member of either the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class or the End-Use Consumers Member Class; provided, however, that once having elected membership in either of such Member Classes, the Member shall not (unless such Member no longer qualifies for the class in which it has elected membership) be entitled, for a period of three (3) years thereafter, to switch its membership to the other such class.

(b) If the applicant or Member is not a Large Generating End-Use Consumer, but owns or operates in the Geographic Area one (1) or more generating facilities located in proximity to, and electrically interconnected with, one or more of such applicant's or Member's manufacturing or other industrial production facilities at which electric power is consumed on an end-use basis, then such applicant or Member shall be a Member of the End-Use Consumers Member Class.

(c) In all other instances, if an applicant or Member qualifies for both the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class and the End-Use Consumers Member Class, the applicant or Member shall be a Member of the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class.

(iv) If an applicant or Member qualifies for the End-Use Consumers Member Class, and only that Member Class, then it shall be a Member of the End-Use Consumers Member Class.

(v) If an applicant or Member qualifies for the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class, and only that Member Class, it shall be a Member of the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class, except that a Tribe may

elect to be a Member of the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class even if it qualifies for another class.

(vi) If an applicant or Member qualifies for the State and Provincial Energy Authority Member Sub-Class and the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class, then it shall be a Member of the State and Provincial Energy Authority Member Sub-Class.

5.3 Membership Qualifications and Admission of Members.

5.3.1 Membership Continuing from Developmental Stage. A Person's membership in the Corporation and Member Class assignment immediately before the Developmental Board of Trustees adopts these Operational Bylaws shall automatically continue under these Operational Bylaws; provided, however, that a Member of the Major Transmitting Utilities Member Class that is also eligible for the Transmission-Dependent Utilities Member Class shall be assigned to the Transmission-Dependent Utilities Member Class if the Member has not signed a Transmission Agreement by the date these Operational Bylaws are adopted. Membership applications not processed under the Developmental Bylaws will be processed by the Board of Trustees under the provisions of these Operational Bylaws and do not need to be refiled.

5.3.2 General Qualifications for Membership. No Person may become or be a Member unless

(i) such Person is a Major Transmitting Utility; a Transmission-Dependent Utility; an entity within the definition of "Generators, Power Marketers, Large Generating End-Use Consumers, and Others"; an End-Use Consumer; a State or Provincial Energy Authority; a Tribe; or a Certain Public Interest Group; and

(ii) such Person has timely paid the requisite initial and subsequent annual membership fees of $1,000 each year; and, provided, however, that such fees shall be waived for State or Provincial Energy Authorities and one (1) Consumer Advocate in each Participating Jurisdiction; and provided, further, that upon their written request, the Board of Trustees may waive or reduce such fees on a nondiscriminatory basis for Tribes or Certain Public Interest Groups that are applying for membership in the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class.

5.3.3 Voting and *Ex Officio* Members from States and Provinces. Any State or Provincial Energy Authority shall be admitted to membership, as a voting or *ex officio* (nonvoting) Member, upon giving notice to the Secretary of the Corporation of its intent to become a Member and whether it desires to be a voting or *ex officio* Member, together with the name, address, telephone number, facsimile number, and electronic mail address of the State or Provincial Energy Authority; the name of the State or Provincial Energy Authority chairperson or director or other individual who is authorized to send and receive notices on behalf of, and otherwise represent, such State or Provincial Energy Authority in all matters relating to its membership in the Corporation; and the name of an alternate for such individual; provided,

however, that no more than two (2) State or Provincial Energy Authorities from any given Participating Jurisdiction (without counting the NWPCC for this purpose) may be Members (whether voting or *ex officio*) at the same time; and provided, further, that the NWPCC shall be entitled to only one (1) membership in the State and Provincial Energy Authority Member Sub-Class (not one (1) membership per state).

5.3.4 Tribes Membership. Any Tribe shall be admitted to membership upon payment of the membership fee and giving notice to the Secretary of the Corporation of its intent to become a Member, together with the name, address, telephone number, facsimile number, and electronic mail address of the Tribe; the name of the tribal chairperson or director or other individual who is authorized to send and receive notices on behalf of, and otherwise represent, such Tribe in all matters relating to its membership in the Corporation; and the name of an alternate for such individual; provided, however, that no Tribe may hold more than a single Member position in the Corporation at any time; and, provided, further, that if a Tribe requests a waiver of the membership fee, the Tribe shall not become a Member until the waiver has been granted and all other requirements set forth above are satisfied.

5.3.5 Notice of Acceptance of Membership. Upon acceptance of the membership application of any entity to be a Member in any Member Class, the Secretary of the Corporation shall provide notice of such acceptance to each existing Member.

5.3.6 Certain Limitations on Membership. No Affiliate of any Person that is a Member may be a Member at any time while such Person is a Member. A Person that is a Member and has as its members other Persons that are Members, such as a joint operating agency, a joint operating entity, or a generation and transmission cooperative, may not be in the same Member Sub-Class as any of its members.

5.3.7 List of Members. The Corporation shall maintain at all times a current list of the name and address of each Member, along with the name of the designated representative and alternate representative of each such Member, and Member Class assignment. The list shall be posted on the Grid West Website and updated periodically.

5.3.8 Member's Right to Replace Authorized Representative. Any Member may at any time, effective upon notice to the Secretary of the Corporation, replace the individual who is authorized to represent such entity and to whom notices shall be sent, or the alternate for such individual.

5.3.9 Member Obligation to Report Changes in Qualification; Disqualification and Redesignation of Member Class. Each Member has a continuing obligation to notify the Secretary of the Corporation of any material change in circumstances that would disqualify it from membership or require a redesignation of Member Class or Member Sub-Class. The Secretary of the Corporation shall establish procedures for review and determination of a Member's status and redesignation of Member Class or Member Sub-Class, where a Member fails to qualify for a Member Class or Member Sub-Class, or, if the Member no longer qualifies for any Member Class or Member Sub-Class, termination of Membership.

5.4 Membership Dispute Resolution Committee.

5.4.1 Composition of Membership Dispute Resolution Committee. There shall be a Membership Dispute Resolution Committee consisting of three (3) individuals. The members of the Developmental Bylaws Membership Dispute Resolution Committee shall serve as the initial members of the Operational Bylaws Membership Dispute Resolution Committee.

5.4.2 Membership Dispute Resolution Committee Duties. The Membership Dispute Resolution Committee shall resolve all disputed membership applications, Member qualifications, and Member Class assignments. Membership Dispute Resolution Committee decisions are final and not appealable.

5.4.3 Vacancies on and Appointments to Membership Dispute Resolution Committee. Vacancies on the Membership Dispute Resolution Committee shall be filled by majority vote of the MRC. Appointees should have a reputation for fairness and an ability to impartially apply the standards prescribed for resolution of a dispute. If any appointee is employed by or otherwise affiliated with a Member, that Member and the appointee shall represent in writing to the Secretary of the Corporation that the appointee is authorized and able to perform his or her duties on the Membership Dispute Resolution Committee in an independent and impartial manner, based solely on the merits of the dispute and the standards for membership specified in these bylaws and without regard to the interests of the Member with which the appointee is affiliated.

5.5 Membership Procedures.

5.5.1 Application Requirements. Any Person seeking membership shall submit an application to the Corporation. The membership application of any Person shall specify the name, address, telephone number, facsimile number, and electronic mail address of the requesting Person; the Member Class in which such Person desires to participate; a statement of the qualifications of such Person for membership in such Member Class; the name of the individual who is authorized to represent such Person in all matters relating to its membership in the Corporation (including quorum counts, voting, and sending and receiving notices on behalf of such entity); and the name of an alternate for such individual.

5.5.2 Approval or Rejection of Membership Applications. The Secretary of the Corporation shall accept a completed membership application that satisfies the requirements of Sections 5.3 and 5.5.1.

(i) If the Secretary of the Corporation has any reason to believe that any particular application for membership is deficient, the Secretary of the Corporation may reject the application.

(ii) If the Secretary of the Corporation has any reason to believe that an applicant has not satisfied the requirements of Section 5.3, the Secretary of the Corporation shall, within thirty (30) days after receipt of such applicant's completed membership application, so notify the applicant by first-class mail (with a copy by

electronic mail to the applicant if the applicant has provided notice to the Secretary of the Corporation of its electronic mail address). If the applicant disputes the rejection, the dispute shall be submitted to and finally resolved by the Membership Dispute Resolution Committee.

(iii) If the Secretary of the Corporation has any reason to believe that an applicant is not qualified to participate in the Member Class specified in the written notice from such applicant, but is qualified to participate in another Member Class, the Secretary of the Corporation shall, within thirty (30) days after receipt of such applicant's completed membership application, so notify the applicant by first-class mail (with a copy by electronic mail to the applicant if the applicant has provided notice to the Secretary of the Corporation of its electronic mail address). If the applicant does not object within fifteen (15) days to the redesignation of membership proposed by the Secretary of the Corporation, the membership application shall be redesignated for and accepted in such other Member Class. If the applicant does object to such redesignation within such fifteen- (15-) day period, the dispute shall be submitted to and finally resolved by the Membership Dispute Resolution Committee.

(iv) If the Secretary of the Corporation has reason to believe that any particular applicant is not qualified to participate in any Member Class, the Secretary of the Corporation shall, within thirty (30) days after receipt of such applicant's completed membership application, forward such application to the Board of Trustees, which shall approve or reject such application. If the Board of Trustees rejects the membership application of any such applicant, it shall send written notice to such applicant by first-class mail (with a copy by electronic mail to the applicant if the applicant has provided notice to the Secretary of the Corporation of its electronic mail address), specifying the reasons for such rejection. If the applicant objects to such rejection, the dispute shall be submitted to and finally resolved by the Membership Dispute Resolution Committee.

5.5.3 Notice and Right to Challenge Membership Decision. After posting of notice of acceptance of a Member and initial assignment to a Member Class or Member Sub-Class to each existing Member by posting on the Grid West Website, each existing Member may, at any time thereafter, challenge the admission of such entity to membership in the Corporation or in its designated Member Class. The Secretary of the Corporation shall send notice of any such challenge to the entity by first-class mail (with a copy by electronic mail to the entity if the entity has provided notice to the Secretary of the Corporation of its electronic mail address). Each entity whose admission in the Corporation or in such Member Class has been challenged shall have the opportunity to respond to the challenge by written submittal to the Board of Trustees to be filed on or prior to the twentieth (20th) day following such notice from the Secretary of the Corporation. Any such challenge shall be submitted to the Membership Dispute Resolution Committee for a final determination.

5.6 Member Status Pending Challenge Resolution. Pending resolution by the Membership Dispute Resolution Committee of any challenge to a Member's membership in the Corporation or in its designated Member Class or Member Sub-Class, such Member shall be and remain a Member in its designated Member Class or Member Sub-Class and shall possess and be

entitled to exercise each and all of the rights and privileges of membership in the Corporation in such Member Class or Member Sub-Class. The final determination of such challenge shall not void the election of any members of the MRC, any decision of the MRC, any decision of the Board of Trustees, or any decision of the Members made before such final determination involving the challenged Member acting in its designated Member Class or Member Sub-Class. If the challenged Member is determined in such dispute resolution proceeding not to satisfy the qualifications for membership in the Corporation, the membership of such Member and all of such Member's voting rights and other rights of membership shall be terminated effective immediately upon such determination. If the challenged Member is determined in such dispute resolution proceeding not to satisfy the qualifications for membership in the Member Class of which it is then a Member, but instead to satisfy the qualifications for membership in another Member Class or Member Sub-Class, such Member shall be reclassified into such other Member Class or Member Sub-Class effective immediately upon such determination.

5.7 Termination of or Withdrawal from Membership.

5.7.1 Termination for Failure to Pay Membership Fees. If any Member fails to timely pay the annual membership fee due from such Member for any year pursuant to the provisions of Section 5.3.2(ii), the Secretary of the Corporation shall notify such Member by first-class mail, addressed to the Member at the address provided to the Secretary of the Corporation in accordance with the requirements of these Operational Bylaws, that the Corporation has not received such membership fee and that such Member's membership in the Corporation shall be terminated if the fee is not paid by such Member in full within forty-five (45) days after the date of deposit of such notice in the U.S. mail. If payment of the full amount of the membership fee is not received within such period, the membership of such Member in the Corporation shall be terminated immediately and without any further action upon the expiration of such forty-five- (45-) day period, and the terminated Member shall cease to have any rights whatsoever as a Member of the Corporation. Notwithstanding any such termination of membership, all dispute resolution proceedings and appeals that are in effect or pending as of such termination shall remain in effect and shall be followed to completion by the terminated Member and by other affected Members pursuant to these Operational Bylaws. Any Member that has been terminated from membership in the Corporation may not reapply for membership for a period of one (1) year from the date of such termination.

5.7.2 Withdrawal from Membership. Any Member may withdraw from the Corporation upon providing written notice of its withdrawal to the Secretary of the Corporation. The withdrawal shall be effective upon its receipt by the Secretary of the Corporation. Notwithstanding such notice of withdrawal, all dispute resolution proceedings and appeals that are in effect or pending as of the date of the receipt by the Board of Trustees of written notice of such withdrawal shall remain in effect and be followed to completion by the withdrawing Member and by other affected Members pursuant to these Operational Bylaws. Any Member that has voluntarily withdrawn from the Corporation may not reapply for membership for a period of six (6) months from the date of its withdrawal. A Member's withdrawal from membership does not affect any obligations of the withdrawing Member to the Corporation under the Corporation's tariff or Transmission Agreements.

5.8 Establishment of Record Date for Member Votes. In order that the Corporation may determine the Members entitled to vote in any election of members of the MRC or on any other matter on which the Members are entitled to vote, the Board of Trustees shall set the record date, which shall be the date of notice to the Members of any meeting at which any matter is to be presented to the Members for a vote. Members specified on the list maintained by the Secretary of the Corporation on the record date are entitled to notice of such meeting and to vote at any such meeting if they continue to be Members as of the date of the meeting and their designated representative or alternate is present. If the Board of Trustees calls a meeting of one (1) or more Member Classes or Sub-Classes (but fewer than all Member Classes), the Board of Trustees shall specify the record date applicable to the meeting according to the procedures and timing the Board of Trustees determines to be fair and reasonable in the applicable circumstances.

5.9 Meetings of Members.

5.9.1 Biannual Member Meeting. There shall be biannual meetings of the Members of the Corporation at approximately six- (6-) month intervals at such date, time, and place within the Geographic Area as the Board of Trustees shall determine. At one (1) such biannual meeting, the members of the Board of Trustees and officers of the Corporation shall

(i) deliver to the Members (to the extent not delivered previously) the annual financial statements of the Corporation prepared in accordance with the requirements of Section 10.2 and copies of the Corporation's budget and budget forecasts prepared in accordance with Section 8.4.2;

(ii) discuss other significant matters affecting the Corporation;

(iii) describe the Corporation's progress on carrying out the purposes in Article III; and

(iv) respond to any questions of the Members with respect thereto.

5.9.2 First Biannual Member Meeting During Operational Stage. The first biannual meeting of Members shall be conducted within six (6) months following the last annual meeting of the Members conducted under the Developmental Bylaws. At that same biannual meeting, the Members shall hold the first vote to elect the MRC under these Operational Bylaws as set forth in Section 6.3.

5.9.3 Member Identification of Committee Candidates. At the first biannual meeting of Members each year, the membership shall forward to the Board of Trustees names of candidates for the Board to consider for appointment to serve as representatives of the Members on the Budget Committee. At that same biannual meeting, the membership shall forward to the Board of Trustees names of candidates to serve on any advisory committees whose membership is appointed by the Board of Trustees (such as the Tariff Committee, Operations Committee, and Planning Committee).

5.9.4 Special Member Meetings. In addition to the meetings of the Members required under Section 5.9.1,

(i) special meetings of the Members for any purpose or purposes may be called at any time by

(a) the President of the Corporation,

(b) the Board of Trustees,

(c) not less than one-third (1/3) of the Members entitled to vote at such meeting, or

(d) not less than a majority of the Members in any two (2) Member Classes; and

(ii) special meetings of the Members in any Member Class or Member Sub-Class for any purpose or purposes may be called at any time by

(a) the President of the Corporation,

(b) the Board of Trustees, or

(c) not less than one-third (1/3) of the Members entitled to vote at such meeting.

Any such special meetings shall be held at such date, time, and place within the Geographic Area as may be determined by the person or persons calling such meeting.

5.10 Notice of Meetings of Members.

5.10.1 Timing and Manner of Notices. Notice of regularly scheduled and special meetings shall be given to each Member entitled to vote at such meeting not less than ten (10) days and not more than fifty (50) days prior to the meeting; or not less than thirty (30) days and not more than fifty (50) days prior to the meeting in the case of any meeting

(i) to vote on the election of one (1) or more members of the MRC;

(ii) to vote on any proposed amendment to the Operational Bylaws; or

(iii) to vote on dissolution of the Corporation.

Notice shall be made either personally or by first-class mail, with a copy by electronic mail to any such Member that has provided notice to the Secretary of the Corporation of such Member's electronic mail address. If mailed, such notice shall be deemed given when deposited in the U.S. or Canadian mail, with first-class postage thereon prepaid, addressed to the Member

at the address provided to the Secretary of the Corporation in accordance with the requirements of these Operational Bylaws. Each such notice shall state the date, time, and place of the meeting and the meeting agenda, including the purpose or purposes for which the meeting is called.

5.10.2 Effect of Lack of Notice and Agenda Changes. At the biannual meetings of the Members of the Corporation, the failure of any item to be included in the notice or on the agenda shall not prevent action from being taken at the meetings; provided, however, that if any changes are made to any such agenda before the meeting, the Secretary of the Corporation shall make reasonable efforts to provide the Members of the Corporation of any such changes as soon as practicable in advance of the meeting. At any other meeting of the Members, the failure of any item to be included in the notice or on the agenda shall prevent action on that item from being taken at the meeting.

5.10.3 Public Notice of Member Meetings. Public notice of each meeting of the Members, and each meeting of any two (2) or more Member Classes, shall be placed on the Grid West Website and posted at the offices of the Corporation at least ten (10) days before such meeting. Public notice of any adjournment and reconvening of any such meeting shall be placed on the Grid West Website and posted at the offices of the Corporation as soon as practicable after any such adjournment. Each such notice shall include an agenda for the meeting. If any changes are made to any such agenda before the meeting to which the agenda relates, the Secretary of the Corporation shall make reasonable efforts to provide public notice of any such changes as soon as practicable in advance of the meeting. In addition, notice of each meeting of the Members, and each meeting of any two (2) or more Member Classes, shall be sent by the Secretary of the Corporation, by first-class mail, telegram (charges prepaid), facsimile, or electronic mail, to each member of the public who so requests and who has provided the Secretary of the Corporation with complete information regarding such person's name and address; provided, however, that the failure of any such member of the public to receive notice of any meeting of the Members shall not under any circumstances affect the validity of such meeting or any action taken at such meeting.

5.11 Open Member Meetings. Except as hereinafter set forth, any member of the public may attend and observe the proceedings of any meeting of the Members, and any meeting of any two (2) or more Member Classes, noticed pursuant to Section 5.10.3. Notwithstanding the foregoing, Members may, with notice to the Secretary of the Corporation in each instance, hold any such meeting in closed session for the same purposes and to the same extent as the Board of Trustees is entitled to hold closed sessions pursuant to Section 7.6.

5.12 Member Waivers of Notice. The notice requirements contained in these Operational Bylaws may be waived in writing by any Member with respect to itself, either before or after the meeting. The attendance by any Member at a meeting without protesting, as soon as reasonably practicable, the lack of notice of such meeting shall constitute a waiver of notice by it. All waivers shall be made part of the minutes of the meetings.

5.13 Quorum Rules. There is no quorum requirement for regularly scheduled or special Member meetings; provided, however, that the Secretary of the Corporation shall count

only the votes cast in Member Classes or Member Sub-Classes that meet their respective quorum rules for voting.

5.13.1 Quorum Rules for Binding Member Votes (Except to Fill Members Representative Committee Vacancies and to Remove Members Representative Committee Members).

(i) Except for meetings of a Member Class or Member Sub-Class to fill vacancies of its designated MRC positions (or to remove a member of the MRC) for which the quorum rule is set forth in Section 5.13.2, all votes of Members must take place at a duly called meeting of Members (all Member Classes meeting at the same time).

(ii) If a Member Class does not include any Member Sub-Classes, then the quorum requirement for that Member Class at any Member meeting shall be one-third (1/3) of the Members belonging to that Member Class and entitled to vote.

(iii) If a Member Class has Member Sub-Classes, then quorum requirements shall apply to each Member Sub-Class separately, and the quorum requirement for a Member Sub-Class at any Member meeting shall be one-third (1/3) of the Members belonging to that Member Sub-Class.

(iv) The validity of a quorum for any Member Class that satisfies the requirement set forth in Section 5.13.1(ii) shall not be affected by the failure of any other Member Class to satisfy the applicable Member Class quorum requirement. The validity of a quorum for any Member Sub-Class that satisfies the requirement set forth in Section 5.13.1(iii) shall not be affected by the failure of any other Member Sub-Class within its Member Class (or the failure of any other Member Class) to satisfy the applicable quorum requirement.

(v) The manner of tabulating Member votes at any meeting at which the Members have satisfied the foregoing requirements shall be as specified in Section 5.14.

(vi) In any Member Class or Member Sub-Class that has *ex officio* Members, the *ex officio* Members do not count when determining whether a quorum exists.

5.13.2 Quorum Rules for Meetings of Member Classes or Member Sub-Classes to Remove Members of the Members Representative Committee and to Fill Vacancies.

(i) If a Member Class or Member Sub-Class wishes to remove a member of the MRC or if a vacancy occurs with respect to any Members Representative Committee positions for which a particular Member Class or Member Sub-Class is entitled to vote (other than due to the ordinary expiration of MRC members' terms), the applicable Member Class or Member Sub-Class may request that the Board of Trustees

convene a special meeting of the affected Member Class or Member Sub-Class (without the need for other Member Classes or Member Sub-Classes to meet at the same time) to remove the member or fill the vacancy in accordance with Section 6.6.

(ii) If a Member Class does not include any Member Sub-Classes, then the quorum requirement for that Member Class at any Member meeting shall be one-third (1/3) of the Members belonging to that Member Class and entitled to vote.

(iii) If a Member Class has Member Sub-Classes, then quorum requirements shall apply to each Member Sub-Class separately, and the quorum requirement for a Member Sub-Class at any Member meeting shall be one-third (1/3) of the Members belonging to that Member Sub-Class.

(iv) The validity of a quorum for any Member Class that satisfies the requirement set forth in Section 5.13.2(ii) shall not be affected by the failure of any other Member Class to satisfy the applicable Member Class quorum requirement. The validity of a quorum for any Member Sub-Class that satisfies the requirement set forth in Section 5.13.2(iii) shall not be affected by the failure of any other Member Sub-Class within its Member Class (or the failure of any other Member Class) to satisfy the applicable quorum requirement.

(v) The manner of tabulating Member votes with respect to Member Class or Member Sub-Class meetings to fill MRC vacancies shall be as set forth in the applicable provisions of Section 6.3, and the manner of tabulating Member votes with respect to meetings to remove MRC members shall be as set forth in the applicable provisions of Section 6.6.

(vi) In any Member Class or Member Sub-Class that has *ex officio* Members, the *ex officio* Members do not count when determining whether a quorum exists.

5.13.3 Quorum Rules for Member Advisory Votes. The quorum rules applicable to Member advisory votes called by the Board of Trustees (as authorized in Section 5.15) shall be as specified by the Board of Trustees with respect to the matter being submitted to an advisory vote. If the Board of Trustees does not specify special quorum rules, the quorum rules shall be as set forth in Section 5.13.1.

5.14 Voting of Members (Other Than Advisory Votes).

5.14.1 General Voting Rules. For any Member Class or Member Sub-Class that has met the quorum requirements at a duly called meeting of Members (except for electing MRC members or filling MRC vacancies, which shall be as specified in the applicable provisions of Section 6.3), the voting rules shall be as follows:

(i) Each Member Class (other than the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class), as a whole, shall have

total voting power equal to six (6) votes. The State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class, as a whole, shall have total voting power equal to six (6) votes if the State and Provincial Energy Authority Member Sub-Class has four (4) or fewer voting Members, or seven (7) votes if the State and Provincial Energy Authority Member Sub-Class has five (5) or more voting Members. The combined voting power of all Member Classes in the Corporation equals thirty (30) votes, except if the State and Provincial Energy Authority Member Sub-Class has five (5) or more voting Members, in which case the combined voting power of all Member Classes in the Corporation equals thirty-one (31) votes. Tabulation of Member votes shall be as set forth in this Section 5.14.

(ii) A Member shall participate and vote in a Member meeting or Member Class or Member Sub-Class meeting through the designated representative or alternate appearing on the records of the Secretary of the Corporation. The Members' designated representative or alternate shall be required to be present in person at a meeting in order to vote on any matter coming before the Members at such meeting. A designated representative or alternate may represent more than one (1) Member in the Transmission-Dependent Utilities Member Class (even if the Members are in different Member Sub-Classes). A designated representative or alternate may represent more than one (1) Member in the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class (even if the Members are in different Member Sub-Classes). For other Member Classes, a designated representative or alternate may represent more than one (1) Member only in the same Member Sub-Class (or, if a Member Class has no Member Sub-Classes, in the same Member Class) except in a Member Class in which a majority of the voting power within each of the Member Sub-Classes has voted to allow a designated representative or alternate to represent Members in multiple Member Sub-Classes within the Member Class. The designated representative or alternate shall be allowed to vote separately for each Member for which he or she is the designated representative or alternate. Each Member warrants to the Corporation and to the other Members that its designated representative and alternate have the authority to act on behalf of the Member and are authorized to participate in debate and consider input from others before taking a position or voting on behalf of the Member.

(iii) The allocation of voting power to Member Classes, and where applicable to Member Sub-Classes within each of the Member Classes, shall be as set forth in Section 5.14.3.

5.14.2 Membership Thresholds. If a Member Sub-Class has a number of Members equal to or greater than the thresholds set forth in this Section 5.14.2, then voting power shall be allocated to the Member Sub-Class as set forth in Section 5.14.3. If a Member Class or Member Sub-Class with no threshold has at least one Member, then voting power shall be allocated to the Member Class or Member Sub-Class as set forth in Section 5.14.3. *Ex officio* Members that join pursuant to Section 5.3.3 do not count for threshold determinations. If a Member Sub-Class has zero (0) Members or a number of Members less than the thresholds set forth in this Section 5.14.2, then voting power shall be reduced and reallocated as set forth in

Section 5.14.4. If a Member Class or Member Sub-Class with no threshold has zero (0) Members, then voting power shall be reduced and reallocated as set forth in Section 5.14.4.

(i) Major Transmitting Utilities Member Class. There is no threshold for this Member Class.

(ii) Transmission-Dependent Utilities Member Class. There is no threshold for this Member Class or its Member Sub-Classes.

(iii) Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class.

(a) Generators Member Sub-Class: There is no threshold for this Member Sub-Class.

(b) Large Generating End-Use Consumers Member Sub-Class: The threshold for this Member Sub-Class is five (5) Members.

(c) Power Marketers and Others Member Sub-Class: The threshold for this Member Sub-Class is ten (10) Members.

(iv) End-Use Consumers Member Class.

(a) Large Unbundled End-Use Consumers Member Sub-Class: The threshold for this Member Sub-Class is two (2) Members.

(b) Large Bundled End-Use Consumers Member Sub-Class: The threshold for this Member Sub-Class is one (1) Member.

(c) Consumer Advocates Member Sub-Class: The threshold for this Member Sub-Class is three (3) Members.

(v) State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class.

(a) State and Provincial Energy Authority Member Sub-Class: The threshold for this Member Sub-Class is four (4) Members. *Ex officio* Members do not count toward achievement of the threshold. Even though the threshold for the State and Provincial Authority Member Sub-Class is four (4), the voting power for that Member Sub-Class is five (5) pursuant to Section 5.14.1(i) if there are five (5) or more voting Members in the Member Sub-Class.

(b) Tribes Member Sub-Class: The threshold for this Member Sub-Class is one (1) Member.

(c) Certain Public Interest Groups Member Sub-Class: The threshold for this Member Sub-Class is one (1) Member.

5.14.3 Initial Allocation of Voting Power.

(i) Major Transmitting Utilities: The voting power of the Major Transmitting Utilities Member Class shall be allocated equally among all Members of the class.

(ii) Transmission-Dependent Utilities: The voting power of the Transmission-Dependent Utilities Member Class shall be allocated as follows:

(a) three (3) of the six (6) votes' worth of voting power held by the Transmission-Dependent Utilities Member Class shall be held by the Large TDU Member Sub-Class; and

(b) three (3) of the six (6) votes' worth of voting power held by the Transmission-Dependent Utilities Member Class shall be held by the Small TDU Member Sub-Class.

(iii) Generators, Power Marketers, Large Generating End-Use Consumers, and Others: The voting power of the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class shall be allocated as follows:

(a) four (4) of the six (6) votes' worth of voting power held by the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class shall be held by the Generators Member Sub-Class;

(b) one (1) of the six (6) votes' worth of voting power held by the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class shall be held by the Large Generating End-Use Consumers Member Sub-Class; and

(c) one (1) of the six (6) votes' worth of voting power held by the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class shall be held by the Power Marketers and Others Member Sub-Class, composed of all Members of the Member Class that are not either Generators or Large Generating End-Use Consumers.

(iv) End-Use Consumers: The voting power of the End-Use Consumers Member Class shall be allocated as follows:

(a) two (2) of the six (6) votes' worth of voting power held by the End-Use Consumers Member Class shall be held by the Members of the Large Unbundled End-Use Consumers Member Sub-Class;

(b) one (1) of the six (6) votes' worth of voting power held by the End-Use Consumers Member Class shall be held by the Members of the Large Bundled End-Use Consumers Member Sub-Class; and

(c) three (3) of the six (6) votes' worth of voting power held by the End-Use Consumers Member Class shall be held by the Members of the Consumer Advocates Member Sub-Class.

(v) State and Provincial Energy Authority/Tribes/Certain Public Interest Groups: The voting power of the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class shall be allocated as follows:

(a) one (1) votes' worth of voting power held by the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class shall be held by the Members of the Tribes Member Sub-Class;

(b) one (1) votes' worth of voting power held by the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class shall be held by the Members of the Certain Public Interest Groups Member Sub-Class; and

(c) the balance of the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class' voting power (either four (4) votes or five (5) votes as determined pursuant to Section 5.14.1(i)) shall be held by the Members of the State and Provincial Energy Authority Member Sub-Class.

5.14.4 Allocation of Voting Power When Member Class Has Zero Members or When Member Sub-Class Thresholds Are Not Met.

(i) If the Member Class has zero (0) Members, then

(a) the voting power of that Member Class shall be allocated equally to other Member Classes that have at least one (1) Member, and

(b) within each such Member Class the reallocated voting power shall be allocated to each Member Sub-Class in the same ratio as the Member Class's voting power is allocated between the Member Sub-Classes; provided, however, that such reallocated voting power shall be subject to further reallocation pursuant to Sections 5.14.4(ii) through (vi).

(ii) If a Member Sub-Class has fewer than the threshold number of Members established for that Member Sub-Class in Section 5.14.2, the voting power for that Member Sub-Class set forth in Section 5.14.3 will be reduced in an amount

determined according to Section 5.14.4(iii), and the amount of the reduction in voting power will be reallocated according to Section 5.14.4(iv).

(iii) The formula for calculating the voting power reduction of a Member Sub-Class is as follows:

$$\mathbf{V * (1 - (M/T)) = A}$$

The numerator "**M**" is the number of Members in the Member Sub-Class.

The denominator "**T**" is the threshold for the Member Sub-Class.

The variable "**V**" is the initial voting power for the Member Sub-Class as set forth in Section 5.14.3, as adjusted under Section 5.14.4.(i).

The result "**A**" is the amount by which the Member Sub-Class's voting power is reduced. (Refer to Section 5.14.4(v) Step 2(c) for the formula to calculate the Member Sub-Class's revised voting power.)

(iv) Reallocate the reduced voting power calculated in Section 5.14.4(iii) as follows:

(a) [Reserved for possible future use: If the Member Class has two (2) Member Sub-Classes and neither of the Member Sub-Classes meets its threshold, then each such Member Sub-Class will exercise its full voting power; provided, however, that if one (1) of such Member Sub-Classes has zero (0) Members, and the other Member Sub-Class has one (1) or more Members, such other Member Sub-Class will exercise the entire voting power of the Member Class.]

(b) [Reserved for possible future use: If the Member Class has two (2) Member Sub-Classes and only one (1) of the Member Sub-Classes meets its threshold, the Member Sub-Class that meets its threshold will be allocated additional voting power from the Member Sub-Class that did not meet its threshold. The voting power of the Member Sub-Class meeting its threshold is calculated as follows:

$$\mathbf{V + A = V_{revised}}$$

"**V**" is the initial voting power for the Member Sub-Class as set forth in Section 5.14.3, as adjusted under Section 5.14.4.(i).

"**A**" is the amount of voting power of the Member Sub-Class that did not meet its threshold to be reallocated to the other Member Sub-Class in the Member Class (that was calculated in Section 5.14.4(iii)).

"$\mathbf{V_{revised}}$" is the revised voting power (with the amount reallocated from the Member Sub-Class that failed to meet its threshold added to the original voting power).]

(c) If the Member Class has three (3) Member Sub-Classes and none of the Member Sub-Classes meets its threshold, then (unless (d) or (e) applies) each Member Sub-Class will exercise its full voting power.

(d) If the Member Class has three (3) Member Sub-Classes and two (2) of the Member Sub-Classes have zero (0) Members but the third Member Sub-Class has one (1) or more Members, the third Member Sub-Class will exercise the entire voting power of the Member Class.

(e) If the Member Class has three (3) Member Sub-Classes and one (1) of the Member Sub-Classes has zero (0) Members, then apply (1), (2), or (3) as follows:

(1) If both of the other Member Sub-Classes meet their threshold, then the voting power of the Member Sub-Class having zero (0) Members will be allocated to the other two Member Sub-Classes as set forth in Section 5.14.4(v); provided, however, that at any time that the Large Generating End-Use Consumers Member Sub-Class or the Power Marketers and Others Member Sub-Class has zero (0) Members, the voting power of the Generators Member Sub-Class shall be increased by the entire amount of voting power initially allocated to the Member Sub-Class with zero (0) Members.

(2) If one (1) of the other Member Sub-Classes meets its threshold, but the other does not, the Member Sub-Class that meets its threshold will exercise the voting power of the Member Class having zero (0) Members and will be allocated the amount by which the Member Sub-Class's voting power is reduced (equal to "**A**" as calculated in Section 5.14.4(iii)).

(3) If both of the other Member Sub-Classes have Members, but both fail to meet their respective thresholds, those Member Sub-Classes will exercise the full voting power of their respective Member Sub-Class and will be allocated the voting power of the Member Sub-Class having zero (0) Members as set forth in Section 5.14.4(v).

(f) If the Member Class has three (3) Member Sub-Classes and two (2) of the Member Sub-Classes fail to meet their threshold, then "**A**", the reduced voting power for each of the two (2) Member Sub-Classes (as calculated in Section 5.14.4(iii)), is added to the voting power of the one (1) Member Sub-Class that achieved its threshold.

(g) If the Member Class has three (3) Member Sub-Classes and one (1) of the Member Sub-Classes fails to meet its threshold, then "**A**", the reduced voting power of the Member Sub-Class that fails to meet its threshold shall be reallocated between the two (2) Member Sub-Classes that meet their respective thresholds as set forth in Section 5.14.4(v); provided, however, that at any time that the Large Generating End-Use Consumers Member Sub-Class or the Power Marketers and Others Member Sub-Class has fewer than the threshold number of Members applicable to such Member Sub-Class, the voting power of the Generators Member Sub-Class shall be increased by an amount equal to any resulting reduction in voting power of the Large Generating End-Use Consumers Member Sub-Class or the Power Marketers and Others Member Sub-Class (as the case may be).

(v) If a Member Class has three (3) Member Sub-Classes, reallocating the reduced voting power of one (1) of the Member Sub-Classes to the other two (2) Member Sub-Classes occurs as follows:

Step 1: Calculate the ratio of the voting power of the Member Sub-Classes that did not have their voting power reduced as follows:

The formulas for calculating the ratios of Member Sub-Class voting powers are as follows:

First Formula:

$$\mathbf{V_{least} / (V_{least} + V_{most}) = V_{ratio}}$$

"$\mathbf{V_{least}}$" is the voting power of the Member Sub-Class with the **least** voting power.

"$\mathbf{V_{most}}$" is the voting power of the Member Sub-Class with the **most** voting power.

"$\mathbf{V_{ratio}}$" is the ratio of the Member Sub-Class with the **least** voting power (of the two (2) Member Sub-Classes that did not have their voting power reduced) to the combined voting power of the two (2) Member Sub-Classes that did not have their voting power reduced.

Second Formula:

"**1 - V_{ratio}**" is the formula for calculating the ratio of voting power for the Member Sub-Class with the **most** voting power to the combined voting power of the two (2) Member Sub-Classes that did not have their voting power reduced.

Step 2: Reallocate the voting power based upon the ratio of the voting power between the Member Sub-Classes as follows:

(a) The formula for calculating the reallocated voting power for the Member Sub-Class with the higher initial voting power is:

$$(A * (1 - V_{ratio})) + V = V_{revised}$$

"**A**" is the amount the Member Sub-Class's voting power is reduced as provided in Section 5.14.4(iii).

"**1 - V_{ratio}**" is the voting power ratio for the Member Sub-Class with the **most** voting power that was calculated above in Step 1.

"**V**" is the initial voting power for the Member Sub-Class as set forth in Section 5.14.3, as adjusted under Section 5.14.4.(i).

"**$V_{revised}$**" is the revised voting power (with the amount reallocated added to the original voting power).

(b) The formula for calculating the reallocated voting power for the Member Sub-Class with the lower initial voting power is:

$$(A * V_{ratio}) + V = V_{revised}$$

"**A**" is the amount the Member Sub-Class's voting power is reduced as provided in Section 5.14.4(iii).

"**V_{ratio}**" is the ratio of the Member Sub-Class with the **least** voting power that was calculated above in Step 1.

"**V**" is the initial voting power for the Member Sub-Class as set forth in Section 5.14.3, as adjusted under Section 5.14.4.(i).

"$\mathbf{V_{revised}}$" is the revised voting power (with the amount reallocated added to the original voting power).

(c) The formula for calculating the reduced voting power for the Member Sub-Class that failed to meet its threshold is:

$$\mathbf{V - A = V_{reduced}}$$

"**V**" is the initial voting power for the Member Sub-Class as set forth in Section 5.14.3, as adjusted under Section 5.14.4.(i).

"**A**" is the amount the Member Sub-Class's voting power is reduced as provided in Section 5.14.4(iii).

"$\mathbf{V_{reduced}}$" is the revised voting power (with the amount reallocated, subtracted from the original voting power).

(vi) Exhibit A illustrates the application of Section 5.14.4.

5.14.5 Tabulation of Member Votes to Approve Bylaws Amendments. The tabulation of Member votes with respect to proposed amendments of these Operational Bylaws shall be as specified in Section 12.5.

5.14.6 Tabulation of Member Votes to Elect Members Representative Committee Members. The tabulation of Member votes with respect to electing MRC members shall be as specified in Section 6.3 and the manner of tabulating Member votes with respect to meetings to remove MRC members shall be as set forth in the applicable provisions of Section 6.6.

5.14.7 Tabulation of Other Member Votes. Any Member vote (other than votes pursuant to Sections 5.14.5 through 5.14.6 and 5.15) shall pass if a simple majority of the voting power of the Members' votes cast favor the proposal or resolution on which they are voting. The vote by each Member Sub-Class (or Member Class without Member Sub-Classes) shall be tabulated separately and then added together to determine whether the voting power in favor is greater than fifty percent (50%) of the voting power cast. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit A.

5.15 Advisory Member Votes Conducted by the Board of Trustees.

5.15.1 General Member Advisory Vote Rules. Except as provided for an advisory vote on the budget below, the voting rules applicable to Member advisory votes conducted by the Board of Trustees shall be as specified by the Board of Trustees with respect to the matter being submitted to an advisory vote. If the Board of Trustees does not specify special voting rules, the voting rule and tabulation of such Member advisory votes shall be as described in Section 5.14.7.

5.15.2 Mandatory Member Advisory Vote on Certain Budget Proposals. If the proposed annual budget for the upcoming fiscal year referred to the Board Advisory Committee pursuant to Section 8.5.3(iv) exceeds by more than fifteen percent (15%) the lower of the previous two budget forecasts for that same fiscal year with respect to either total expenditures or total capital commitments, then the Board of Trustees shall conduct a Member advisory vote on the total expenditures or total capital commitments (or both) exceeding the lower of the previous two (2) forecasts by more than fifteen percent (15%). Tabulation of such Member advisory votes shall be as described in Section 5.14.7.

5.16 Restrictions on Transfer. No Member may transfer or assign its membership in the Corporation, or any right or interest therein, to any other Person, whether voluntarily or by operation of law, and any such attempted transfer or assignment shall be null and void and without any force or effect whatsoever; provided, however, that notwithstanding the foregoing, a Member may, with the prior consent of the Secretary of the Corporation, transfer or assign its membership in the Corporation, and all (but not less than all) of its rights and interests therein, to any Person (other than another Member or the Affiliate of another Member) that acquires all or substantially all of the assets or stock of, or all or substantially all of the partnership, limited liability company membership, or other ownership interests in, the Member. Notwithstanding any such permitted transfer or assignment, all dispute resolution proceedings and appeals that are in effect or pending as of the date of such transfer or assignment shall be followed to completion by the transferring or assigning Member and by other affected Members pursuant to these Operational Bylaws.

5.17 Effect of Membership. A Member of the Corporation acquires no proprietary or operational interest whatsoever in facilities used in interstate transmission or wholesale sales of electric energy in interstate commerce solely as a consequence of membership in the Corporation. Membership in the Corporation shall not be construed as a grant of jurisdiction over the Member by any state or federal agency not otherwise having such jurisdiction over the Member by law. The interpretation and enforcement of these Operational Bylaws, including Member rights, shall be resolved exclusively according to the Bylaws Dispute Resolution Provisions of these Operational Bylaws.

ARTICLE VI

MEMBERS REPRESENTATIVE COMMITTEE

6.1 Powers and Rights of Members Representative Committee Members. The Corporation shall have a Members Representative Committee (or "MRC"), which, subject to these Operational Bylaws and applicable law, shall have the following rights and powers:

6.1.1 Exclusive Members Representative Committee Rights and Powers. The MRC shall have the exclusive right and power to

(i) nominate and elect members of the Board of Trustees pursuant to Section 7.2;

(ii) remove any Trustee without cause pursuant to Section 7.3; and

(iii) elect members of the Arbitration Committee pursuant to Section 6.14.

6.1.2 Nonexclusive Members Representative Committee Rights and Powers. The MRC shall have the nonexclusive right and power to

(i) fill vacancies of the Membership Dispute Resolution Committee pursuant to Section 5.4.3;

(ii) remove any Trustee for cause pursuant to Section 7.3;

(iii) provide consultation to the Board of Trustees concerning the Special Issues List as provided under Section 7.16.7(ii); and

(iv) review and vote on a proposal under the Special Issues List, as provided in Section 7.16.7(v).

6.1.3 Management Audit Rights. The MRC may initiate a management audit to be conducted by a qualified independent entity no more frequently than once every four (4) years. The independent auditor shall be chosen and overseen by the majority vote of three (3) members of the MRC (chosen by the MRC) and three (3) members of the Board of Trustees (chosen by the Trustees).

6.2 Number of Members Representative Committee Members. There shall be thirty (30) members of the MRC (unless decreased pursuant to Section 6.3.3(i) or increased to thirty-one (31) pursuant to Section 6.3.2(v)(a)), elected as specified in Section 6.3. Each Member Class, as a whole, shall be entitled to elect six (6) members of the MRC (unless decreased pursuant to Section 6.3.3(i) or increased for the State and Provincial Energy Authority/ Tribes/Certain Public Interest Groups Member Class pursuant to Section 6.3.2(v)(a)).

6.3 Election of Members Representative Committee Members.

6.3.1 Member Rights to Elect Members Representative Committee Members. The members of the MRC shall be elected annually by the Members to represent their Member Class or Member Sub-Class. In any election of members of the MRC, Members shall vote by Member Class or Member Sub-Class, and each voting Member in each Member Class or Member Sub-Class shall have the same voting rights as every other Member in such Member Class or Member Sub-Class.

6.3.2 General Rule for Election of Members Representative Committee Members. In the election of members of the MRC, the voting rights of the Members shall be as set forth in Sections 6.3.2(i) through 6.3.2(v) for a Member Class or Member Sub-Class with no threshold and at least one (1) Member and a Member Class with thresholds in which each Member Sub-Class has at least the threshold number of Members specified for each Member

Sub-Class in Section 5.14.2. If a Member Class or Member Sub-Class has no threshold and zero (0) Members or a Member Class has one (1) or more Member Sub-Classes with thresholds and fewer than the applicable threshold number of Members, then the voting rights shall be as set forth in Section 6.3.3.

(i) Major Transmitting Utilities Member Class.

(a) If the Major Transmitting Utilities Member Class has six (6) or fewer Members, then each Member of the Member Class shall be entitled to

(1) appoint one (1) member of the MRC, and

(2) vote for the representatives for any remaining positions allocated to the Major Transmitting Utilities Member Class.

(b) If the Major Transmitting Utilities Member Class has more than six (6) Members, then

(1) Each of the three (3) Members of the Member Class with the most transmission plant within the Geographic Area that has (or the operator of such Member's transmission plant has) executed a Transmission Agreement with the Corporation is eligible to appoint one (1) member of the MRC; provided, however, that only those transmission facilities covered by the Transmission Agreements shall be considered in the foregoing determination. Each Member Class Member's transmission plant shall be calculated according to the following formula:

$$((P_{member} / P_{total}) + (C_{member} / C_{total})) / 2 = T$$

"P_{member}" is the individual Member's original transmission plant investment (without accounting for depreciation) in U. S. dollars in transmission facilities covered by a Transmission Agreement.

"P_{total}" is the total transmission plant investment (without accounting for depreciation) in U. S. dollars in all the transmission facilities covered by Transmission Agreements.

"C_{member}" is the individual Member's transmission circuit miles of transmission facilities covered by a Transmission Agreement.

"C_{total}" is the total transmission circuit miles of all the transmission facilities covered by Transmission Agreements.

"T" is the individual Member's transmission plant for purposes of this determination.

When calculating the transmission plant investment or circuit miles of transmission of a Member, the Corporation shall include in its calculation the transmission plant investment or circuit miles of transmission of the Member's Affiliate if the Affiliate has transmission facilities within the Geographic Area and has executed a Transmission Agreement for those facilities.

(2) The remaining Members of the Member Class shall elect three (3) members of the MRC from a slate of nominees comprising a maximum of one (1) representative of each of the remaining Members.

(ii) Transmission-Dependent Utilities Member Class. In the election of members of the MRC, the voting rights of the Members in the Transmission-Dependent Utilities Member Class shall be as follows:

(a) three (3) members of the MRC shall be representatives of, and shall be elected by, the Members in the Transmission-Dependent Utilities Member Class that are Large TDUs, and such Large TDUs shall be entitled to nominate and vote in the election of such three (3) members of the MRC; Members that are Large TDUs may cast their votes cumulatively when voting in an election of members of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC; and

(b) three (3) members of the MRC shall be representatives of, and shall be elected by, the Members in the Transmission-Dependent Utilities Member Class that are Small TDUs, and such Small TDUs shall be entitled to nominate and vote in the election of such three (3) members of the MRC; Members that are Small TDUs may cast their votes cumulatively when voting in an election of members of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC.

(iii) Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class. In the election of members of the MRC, the voting rights of the Members in the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class shall be as follows:

(a) four (4) members of the MRC shall be representatives of, and shall be elected by, the Members of the Generators Member Sub-Class of the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class, and such Members shall be entitled to nominate and vote in the election of such four (4) members of the MRC, but shall not (except as provided in Section 6.3.3(iv)) be entitled to nominate or vote in the election of any other members of the MRC;

(b) one (1) member of the MRC shall be a representative of, and shall be elected by, the Members of the Large Generating End-Use Consumers Member Sub-Class of the Generators, Power Marketers, Large

Generating End-Use Consumers, and Others Member Class, and such Members shall be entitled to nominate and vote in the election of such member of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC; and

(c) one (1) member of the MRC shall be a representative of, and shall be elected by, the Members of the Power Marketers and Others Member Sub-Class of the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class, and such Members shall be entitled to nominate and vote in the election of such member of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC.

(iv) End-Use Consumers Member Class. In the election of members of the MRC, the voting rights of the Members of the End-Use Consumers Member Class shall be as follows:

(a) two (2) members of the MRC shall be representatives of, and shall be elected by, Large Unbundled End-Use Consumers. Members that are Large Unbundled End-Use Consumers shall be entitled to nominate and vote in the election of such members of the MRC in accordance with the foregoing rights, but shall not be entitled to nominate or vote in the election of any other members of the MRC;

(b) one (1) member of the MRC shall be the representative of, and shall be elected by, Large Bundled End-Use Consumers. Members that are Large Bundled End-Use Consumers shall be entitled to nominate and vote in the election of such members of the MRC in accordance with the foregoing rights, but shall not be entitled to nominate or vote in the election of any other members of the MRC; and

(c) three (3) members of the MRC shall be representatives of, and shall be elected by, Consumer Advocates. Members that are Consumer Advocates shall be entitled to nominate and vote in the election of such members of the MRC in accordance with the foregoing rights, but shall not be entitled to nominate or vote in the election of any other members of the MRC.

(v) State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class. In the election of members of the MRC, the voting rights of the Members of the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class shall be as follows; provided, however, that *ex officio* Members of the State and Provincial Energy Authority Member Sub-Class may neither vote nor serve as representatives to the MRC:

(a) four (4) members of the MRC shall be representatives of, and shall be elected by, State and Provincial Energy Authorities; provided, however, if the State and Provincial Authority Member Sub-Class has five (5) or

more Members, it shall elect five (5) members of the MRC. Members that are State or Provincial Energy Authorities shall be entitled to nominate and vote in the election of such members of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC;

(b) one (1) member of the MRC shall be the representative of, and shall be elected by, Tribes. Members that are Tribes shall be entitled to nominate and vote in the election of such member of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC; and

(c) one (1) member of the MRC shall be the representative of, and shall be elected by, Certain Public Interest Groups. Members that are Certain Public Interest Groups shall be entitled to nominate and vote in the election of such member of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC.

6.3.3 Special Rules for Election of Members Representative Committee Members when Thresholds Not Met or Zero Members. If a Member Class or Member Sub-Class has no threshold and zero (0) Members or a Member Class has one (1) or more Member Sub-Classes with thresholds and fewer than the applicable threshold number of Members (as specified in Section 5.14.2), then the voting rights shall be as set forth in this Section 6.3.3.

(i) If a Member Class has zero (0) Members (whether or not there is a threshold for that Member Class), then the Member Class shall not be entitled to elect any MRC members and the total number of members of the MRC shall be reduced by six (6) for every Member Class that has zero (0) Members.

(ii) If a Member Sub-Class has no threshold and zero (0) Members, then the Member Sub-Class shall not be entitled to elect any MRC members.

(iii) If a Member Sub-Class has a threshold and does not meet that threshold, then the Member Sub-Class shall elect a number of representatives to the MRC according to the following formula:

$$\left(\frac{\mathbf{M}}{\mathbf{T}}\right) * \mathbf{R} = \mathbf{R}_{\mathbf{revised}}$$

The numerator "**M**" is the number of Members in the Member Sub-Class.

The denominator "**T**" is the threshold for the Member Sub-Class.

The variable "**R**" is the number of MRC representatives assigned to the Member Sub-Class in Section 6.3.2.

The result "$\mathbf{R_{revised}}$" is rounded to the next highest whole number if the first digit following the decimal is five (5) or greater, or rounded to the next lower whole number (including zero (0)) if the first digit following the decimal is less than five (5) and represents the number of MRC representatives the Member Sub-Class may elect.

By way of illustration, if a Member Sub-Class is entitled to elect five (5) MRC representatives upon meeting its threshold of five (5) Members, but there are only four (4) Members in the Member Sub-Class, then the Member Sub-Class elects four (4) MRC representatives, as shown by the following calculation:

$$\left(\frac{4}{5}\right) * 5 = 4$$

By way of further illustration, if a Member Sub-Class has no Members, it will have no MRC representative elected only to represent the interest of that Member Sub-Class, as shown by the following calculation:

$$\left(\frac{0}{5}\right) * 5 = 0$$

(iv) If, by operation of Section 6.3.3(ii) or Section 6.3.3(iii), a Member Sub-Class has elected fewer than the maximum number of MRC representatives that it would otherwise have been entitled to elect in accordance with Section 6.3.2, then the Member Class as a whole shall elect the remaining MRC representatives necessary to reach the number of MRC representatives provided for that Member Class in Section 6.2, provided, however, that if the affected Member Class is the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class, then, at any time that the number of Members of the Generators Member Sub-Class is greater than or equal to one, the Generators Member Sub-Class alone shall elect a sufficient number of additional MRC representatives to bring the total number of MRC representatives of the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class to six (6).

6.3.4 Notice of Members Representative Committee Election Meetings. Notice of any meeting for the election of one (1) or more MRC members shall be sent (to those Members eligible to vote in that election of MRC members) not less than thirty (30) and not more than fifty (50) days prior to the date of the meeting, in accordance with the provisions of Section 5.10. Any Member in any Member Class wishing to nominate any individual for consideration in any such election shall be required to submit the name of such nominee (along with a statement of qualifications, not exceeding two (2) pages in length in any instance, for each nominee) to the Secretary of the Corporation within ten (10) days of the meeting notice date. The Secretary of the Corporation shall, immediately after expiration of such nomination deadline, notify the Members eligible to vote for a given nominee of the names of the nominees

for members of the MRC and distribute to each such Member a copy of the statement of qualifications of each such nominee.

6.3.5 Vote to Elect Members Representative Committee Members. The members of the MRC shall be elected by the affirmative vote, by Member Class (or Member Sub-Class, as the case may be), of the Members present and entitled to vote in the applicable Member Class (or Member Sub-Class, as the case may be) at a duly held meeting of such Members. Subject to Section 6.3.2, in any election of members of the MRC,

(i) each Member in each Member Class (or Member Sub-Class, as the case may be) shall be entitled to a number of votes equal to the number of MRC vacancies to be filled by such Member's Member Class (or Member Sub-Class, as the case may be) in such election;

(ii) each Member in each Member Class (or Member Sub-Class, as the case may be) shall be entitled to vote for any nominee for election as a representative of such Member Class (or Member Sub-Class, as the case may be) on the MRC; and

(iii) no Member may cast more than one (1) vote for any given nominee (except as otherwise provided with respect to the Transmission-Dependent Utilities Member Class in Section 6.3.2(ii)).

The nominees of each Member Class or Member Sub-Class shall be ranked according to the number of votes received by each, and the number of nominees who receive the largest number of votes in such Member Class or Member Sub-Class, up to the number of nominees as is equal to the number of MRC vacancies to be filled by such Member Class or Member Sub-Class, as the case may be, in such election, shall be elected to fill such MRC vacancies. If one (1) or more MRC vacancies cannot be filled because two (2) or more nominees receive the same number of votes, a runoff election shall be held among the tied nominees for each such vacancy. In such runoff election, each Member in the Member Class or Member Sub-Class may cast one (1) vote for one (1) of the tied nominees for each such vacancy. The nominee who receives the largest number of votes shall be elected to fill such MRC vacancy. Immediately following any election of MRC members, the Secretary of the Corporation shall provide official notice of the results of such election to the Members.

6.4 Procedures in Election of Members Representative Committee Members.

6.4.1 Initial Operational Stage Members Representative Committee. The MRC immediately before the Developmental Board of Trustees adopts these Operational Bylaws shall automatically be the MRC under these Operational Bylaws and serve until the first biannual meeting of the Members following the adoption of these Operational Bylaws.

6.4.2 Member Participation in Members Representative Committee Nominations and Elections. The Board of Trustees shall develop such procedures as they deem reasonable and necessary to ensure that the Members in each Member Class are aware of their

right to participate in the nomination and election of MRC members. Unless otherwise specified herein, the Secretary of the Corporation shall determine the appropriate mechanisms and election procedures for elections of MRC members, based on time constraints and other relevant factors. Elections may be held by written ballot at a meeting, votes cast at a meeting, or such other procedures as the Secretary of the Corporation designates.

6.5 Term of Office of Members Representative Committee Members. The term of office for the first group of MRC members elected under these Operational Bylaws shall be from the date of their election until the subsequent biannual meeting of Members held in compliance with the information delivery requirements of Section 5.9.1. Thereafter, the term of office of MRC members shall be one (1) year. Except for the first group of MRC members to be elected under these Operational Bylaws, the MRC shall be elected at each biannual meeting of Members held in compliance with the information delivery requirements of Section 5.9.1. All MRC members may serve an unlimited number of terms.

6.6 Resignation or Removal of Members Representative Committee Members; Vacancies. A resignation of an MRC member shall be effective upon receipt of written notice by the chairperson of the MRC, or the President or the Secretary of the Corporation, unless the notice specifies a later time of effectiveness. A Member Class or Member Sub-Class may remove any MRC member whom it has elected at any time, with or without cause, by the affirmative vote of a majority of the Members present and entitled to vote in such Member Class (or Member Sub-Class, as the case may be) at a duly held meeting of the Members of such Member Class (or Member Sub-Class, as the case may be). The MRC may remove any MRC member at any time, but only for cause, if at least twenty (20) of the MRC members vote in favor of such removal, at least four (4) of whom must be representatives of the same Member Class as the MRC member who is the subject of the removal vote. If a vacancy occurs, the Members entitled under these Operational Bylaws to elect such MRC member shall fill the vacancy in accordance with the provisions of Section 6.3 at a duly held meeting called in accordance with Section 5.10; provided, however, that a meeting of only the Member Class or Member Sub-Class is required for any election or removal in which only a Member Class or Member Sub-Class is entitled to vote. A MRC member so elected shall serve for the unexpired term of his or her predecessor. For purposes of this Section 6.6, "for cause" shall include, without limitation, a failure on the part of any MRC member, in any fiscal year, to attend more than one-half (1/2) of the meetings of the MRC held during such year.

6.7 Meetings of the Members Representative Committee.

6.7.1 Election of Members Representative Committee Officers. At its first meeting in each fiscal year, the MRC shall elect officers, including a chairperson of the MRC to preside over meetings.

6.7.2 Regular and Special Members Representative Committee Meetings. Regularly scheduled or special meetings shall be held at such times as shall from time to time be fixed by the chairperson of the MRC. Special meetings of the MRC for any purpose or purposes permitted by these Operational Bylaws may be called at any time by the chairperson of the MRC or by any ten (10) MRC members.

6.7.3 Permitted Means of Members Representative Committee Meeting Participation. Members of the MRC may participate in a meeting through the use of conference telephone, electronic video screen communication, or similar communications equipment, so long as all MRC members participating in such meeting can hear one another at the same time. Participation in a meeting pursuant to this Section 6.7.3 shall constitute presence in person at such meeting.

6.7.4 Members Representative Committee Action by Consent in Writing. The MRC may, subject to any applicable law, take any action without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the MRC members then in office.

6.7.5 Members Representative Committee Meeting Minutes. The Secretary of the Corporation shall maintain minutes of each meeting of the MRC or subcommittee thereof, and each written consent of the MRC or any subcommittee thereof.

6.8 Notice of Members Representative Committee Meetings. Notice of regularly scheduled and special meetings shall be given to the MRC members not less than fifteen (15) days prior to the meeting if delivered by first-class mail or not less than ten (10) days prior to the meeting if the notice is delivered personally, by telephone, by facsimile, or by electronic mail; provided, however, that notice of special meetings shall not be sent by electronic mail.

6.9 Open Meetings of Members Representative Committee. All MRC meetings shall be open; provided, however, meetings of the MRC to nominate, discuss, or select Trustees shall be closed in order to facilitate participation by the broadest and most diverse array of qualified candidates in the Trustees selection process and to protect the confidentiality of information relating to actual or potential candidates for election to the Board of Trustees.

6.10 Waivers of Members Representative Committee Meeting Notice. The notice requirements contained in these Operational Bylaws may be waived in writing by any MRC member with respect to himself or herself, either before or after the meeting. The attendance by any MRC member at a meeting shall constitute a waiver of notice of such meeting except where such MRC member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. All waivers shall be made part of the minutes of the meetings.

6.11 Quorum of Members Representative Committee Members. A quorum for any meeting of the MRC shall be a majority of the MRC members then in office. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of MRC members, if any action taken is approved by the required number of MRC members, as specified in these Operational Bylaws. A majority of the MRC members then present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

6.12 Voting of Members Representative Committee Members. Except where a greater vote is required by these Operational Bylaws, the affirmative vote of a majority of the MRC members then in office shall be the act of the MRC. Each voting MRC member shall have one (1) vote. MRC members may not vote by proxy, and shall not be required to vote by class. When voting on matters coming before the MRC, each MRC member shall take into consideration the interests of the Member Class, the interests of the Members that appointed or elected the representatives, and the purposes of the Corporation as set forth in Article III and thereafter make a decision that each MRC member believes in his or her discretion is appropriate. In addition, when selecting individuals for the Board of Trustees, each MRC member shall endeavor to select individuals who, in the judgment of each such MRC member, best satisfy the criteria set forth in Section 7.2.2.

6.13 Subcommittees of Members Representative Committee. The MRC may designate one (1) or more subcommittees to assist the MRC in carrying out its functions under these Operational Bylaws, each consisting of seven (7) or more MRC members, to serve at the pleasure of the MRC. Appointments to such subcommittees shall be made annually by a two-thirds (2/3) vote of the MRC members then in office. Each subcommittee shall have such authority of the MRC as is delegated by resolution of the MRC, except that no subcommittee, regardless of the MRC resolution, may elect, appoint, or remove any member of such subcommittee, any member of the MRC, or any Trustee.

6.14 Arbitration Committee. The MRC shall elect annually the members of a committee called the Arbitration Committee. The Arbitration Committee shall monitor and oversee compliance with the provisions of Article XIII (Alternative Dispute Resolution), as well as carry out any other functions designated for it in Article XIII or in any other documents of the Corporation. The Arbitration Committee shall consist of three (3) members, who may serve an unlimited number of terms. The MRC shall endeavor, over the course of continuing Arbitration Committee terms, to provide for representation on the Arbitration Committee that is balanced and reflects the Member Classes and stakeholder interests affected by the Corporation's activities. The Arbitration Committee has the authority to establish such rules and procedures as may be necessary to supplement the arbitration procedures set forth in these Operational Bylaws.

ARTICLE VII

BOARD OF TRUSTEES

7.1 Board of Trustees.

7.1.1 Authorities and Transition to Operational Board of Trustees.

(i) The Board of Trustees shall have the full authorities allowed by law, except as otherwise specified in the Articles of Incorporation or the Operational Bylaws. Without in any way limiting the foregoing, the Board of Trustees shall have the power to borrow funds, establish and exercise lines of credit, and engage in all other financial transactions necessary and useful in carrying out the purposes of the Corporation.

(ii) All powers and activities of the Corporation shall be exercised and managed by the Board of Trustees or, if delegated, under the ultimate direction of the Board of Trustees.

(iii) Without in any way limiting the foregoing, any and all proposed amendments or modifications to any tariff of the Corporation shall be required to be submitted to the Board of Trustees for consideration and approval and, except as otherwise provided by applicable law, the effectiveness of any such amendment or modification shall be subject to approval by the Board of Trustees.

(iv) The Developmental Board of Trustees shall serve as a caretaker board of trustees under these Operational Bylaws until the election of the Operational Board of Trustees. The election of the Operational Board of Trustees shall occur as soon as practical after the adoption of these Operational Bylaws. The Developmental Board of Trustees may not offer transmission and related services.

(v) The Operational Board of Trustees may not offer transmission and related services until such time as

(a) the Bonneville Power Administration's contingencies and those contingences of at least two (2) investor-owned utilities with transmission systems contiguous with Bonneville's system related to execution of Transmission Agreements with the Corporation have been waived or satisfied;

(b) any necessary state regulatory review or approval have been received;

(c) FERC has issued an order holding (without conditions or required changes) that the governance structure set forth in these Operational Bylaws allows the Corporation to satisfy the independence requirements of FERC Order No. 2000 and its amendments; and

(d) any other FERC review or approval sought by the Corporation, the Bonneville Power Administration, or the investor-owned utilities with transmission systems contiguous with the Bonneville Power Administration's system related to Transmission Agreements have been received and accepted by the applicant.

7.1.2 Number and Classification

(i) There shall be nine (9) members of the Operational Board of Trustees. Absent a resignation or removal, Trustees shall serve for the duration of their terms in accordance with these Operational Bylaws and until their successors are elected. A Trustee elected to fill a vacancy mid-term shall serve for the remainder of the term of the Trustee being replaced and until a successor is elected.

(ii) The members of the Operational Board of Trustees shall be divided into three (3) groups of three (3) members each. Three (3) of the initial Trustee positions shall be two- (2-) year terms, three (3) of the initial Trustee positions shall be three- (3-) year terms, and three (3) of the initial Trustee positions shall be four- (4-) year terms. If any members of the initial Operational Board of Trustees are former members of the Developmental Board of Trustees as provided in Section 7.2.3, those Trustees shall be included in the group of Trustees whose initial term is for two (2) years. After the expiration of the initial terms, all Trustee positions shall carry three- (3-) year terms. Subject to the requirement to include former members of the Developmental Board of Trustees in the group of Trustees whose initial term is for two (2) years, the MRC shall determine the term each initial Trustee serves,

7.2 Establishment of Operational Board.

7.2.1 Executive Search Firm. For purposes of identifying suitable nominees for election to the Operational Board of Trustees, the Board of Trustees shall select and retain one (1) of the following executive search firms to identify qualified Board of Trustees candidates satisfying the requirements of these Operational Bylaws:

(i) Heidrick & Struggles International;

(ii) Korn/Ferry International;

(iii) Russell Reynolds Associates; or

(iv) any successor or any other executive search firm that possesses broad and long-standing experience in searches for members of the boards of directors or trustees of entities across a broad range of industries.

7.2.2 Identification and Nomination of Suitable Candidates.

(i) Before each election of Trustees under these Operational Bylaws, the executive search firm selected by the Board of Trustees under Section 7.2.1 shall develop a slate of qualified candidates. The Board of Trustees in consultation with the MRC may direct the firm provide a specific number of candidates, with the minimum to be equal to the number of vacancies plus one (1) and the maximum to be twice the number of vacancies to be filled in such election. Trustees and MRC members may submit the names of proposed candidates to the executive search firm for consideration. Members of the Corporation may also submit the names of proposed candidates to the chairperson of the MRC, who shall forward those names to the executive search firm. Unless a Trustee has given notice to the Secretary of the Corporation that he or she does not wish to be considered for re-election, any Trustee whose term is expiring as of an upcoming election shall be automatically included among the candidates to be considered by the MRC for nomination.

(ii) The slate of qualified candidates identified by the executive search firm should include individuals possessing, collectively, knowledge of the operational characteristics of the Pacific Northwest power system and executive management experience or board experience with electric utilities and personal abilities and qualities, such as integrity, leadership, problem-solving, facilitation, and consensus-building. The search firm shall also endeavor to include individuals with relevant experience in commodities markets (including commodities trading risk management), electric bulk power transmission in the Western Interconnection, utilities law, finance, economics, accounting, information technology, engineering, regulation, and public policy; and to achieve racial, ethnic, age, and gender diversity. In screening potential candidates the executive search firm shall be instructed to exclude any candidate likely to have a conflict of interest with the duties of a Trustee. The executive search firm shall also be instructed to obtain appropriate disclosures by candidates (covering themselves and Related Persons to such candidates) regarding financial interests in or other potential conflicts of interest with Market Participants, Members, and major contractors of the Corporation. Such disclosures shall also include any such financial interests or other potential conflicts of interest known by the candidates with respect to other family relations of the candidates. The disclosures of qualified candidates shall be made available on a confidential basis to the MRC upon its election.

(iii) The MRC shall nominate candidates to stand for election from the slate of qualified candidates presented by the executive search firm, together with any sitting Trustees the MRC wishes to nominate for re-election as provided in Section 7.2.2(i). The MRC may designate any nominee to run unopposed if the proposal to so designate the nominee receives the affirmative vote of not less than twenty (20) MRC members.

7.2.3 Election of Developmental Trustees for Initial Operational Board. Notwithstanding Section 7.2.4, the MRC shall elect two (2) Trustees from the Developmental Board of Trustees to be Trustees on the initial Operational Board of Trustees.

(i) If only one (1) or two (2) Trustees from the Developmental Board of Trustees are willing to serve on the Operational Board of Trustees, those Trustees shall be deemed to have been elected to the Operational Board of Trustees and are not required to stand for election.

(ii) If three (3) or more Trustees from the Developmental Board of Trustees are willing to serve on the Operational Board of Trustees, they shall all stand for election. The two (2) Developmental Board Trustees with the greatest number of votes shall serve as the Trustees of the Operational Board of Trustees.

(iii) The MRC shall also elect, according to the procedures set forth in Section 7.2, seven (7) or more additional Trustees so that a total of nine (9) Trustees are elected for the Operational Board of Trustees.

7.2.4 Election of Board of Trustees.

(i) The members of the Board of Trustees shall be elected by the members of the MRC, in accordance with the provisions of this Article VII.

(ii) Except as otherwise provided for the initial Operational Board of Trustees in Section 7.2.3, each member of the Board of Trustees, including nominees designated by the MRC to run unopposed, shall be elected by the affirmative vote of not fewer than twenty (20) members of the MRC unless there is a need for runoff elections as specified in Section 7.2.4(iii). In any election of Trustees, each member of the MRC shall be entitled

(a) to a number of votes equal to the number of vacancies to be filled in the election; and

(b) to vote for any nominee for Trustee.

Each MRC member shall be required to vote for as many nominees as there are vacancies to be filled in the election; provided, however, that no member of the MRC

(1) may cast more than one (1) vote for any given nominee;

(2) may vote for any number of nominees in excess of the number of Board vacancies to be filled in such election; or

(3) is required to vote for an unopposed nominee for whom the Member did not vote affirmatively to nominate.

Except with respect to the vote on a nominee designated to run unopposed by a Member that did not support the nomination, if any member of the MRC fails, in any election of Trustees, to cast each and all of the votes that such MRC member is entitled to cast, each vote that such MRC member has failed to cast shall be allocated at random, one by one, to another MRC member and cast by such MRC member in favor of a nominee of such member's choice for Trustee in such election. Except as permitted in connection with runoff elections as specified in Section 7.2.4(iii), the Trustees-elect shall comprise only those nominees receiving the highest vote (but not in any event fewer than twenty (20) votes) of the MRC members, up to such number of nominees as is equal to the number of Board vacancies to be filled in such election. If a vacancy cannot be filled because two (2) or more nominees receiving at least twenty (20) votes receive the same number of votes, a runoff election shall be held among such nominees and shall be repeated until the tie is broken. At any time during the identification of candidates for nomination or during the process of electing Trustees, the MRC may request that the executive search firm undertake a further search for additional candidates for any vacant position(s).

(iii) (a) If fewer than the requisite number of nominees receive twenty (20) or more votes in an election of Trustees, a first-round runoff election shall be held among the nominees receiving fewer than twenty (20) votes. The minimum number of MRC votes required to elect a Trustee in a first-round runoff election shall be twenty (20). The number of nominees for which the MRC may vote in a first-round runoff election (including supplemental nominees selected from any additional candidates requested from the executive search firm) may not exceed two (2) times the number of vacancies remaining after accounting for those nominees who received receive twenty (20) or more votes in the initial MRC vote. The number of nominees standing for election in a first-round runoff election shall be reduced, if necessary to comply with the preceding sentence, by removing from the first-round runoff election those nominees who receive the fewest votes in the initial MRC vote.

(b) If fewer than the requisite number of nominees receive twenty (20) or more votes in the first-round runoff election, a second-round runoff election shall be held among the nominees receiving fewer than twenty (20) votes. The minimum number of MRC votes required to elect a Trustee in a second-round runoff election shall be twenty (20). The number of nominees for which the MRC may vote in a second-round runoff election (including supplemental nominees selected from any additional candidates requested from the executive search firm) may not exceed two (2) times the number of vacancies remaining after accounting for those nominees who receive twenty (20) or more votes in the first-round runoff election. The number of nominees standing for election in a second-round runoff election shall be reduced, if necessary to comply with the preceding sentence, by removing from further consideration those nominees who received the fewest votes in the first-round runoff election.

(c) If fewer than the requisite number of nominees receive twenty (20) or more votes in the second-round runoff election, there shall be a third-round runoff election to fill any remaining vacancies, and the minimum number of MRC votes required to elect a Trustee in a third-round runoff election shall be sixteen (16). The number of nominees for which the MRC may vote in a third-round runoff election (including supplemental nominees selected from any additional candidates requested from the executive search firm) may not exceed two (2) times the number of vacancies remaining after accounting for those nominees who receive twenty (20) or more votes in the second-round runoff election. The number of nominees standing for election in a third-round runoff election shall be reduced, if necessary to comply with the preceding sentence, by removing from the third-round runoff election those nominees who receive the fewest votes in the second-round runoff election. If there are any vacancies remaining to be filled after a third-round runoff election, those vacancies shall be filled by the nominees who received the greatest number of votes in the third-round runoff election. The MRC chairperson shall draw lots to break any ties as necessary to carry out the provisions of Section 7.2.4 and its subsections.

(iv) Immediately upon completion of the election of Trustees, the Secretary of the Corporation shall provide official notice of the results of such election to the members of the MRC and the Members. Unless otherwise specified herein, the MRC shall determine the appropriate mechanisms and election procedures for elections of Trustees, based on time constraints and other relevant factors. Elections may be held by written ballot at a meeting, votes cast at a meeting, or such other procedures as the MRC designates.

7.3 Resignation or Removal of Trustees; Vacancies. A Trustee may resign from the Board of Trustees by providing written notice to the chairperson of the Board of Trustees or the President or the Secretary of the Corporation. A resignation of a Trustee shall be effective upon election of the resigning Trustee's replacement, unless the notice or the Board of Trustees specifies an earlier time of effectiveness. The members of the MRC may remove any Trustee at any time, with or without cause, by the affirmative vote of not fewer than twenty (20) of the members of the MRC present at a duly held meeting of the MRC. The Board of Trustees may remove any Trustee at any time, but only for cause, if at least two-thirds (2/3) of the Trustees then in office vote in favor of such removal. If a vacancy occurs, the members of the MRC shall elect a replacement Trustee to fill the vacancy in accordance with the provisions of Section 7.2.4. A Trustee so elected shall serve for the unexpired term of his or her predecessor. For purposes of this Section 7.3, "for cause" shall include, without limitation, a Trustee's willful misconduct or conviction of a felony, violation by a Trustee of the conflict-of-interest or disqualification provisions of these Operational Bylaws, or a failure on the part of a Trustee, in any fiscal year, to attend more than one-half (1/2) of the meetings of the Board of Trustees held during such year.

7.4 Meetings of the Board of Trustees.

7.4.1 Quorum of Board of Trustees. A meeting is a gathering (in person or otherwise as permitted in this Article VII) of at least a quorum of Trustees as set forth in Section 7.8, provided, however, that the presence of a number of Trustees constituting a quorum in one place or at one event does not constitute a meeting if there is no deliberation or action taken regarding the Corporation's business. A quorum of Trustees may not take action (except by written consent as provided below) or deliberate regarding the Corporation's business except at a meeting and in compliance with procedural rules in this Article VII.

7.4.2 Scheduled Meetings of Board of Trustees. The Board of Trustees shall meet at least six (6) times each fiscal year at such dates, times, and places within the Geographic Area as the Board of Trustees shall determine; provided, however, that the Operational Board of Trustees shall have its first meeting within thirty (30) days following its election. At the first meeting in the first quarter of each fiscal year, the Board of Trustees shall elect officers and elect a chairperson of the Board of Trustees to preside over meetings. The regularly scheduled meetings of the Board of Trustees shall be established for each fiscal year in advance.

7.4.3 Regular and Special Meetings of Board of Trustees. In addition to the regular meetings of the Board of Trustees, additional regularly scheduled or special meetings shall be held at such times as shall from time to time be fixed by the chairperson of the Board of

Trustees. Special meetings of the Board of Trustees for any purpose or purposes may be called at any time by the President of the Corporation or by any two (2) Trustees.

7.4.4 Permitted Means of Trustee Meeting Participation. Trustees may participate in a meeting through the use of conference telephone, electronic video screen communication, or similar communications equipment, so long as all Trustees participating in such meeting can hear one another at the same time and arrangements are made to afford the public an opportunity to attend and observe any such meeting (with the exception of closed sessions held pursuant to Section 7.6). Participation in a meeting pursuant to this Section 7.4.4 shall constitute presence in person at such meeting.

7.4.5 Board of Trustees Action by Consent in Writing. The Board of Trustees may, subject to any applicable law, take any action without a meeting, if a consent in writing, setting forth the action so taken, is signed by all of the Trustees then in office.

7.4.6 Board of Trustees Meeting Minutes. The Secretary of the Corporation shall make public the minutes of each meeting of the Board of Trustees or committee thereof (with the exception of closed sessions held pursuant to Section 7.6), and each written consent of the Board of Trustees or any committee thereof, by posting the same on the Grid West Website and at the offices of the Corporation, or by any other reasonable means, within fifteen (15) days after the date on which the meeting was held or the signing of the consent was completed.

7.5 Notice of Board of Trustees Meetings.

7.5.1 Notice Requirements of Regular and Special Board of Trustees Meetings. Notice of regularly scheduled and special meetings shall be given to the Trustees not fewer than ten (10) days prior to the meeting if delivered by first-class mail or not fewer than five (5) days prior to the meeting if the notice is delivered personally, by telephone, by facsimile or by electronic mail; provided, however, that notice of special meetings shall not be effective if sent solely by electronic mail.

7.5.2 Public Notice of Meetings; Closed Sessions of the Board of Trustees. Public notice of each meeting of the Board of Trustees (including meetings to be held in whole or in part in closed session pursuant to Section 7.6) shall be placed on the Grid West Website and posted at the offices of the Corporation at least ten (10) days prior to the meeting (or the soonest date practicable thereafter) if notice of such meeting has been delivered to the Trustees by first-class mail and at least five (5) days prior to the meeting (or the soonest date practicable thereafter) if notice of such meeting has been delivered to the Trustees personally, by telephone, by facsimile, or by electronic mail. Public notice of any adjournment and reconvening of any such meeting shall be placed on the Grid West Website and posted at the offices of the Corporation as soon as practicable after any such adjournment. Each such notice shall include an agenda that makes it clear which items are for purposes of discussion, which items are for purposes of taking action, and, to the extent practicable, which items are to be considered in a closed session; provided, however, that the failure of any item to be included on any such agenda shall not prevent action from being taken thereon at any meeting. If any changes are made to any such agenda prior to the meeting to which the agenda relates, the Secretary of the

Corporation shall make reasonable efforts to provide public notice of any such changes as soon as practicable in advance of the meeting. In addition, notice of each meeting shall be sent by the Secretary of the Corporation, by first-class mail, telegram (charges prepaid), facsimile, or electronic mail, to each Member who so requests, each member of the MRC, and to each member of the public who so requests and who has provided the Secretary of the Corporation with complete information regarding such person's name and address; provided, however, that the failure of any such Member, member of the MRC, or member of the public to receive notice of any meeting of the Board of Trustees shall not under any circumstances affect the validity of such meeting or any action taken at such meeting. In the event of any emergency meeting of the Board of Trustees, the notice requirements of this Section 7.5.2 shall be suspended and the Secretary of the Corporation shall use whatever efforts the Secretary of the Corporation, in his or her sole discretion, deems reasonable, in light of all the facts and circumstances, to inform the Members and the public regarding the meeting and the matters scheduled to be considered at the meeting.

7.6 Open Board of Trustees Meetings. Meetings of the Board of Trustees held pursuant to this Article VII shall generally be open to any and all Members and any and all members of the public, and except as provided below, any member of the public shall be entitled to attend and observe the proceedings of any regular or special meeting of the Board of Trustees. Subject to such procedural restrictions as may be reasonably imposed by the Board of Trustees, Members shall have the right to address the Board of Trustees at all regular or special meetings of the Board of Trustees. Notwithstanding the foregoing, the Board of Trustees may, at any time during any open meeting of the Board of Trustees, upon approval by the affirmative vote of not less than two-thirds (2/3) of the Trustees present at such meeting, adjourn the meeting and reconvene in a closed session for discussion of litigation or potential litigation, personnel matters, vendor or contractor selection, real estate transactions, commercially sensitive information, and other matters that are reasonably and in good faith determined by the Board of Trustees to be entitled to confidential treatment. Only Trustees and certain officers, employees, and agents of the Corporation, as designated by the Trustees, may be present during any closed session; provided, however, that to the extent deemed necessary by the chairperson of the Board of Trustees, any other person or persons having business before the Board of Trustees that relates specifically to the matter or matters to be discussed during any portion of a closed session may be present during such portion of a closed session.

7.7 Waivers of Board of Trustees Meeting Notice. The notice requirements contained in these Operational Bylaws may be waived in writing by any Trustee with respect to himself or herself, either before or after the meeting. The attendance by any Trustee at a meeting shall constitute a waiver of notice of such meeting except when such Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. All waivers shall be made part of the minutes of the meetings.

7.8 Quorum of Trustees. A quorum for any meeting of the Board of Trustees shall be a majority of the Trustees then in office. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Trustees, if any action taken is approved by the required number of Trustees, as specified in these Operational Bylaws. A

majority of the Trustees then present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

7.9 Voting of Trustees. Except where a greater vote is required by the Articles of Incorporation, applicable law, or these Operational Bylaws, the affirmative vote of a majority of the Trustees then in office shall be the act of the Board of Trustees. Each Trustee shall have one (1) vote. Trustees may not vote by proxy.

7.9.1 Implementation Following Certain Board of Trustees Votes. If a matter on which the Board of Trustees acts at a meeting has not been described in a notice or agenda consistent with Section 7.5.2 at least thirty (30) days before the Board of Trustees votes to take the action, or if the Board of Trustees takes action by written consent, the Board of Trustees may not implement the action until at least thirty (30) days after the date on which the matter is described in a notice or agenda consistent with Section 7.5.2, the date on which the written consent is published in accordance with Section 7.4.5, or the date on which the Board of Trustees votes to take the action, whichever is earliest. During this interval Members may assess whether they consider the action to be a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities and take action as described in Section 7.17. This provision shall not apply in cases of emergency as declared by the Board of Trustees.

7.9.2 Vote to Adopt Budget. If a Member advisory vote on the budget proposal is required pursuant to Section 5.15.2, then the Board of Trustees may not adopt that budget proposal without first considering the results of the Member advisory vote and any other input the Board of Trustees has received from Members on the proposed budget, and action to adopt the proposal requires an affirmative vote of not less than seven (7) of the Trustees then in office. The Trustees may adopt a modified budget proposal that does not exceed by more than fifteen percent (15%) the lower of the previous budget forecasts of total expenditures or total capital commitments for that same fiscal year, by the affirmative vote of a majority of Trustees then in office.

7.10 Individuals Who Are Prohibited from Serving as Trustees.

7.10.1 Prohibited Individuals. Except as set forth in Section 7.10.2, no individual may be nominated for election to or become a member of the Board of Trustees, or at any time serve on the Board of Trustees, if such individual (or the spouse, the domestic partner, or any legal dependent of such individual)

(i) has a direct or indirect financial interest in (including the ownership of securities of) a Market Participant or Member (or any Affiliate of any of such Persons); provided, however, that such individual (or the spouse, the domestic partner, or any legal dependent of such individual) will be permitted to own securities of a Market Participant or Member (or any Affiliate of any such Persons) through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segments thereof);

(ii) is connected (or has been connected within one (1) year prior to the date of the meeting to nominate individuals for Trustee) as an owner, director, officer, employee, partner, principal, or member of a governing board or council, or in any similar capacity, to a Market Participant or Member (or any Affiliate of any of such Persons); provided, however, that an individual who served as an employee or an elected or appointed public official of a Participating Jurisdiction may be nominated; or

(iii) has a Related Person that is an officer, chief executive or general manager, director or trustee or member of a governing board or council, or that occupies a position of similar capacity of a Market Participant or Member (or any Affiliate of any such Person); provided, however, that the individual may be nominated if the Related Person commits to retire or otherwise leaves the position that gives rise to the disqualification prior to the date of the first meeting of Trustees after the nominee is elected as a Trustee. The Trustee may serve only if the commitment is honored.

7.10.2 Exceptions Concerning Prohibited Individuals. An individual shall not be deemed to be in violation of the restrictions set forth in Section 7.10.1 and shall not be prohibited from serving as a Trustee merely because such individual (or the spouse, the domestic partner, or any legal dependent of such individual)

(i) is a residential retail consumer of electric energy; or

(ii) continues his or her pre-existing participation in a qualified defined benefits or defined contribution pension plan, nonqualified deferred compensation or pension plan, or health benefits plan of a Market Participant or Member (or any Affiliate of any of such Persons) for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to such individual under any such pension plan do not vary with the economic performance of such Market Participant or Member (or any Affiliate of any of such Persons) (other than the potential variance due to risk of bankruptcy) or the value of any securities of any such Market Participant or Member (or any Affiliate of any of such Persons) held by such plan.

7.11 Continuing Restrictions on Former Trustees.

7.11.1 General Restrictions. Except as set forth in Section 7.11.2,

(i) during the period of one hundred eighty (180) consecutive days following the date on which an individual ceases to be a Trustee, neither such individual nor the spouse, the domestic partner, or any legal dependent of such individual may have or acquire a direct or indirect financial interest in a Market Participant or Member (or any Affiliate of any of such Persons); provided, however, that such individual (or the spouse, the domestic partner, or any legal dependent of such individual) will be permitted to own securities of a Market Participant or Member (or any Affiliate of any of such Persons) through diversified mutual funds on terms and conditions available to the general public

(other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segment thereof);

(ii) during the period of three hundred sixty-five (365) consecutive days following the date on which an individual ceases to be a Trustee, neither such individual nor the spouse, the domestic partner, or any legal dependent of such individual

(a) may be or become connected as an owner (including through ownership or control of five percent (5%) or more of outstanding shares), director, officer, employee, partner, principal, or consultant, or in any similar capacity, to a Market Participant or Member (or any Affiliate of any of such Persons), or

(b) may receive in such person's individual capacity an amount in excess of $10,000 (U.S.) (exclusive of retirement income or benefits) in the aggregate from the Corporation, any Market Participant, or any Member (or any Affiliate of any of such Persons) as rent or payments for materials, products, or services;

(iii) during the period of three hundred sixty-five (365) consecutive days following the date on which an individual ceases to be a Trustee, neither such individuals nor any Related Person of such individuals may receive an amount in excess of $10,000 (U.S.) (exclusive of retirement income or benefits) from relationships with other entities that receive substantial amounts of income or other benefits from the Corporation, any Market Participant, or any Member (or any Affiliate of such Persons). The Board of Trustees shall have the discretion to determine from time to time in meetings open to the public what shall constitute substantial amounts of income or other benefits for purposes of this restriction; and

(iv) neither such individual nor the spouse, the domestic partner, or any legal dependent of such individual may at any time accept any gift from any Market Participant or Member that is offered as a consequence of service as a Trustee, subject to any exceptions contained in the terms of any applicable conduct rules.

7.11.2 Exceptions Concerning Continuing Restrictions. An individual shall not be deemed to be in violation of the restrictions set forth in Section 7.11.1 merely because such individual (or the spouse, the domestic partner, or any legal dependent of such individual)

(i) is a residential retail consumer of electric energy; or

(ii) continues his or her pre-existing participation in a qualified defined benefits or defined contribution pension plan, nonqualified deferred compensation or pension plan, or health benefits plan of a Market Participant or Member (or any Affiliate of any of such Persons) for purposes of receiving pension benefits and postemployment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to such individual under any such pension plan do not vary with the

economic performance of such Market Participant or Member (or any Affiliate of any of such Persons) (other than the potential variance due to risk of bankruptcy) or the value of any securities of any such Market Participant or Member (or any Affiliate of any of such Persons) held by such plan.

7.12 Standard of Care.

7.12.1 General Standard for Decisions. A Trustee shall perform the duties of a Trustee, including duties as a member of any committee of the Board of Trustees on which the Trustee may serve, in good faith, in a manner that such Trustee believes to be in the best interests of the Corporation in achieving the purposes set forth in Article III, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

7.12.2 Guiding Principles for Decisions. The Board of Trustees when considering whether to adopt a proposal regarding the provision of transmission services (including the Special Issues List), shall, at a minimum, take into account the following considerations to satisfy itself that any proposal adopted is warranted:

(i) the proposed change responds to a current, identifiable problem or opportunity and is reasonably expected to result in an improvement over existing practices;

(ii) the benefits of the proposed change (qualitative or quantitative) the Trustees expect to result from the change, taken individually or in conjunction with other prior or anticipated changes, are likely to be greater than the anticipated burdens of the proposed change;

(iii) the proposed change can be implemented in a manner that is not inconsistent with

(a) the Corporation's legal obligations,

(b) Transmission Agreements,

(c) third-party agreements for coordination of generating resources, and

(d) third-party agreements for transmission services that were

(1) executed by transmission owners and operators signing Transmission Agreements, and

(2) in existence before the Corporation offers transmission services;

(iv) the proposed change is not reasonably expected to preclude the implementation of further changes in the future to solve remaining problems (including remaining items on the Special Issues List) or take advantage of opportunities; and

(v) the proposed change is reasonably designed to minimize or mitigate cost shifts.

7.12.3 Required Demonstration to Implement Backstop Measures. In addition to complying with the provisions of Section 7.16 to invoke authority to exercise backstop measures, any time the Corporation wishes to implement any backstop measure (as defined in Section 7.16.2), it must, in consultation with the market monitoring unit for the Corporation, demonstrate that chronic, significant, commercial congestion has not been mitigated due to market failure. The demonstration of market failure must be based on substantial evidence documented by the Corporation through its public planning process.

7.12.4 On-Going Regional Consultation. In addition to complying with the mandatory consultation provisions applicable to the Special Issues List and as set forth in Section 7.16 of these Operational Bylaws, the Board of Trustees shall develop (and may, as it deems appropriate, modify from time to time) general policies and procedures designed to promote ongoing input to the Board of Trustees from interested parties throughout the Geographic Area (including Members and Governmental Committee) and to provide clear, useful information to interested parties throughout the Geographic Area concerning the Corporation's activities and policies and any potential changes to the Corporation's existing practices.

7.12.5 Business and Strategic Plans. The Operational Board of Trustees shall adopt a strategic plan for a period of not less than three (3) years by the time the Corporation begins to offer transmission and related services and such plan shall be updated no less frequently than once every three (3) years. Promptly after the Operational Board is seated, it shall consider the business plan recommended by the Developmental Board of Trustees and either

(i) adopt and implement such plan; or

(ii) adopt an alternative plan after submitting proposed changes and an estimate of their costs to the Board Advisory Committee for review and comment (including submission of any proposed alternative proposals).

7.12.6 Information a Trustee May Rely Upon. In performing the duties of Trustee, a Trustee shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by

(i) any advisory committee established by the Board of Trustees pursuant to Section 8.2 of these Bylaws;

(ii) one (1) or more officers or employees of the Corporation whom the Trustee reasonably believes to be reliable and competent in the matter presented;

(iii) legal counsel, public accountants, or other persons as to matters that the Trustee reasonably believes are within such person's professional or expert competence; or

(iv) a committee of the Board of Trustees upon which the Trustee does not serve,

as to matters within such committee's or person's designated authority, which committee or person the Trustee believes to merit confidence; so long as, in any such case, the Trustee acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

7.12.7 Conduct Rules. The Board of Trustees shall maintain Trustee conduct rules for current and former Trustees. These Operational Bylaws incorporate the Trustee conduct rules in effect under the Developmental Bylaws on the date these Operational Bylaws become effective. The Board of Trustees shall ensure, to the extent practicable, that each Trustee complies with the Corporation's Trustee conduct rules, which Trustee conduct rules may be changed from time to time by the Board of Trustees. The Trustee conduct rules may be more restrictive than the provisions set forth in these Operational Bylaws (including Section 7.11.1) but may not modify or limit the exceptions set forth in Section 7.11.2. Changes to the Trustee conduct rules may not become effective sooner than thirty (30) days following the action by which the Board of Trustees approves the change(s) and may bind only those Trustees who were in office at the time of the change or take office thereafter. The Board of Trustees shall also comply with all applicable rules of FERC and other regulators.

7.12.8 Independence from Market Participants. The Board of Trustees shall develop and implement policies, designed to ensure independence from Market Participants, regarding the ownership of securities of suppliers of the Corporation or of other financial interests relating to the Corporation, by Trustees, officers, and employees of the Corporation (including Related Persons of such Trustees, officers, and employees). Each Trustee, officer, and other employee of the Corporation as may be designated pursuant to policies established by the Board of Trustees shall file an annual compliance affidavit with the Board of Trustees.

7.13 Prohibition Against Loans. The Corporation shall not make any loan of money or property to or guarantee the obligation of any Trustee or Related Person of a Trustee; provided, however, that the Corporation may advance money to a Trustee for expenses reasonably anticipated to be incurred in performance of the duties of such Trustee so long as such individual would be entitled to reimbursement for such expenses absent such advance.

7.14 Inspection Rights. Every Trustee shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents, and to inspect the physical properties, of the Corporation. No Trustee shall use or disseminate any information (other than

any information regarding a violation of tariffs or laws) obtained as a result of any such inspection, or otherwise in his or her capacity as a Trustee, for his or her own personal gain or to the detriment of the Corporation.

7.15 Compensation of Trustees.

7.15.1 Base Compensation and Additional Compensation. Trustees shall receive base compensation in the amount of $30,000 (U.S.) per year and additional compensation in the amount of $1,000 (U.S.) per day for attendance at each meeting of the Board of Trustees or committee thereof, and $500 (U.S.) per day for any other meetings related to the business of the Corporation that the Board of Trustees determines a Trustee should attend, to obtain the widest possible input into the decisions of the Board of Trustees and to avoid hardship on the part of such Trustees; provided, however, that the total compensation for each Trustee shall not exceed $120,000 (U.S.) in any calendar year.

7.15.2 Adjustment of Compensation. The dollar amounts specified in Section 7.15.1, shall be adjusted prospectively for inflation by the Board of Trustees every five (5) years not counting the year these Operational Bylaws become effective based upon the appropriate federal index. This adjustment shall occur without an amendment of these Operational Bylaws.

7.15.3 Reimbursement of Expenses. Trustees shall also be entitled to receive reimbursement for reasonable and necessary travel and other actual expenses incurred in performing duties of their offices and in attending meetings of the Board of Trustees and meetings of committees of the Board of Trustees or advisory committees.

7.15.4 Prohibition Against Trustees Being an Officer, Employee, or Consultant. While serving as a Trustee, a Trustee shall not be an officer or employee of the Corporation, or a consultant to the Corporation.

7.16 Special Issues List.

7.16.1 The Special Issues List. The following matters constitute the "Special Issues List":

(i) Authorization for the Corporation to exercise backstop measures with respect to chronic, significant, commercial congestion;

(ii) The Corporation's departure from using the company rate approach to pay for "transmission access" as defined in Section 7.16.3;

(iii) Authorization for the Corporation to issue financial transmission rights;

(iv) Authorization for the Corporation's market monitor to impose penalties or actively intervene in markets; and

(v) Authorization for the Corporation to adopt and enforce a loss methodology that overrides individual company loss methodologies.

The matters identified in the Special Issues List shall be subject to the provisions of Sections 7.16.7 through 7.16.9.

7.16.2 Backstop Measures. For purposes of this Section 7.16, the term "backstop measures" means that the Corporation

(i) contracts with a willing third party to implement the Corporation's preferred transmission solution to address chronic, significant, commercial congestion that no Person has implemented;

(ii) allocates resulting costs to beneficiaries through voluntary arrangements or tariff rates; and

(iii) identifies and assigns resulting transmission rights.

Before implementing for the first time a backstop measure with respect to chronic, significant, commercial congestion, the Board of Trustees must first submit a proposal to invoke authorization to exercise backstop measures to a vote of the MRC in accordance with the consultation, procedural, and timing requirements set forth in Sections 7.16.7 and 7.16.8(i) and after meeting the additional requirements of Section 7.12.3. If the requirements to invoke authorization to exercise backstop measures, as set forth Sections 7.16.7 and 7.16.8(i), have been satisfied, the Corporation may, subject to Section 7.12.3, thereafter implement backstop measures to address chronic, significant, commercial congestion to the extent consistent with the scope of authorization that has been invoked by the Board of Trustees. If the Board of Trustees proposes to implement backstop measures to address chronic, significant, commercial congestion in a manner that is not within scope of authorization that has been invoked by the Board of Trustees, the Board of Trustees must comply with the consultation, procedural, and timing requirements set forth in Sections 7.16.7 and 7.16.8(i) to invoke any necessary additional authorization before proceeding (as well as meeting the additional requirements of Section 7.12.3). The Corporation's ability to implement backstop measures does not override the prohibition against owning transmission or distribution facilities as set forth in Section 3.2.

7.16.3 Departure from Company Rate Approach When the Corporation begins offering services, loads will pay a "company rate" (and applicable grid management fees, if any) for transmission access under a rate structure known as the "company rate approach." "Transmission access" means

(i) continuing provision of preexisting transmission service (on terms and conditions established under preexisting agreements and obligations); and

(ii) the delivery of power to withdrawal points on the transmission system over which the Corporation offers services on terms and conditions (including any additional charges) specified by the Corporation.

For purposes of this Section 7.16, a "departure from using the company rate approach" means establishing a rate structure for transmission access that differs from the initial company rate approach by

(a) utilizing a rate structure other than a license plate rate; or

(b) using a rate structure for transmission access derived from the costs of facilities of a participating transmission owner other than the participating transmission owner of the facilities from which the delivered power is withdrawn (unless a particular load is already paying for transmission service based on the costs of facilities other than those from which delivered power is withdrawn pursuant to a preexisting agreement, such as a General Transfer Agreement).

Before proposing for the first time a departure from using the company rate approach, the Board of Trustees must first submit a proposal to invoke authorization to depart from using the company rate approach to a vote of the MRC in accordance with the consultation, procedural, and timing requirements set forth in Sections 7.16.7 and 7.16.8(ii). If the requirements to invoke authorization to depart from using the company rate approach, as set forth Sections 7.16.7 and 7.16.8(ii), have been satisfied, the Corporation may thereafter propose a departure from using the company rate approach so long as the proposal is consistent with the scope of authorization that has been invoked by the Board of Trustees. If the Board of Trustees proposes a departure from using the company rate approach that is not within the scope of authorization that has been invoked by the Board of Trustees, the Board of Trustees must comply with the consultation, procedural, and timing requirements set forth in Sections 7.16.7 and 7.16.8(ii) to invoke any necessary additional authorization before proceeding. The provisions of Section 7.16 shall not apply to rates or rate structures for grid management or other services offered by the Corporation that are purchased separately from or in addition to transmission access. In addition, the provisions of Section 7.16 shall not apply to any costs allocated by the Corporation as a result of exercising any "backstop authority" even if such costs would be incorporated into a company rate.

7.16.4 Authorization to Issue Financial Transmission Rights. For purposes of this Section 7.16, the Corporation's action to "issue financial transmission rights" means that the Corporation either

(i) substitutes physical transmission rights (either historical contract path or physical injection-withdrawal rights) on a transmission owner's system with transmission service that separately charges for, and provides financial rights to hedge against, locationally derived costs of congestion clearing; or

(ii) provides transmission service in response to requests for new transmission service through offering transmission service that separately charges for, and offers financial rights to hedge against, locationally derived costs of congestion.

Before acting for the first time to "to issue financial transmission rights" within the meaning of this Section 7.16.4, the Board of Trustees must first submit a proposal to invoke authorization to do so to a vote of the MRC in accordance with the consultation and procedural requirements set forth in Sections 7.16.7 and 7.16.9. If the requirements to invoke the necessary authority, as set forth in Sections 7.16.7 and 7.16.9, have been satisfied, the Corporation may thereafter issue financial transmission rights to the extent consistent with the scope of authorization that has been invoked by the Board of Trustees. If the Board of Trustees proposes to issue financial transmission rights in a manner that is not within the scope of authorization that has been invoked by the Board of Trustees, the Board of Trustees must comply with the consultation and procedural requirements set forth in Sections 7.16.7 and 7.16.9 to invoke any necessary additional authorization before proceeding. This requirement to invoke authorization to issue financial transmission rights shall not preclude the Board of Trustees from authorizing testing (limited in time, scope, and financial risk assumed by the Corporation, and in which participation is voluntary) as it deems appropriate to help facilitate its determination of whether issuing financial transmission rights is feasible and prudent. In addition, the Corporation's implementation of a congestion management approach that relies on a market-based system to relieve congestion (such as through voluntary redispatch bids), in conjunction with historic contract path or physical injection-withdrawal rights, shall not be subject to the requirements of Section 7.16.

7.16.5 Authorization of Certain Market Monitor Actions. Before the market monitor for the Corporation may be authorized to impose penalties or actively intervene in markets, the Board of Trustees must first submit a proposal to invoke authority to so authorize the market monitor to a vote of the MRC in accordance with the consultation and procedural requirements set forth in Section 7.16.7. If the requirements to invoke the necessary authority, as set forth Section 7.16.7, have been satisfied, the Corporation may thereafter authorize the market monitor for the Corporation to impose penalties or actively intervene in markets to the extent consistent with the scope of authority that has been invoked by the Board of Trustees. If the Board of Trustees proposes to authorize the market monitor for the Corporation to impose penalties or actively intervene in markets in a manner that is not within the scope of authorization that has been invoked by the Board of Trustees, the Board of Trustees must comply with the consultation and procedural requirements set forth in Section 7.16.7 to invoke any necessary additional authorization before proceeding.

7.16.6 Authorization to Implement Certain Loss Methodologies. Before the Corporation may adopt and enforce a loss methodology that overrides individual company loss methodologies, the Board of Trustees must first submit a proposal to invoke authorization to do so to a vote of the MRC in accordance with the consultation and procedural requirements set forth in Section 7.16.7. If the requirements to invoke the necessary authorization, as set forth Section 7.16.7, have been satisfied, the Corporation may thereafter adopt and enforce a loss methodology that overrides individual company loss methodologies to the extent consistent with the scope of authorization that has been invoked by the Board of Trustees. If the Board of

Trustees proposes to adopt and enforce a loss methodology that overrides individual company loss methodologies in a manner that is not within the scope of authorization that has been invoked by the Board of Trustees, the Board of Trustees must comply with the consultation and procedural requirements set forth in Section 7.16.7 to invoke any necessary additional authorization before proceeding.

7.16.7 Procedural Requirements Applicable to Special Issues List. An action by the Corporation to invoke an authorization or take an action identified on the Special Issues List is subject to the procedural requirements set forth in Sections 7.16.7(i) through 7.16.7(vii).

(i) Preliminary Consultations Related to Proposal Development. In the course of developing a proposal to invoke an authorization or take an action identified on the Special Issues List, the Board of Trustees may seek preliminary input from the general public, as well as Members, the MRC, and the Governmental Committee.

(ii) Mandatory Consultation Process. If the Board of Trustees intends to vote on adopting a proposal to invoke an authorization or take an action identified on the Special Issues List, the Board of Trustees shall provide notice of its proposal according to its then effective policies for providing notice to the general public, as well as to Members, the MRC, and the Governmental Committee. The notice of proposal must include a specific identification of the scope of authorization the Board of Trustees proposes to invoke or the action the Board of Trustees proposes to take. After providing notice, the Board of Trustees shall complete formal consultation processes concerning the proposal (which may be separate or combined) with the MRC and with the Governmental Committee. The Board of Trustees shall provide not less than forty-five (45) days to complete its formal consultation processes before voting to adopt a proposal to invoke an authorization or take an action identified on the Special Issues List. This formal consultation period may overlap with any period of notice required in connection with the Board of Trustees vote under Section 7.16.7(iii).

(iii) Board of Trustees Vote to Adopt a Proposal. Within fourteen (14) days after completing the mandatory consultation process set forth in Section 7.16.7(ii), the Board of Trustees (in compliance with all applicable provisions of these Operational Bylaws concerning notice of and the manner of conducting meetings of the Board of Trustees) shall vote on whether to adopt a proposal to invoke an authorization or take an action identified on the Special Issues List. The Board of Trustees may, before voting, make changes to its proposal as noticed for the mandatory consultation process under Section 7.16.7(ii) to reflect input received during mandatory consultations; provided, however, that any action by the Board of Trustees to adopt a proposal to invoke an authorization or take an action identified on the Special Issues List must include a specific identification of the scope of authorization the Board of Trustees proposes to invoke or the action the Board of Trustees proposes to take. As provided in Section 7.9, the affirmative vote of a majority of Trustees then in office shall be sufficient to adopt the proposal. If the Board of Trustees adopts the proposal it shall summarize in writing (which may be the minutes of the Board of Trustees meeting) its consideration of the

provisions set forth in Section 7.12.2. If the Board of Trustees votes to adopt the proposal, the Board of Trustees shall comply with the additional requirements set forth in Sections 7.16.7(iv) through 7.16.7(vii).

(iv) Submission of Proposal to Members Representative Committee Vote. Subject to all applicable provisions of these Operational Bylaws concerning notice of and the manner of conducting meetings of the MRC, the Board of Trustees shall, within fourteen (14) days after any vote to adopt a proposal under Section 7.16.7(iii), submit to the MRC the proposal as adopted by the Board of Trustees. With respect to a proposal to take an action or invoke an authorization specified in Section 7.16.1(i), (ii), or (iii), the Board of Trustees shall also comply with the provisions of Sections 7.16.8 and 7.16.9.

(v) Members Representative Committee Vote. Promptly after receiving a proposal from the Board of Trustees under Section 7.16.7(iv), the MRC shall issue (or caused to be issued) notice of a meeting of the MRC to vote on the proposal. Promptly following the completion of any notice period required by these Operational Bylaws, the MRC shall vote to indicate whether it supports a proposal submitted to it by the Board of Trustees in accordance with Section 7.16.7(iv).

(a) If at least sixteen (16) members of the MRC vote to support a proposal submitted to it by the Board of Trustees in accordance with Section 7.16.7(iv), the Board of Trustees may, after the MRC has voted, implement the proposal without any further vote of the Board of Trustees.

(b) If fewer than sixteen (16) members of the MRC vote to support a proposal submitted to it by the Board of Trustees in accordance with Section 7.16.7(iv), the matter will be deemed "remanded" to the Board of Trustees due to insufficient MRC support and final adoption of the proposal shall require a vote of the Board of Trustees in accordance with Section 7.16.7(vi).

(vi) Final Board of Trustees Vote. If the MRC votes to remand a proposal submitted to it by the Board of Trustees in accordance with Section 7.16.7(iv), the Board of Trustees may, following the MRC vote required under Section 7.16.7(v) (and in compliance with all applicable provisions of these Operational Bylaws concerning notice of and the manner of conducting meetings of the Board of Trustees) take final action to adopt the proposal only by an affirmative vote of not fewer than seven (7) of the Trustees then in office.

(vii) Implementation Following Final Board of Trustees Vote. Except in the case of emergency as declared by the Board of Trustees, if the Board of Trustees has taken final action to adopt a proposal after that proposal has been remanded to the Board of Trustees by an MRC vote under Section 7.16.7(v)(b), the Board of Trustees may not implement the proposal until at least thirty (30) days following the final Board of Trustees vote.

7.16.8 Timing Requirements Applicable to Special Issues List Proposals. In addition to the procedural requirements set forth in Section 7.16.7, actions by the Board of Trustees to invoke an authorization or take an action identified on the Special Issues List shall be subject to the timing requirements specified in Sections 7.16.8(i) and 7.16.8(ii).

(i) The Board of Trustees may not seek to invoke the backstop authorization with respect to chronic, significant, commercial congestion specified in Section 7.16.1(i) until the Board of Trustees is satisfied that it has sufficient knowledge regarding where the transmission system is congested, what the congestion is costing users, and the potential alternatives available to address the congestion. The Board of Trustees may invoke this authorization before a full financial rights-based congestion management system is in place.

(ii) The Board of Trustees may not seek to take the action specified in Section 7.16.1(ii) sooner than eight (8) years following the date on which the Corporation first initiates commercial services to customers pursuant to a transmission service tariff filed with and approved by FERC.

7.16.9 Study Required Before Proposal to Issue Financial Rights. Before initiating a proposal to invoke the authorization specified in Section 7.16.1(iii), the Board of Trustees shall cause the Corporation to perform (or contract with an appropriately qualified third party to perform) a study of the net benefits (in accordance with Section 7.12.2(ii) of these Operational Bylaws) of issuing financial transmission rights. The study must include a review of other systems or markets in the United States or Canada that have implemented financial transmission rights similar to those the Board of Trustees proposes for the Corporation to issue and any other implemented financial transmission rights the Board of Trustees deems relevant to its inquiry. The Board of Trustees must also make the study publicly available promptly after its completion.

7.17 Member Ability to Elevate Board of Trustees Approval Vote on Policy or Scope Changes Considered Major. Subject to the exclusions set forth in Section 7.17.5, if the Board of Trustees proposes in a notice of or agenda for a Board of Trustees meeting to take action that Members consider to be a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities, or the Board of Trustees takes action (at a meeting or by written consent) that the Members consider to be a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities (and the action was not included in a Board of Trustees meeting notice or agenda), the Members may indicate their concern with respect to the action and trigger a requirement that at least seven (7) Trustees must vote to authorize the action as provided in Sections 7.17.1 through 7.17.4.

7.17.1 Member Action to Express Concern. If, during the interval provided in Section 7.9.1, the Members wish to indicate their concern with respect to a proposed matter that Members consider to be a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities, they may do so by

(i) convening a special meeting of Members within thirty (30) days after

(a) the Corporation has published notice of or an agenda for the applicable meeting of the Board of Trustees or proposed written consent (if the notice or agenda included the proposal for the Board of Trustees to act on a matter that Members consider to be a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities),

(b) the Board of Trustees has taken action on a matter that Members consider to be a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities (and the action was not included in the Board meeting notice or agenda), or

(c) the Board of Trustees takes action by written consent without prior notice, whichever is earliest; or

(ii) conducting a vote as provided in Section 7.17.2 at a biannual or other regular meeting of Members if the biannual or other regular meeting of Members occurs within thirty (30) days after

(a) the Corporation has published notice of or an agenda for the applicable meeting of the Board of Trustees or proposed written consent (if the notice or agenda included the proposal for the Board of Trustees to act on a matter that Members consider to be a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities),

(b) the Board of Trustees has taken action on a matter that Members consider to be a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities (and the action was not included in the Board of Trustees meeting notice or agenda), or

(c) the Board of Trustees takes action by written consent without prior notice, whichever is earliest.

7.17.2 Trigger for Elevated Board of Trustees Approval Vote. If at a special meeting of Members convened in accordance with Section 7.17.1(i) or a biannual or other regular meeting of Members as provided in Section 7.17.1(ii), not less than eighteen (18) votes' worth of voting power held by the Members vote to indicate that an action proposed or approved by the Board of Trustees constitutes a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities and should not be implemented unless at least seven (7) Trustees then in office vote in favor of implementation, then, unless the matter is covered by an exclusion set forth in Section 7.17.5, the requirements of Sections 7.17.3 and 7.17.4 shall apply.

7.17.3 Elevated Board of Trustees Approval Vote. If the requirements for a Member vote to trigger an elevated Board of Trustees approval vote as set forth in Section 7.17.2 have been satisfied with respect to a matter, the Board of Trustees may not approve or authorize any proposed action with respect to that matter unless at least seven (7) Trustees then in office vote to approve or authorize the action. In addition, if a Member vote pursuant to Section 7.17.2 that triggers an elevated Board of Trustees approval occurs after the Board of Trustees has taken action with respect to the matter, the Board of Trustees must meet again to vote on final authorization or approval of the applicable action (even if seven (7) or more Trustees voted initially to authorize or approve the action).

7.17.4 Implementation Timing. Except in the case of emergency as declared by the Board of Trustees, if the Board of Trustees has taken final action on a matter for which the Members have triggered an elevated Board of Trustees approval vote in accordance with Section 7.17.2, the Board of Trustees may not implement the major change in scope or policy until at least thirty (30) days following the final Board of Trustees vote.

7.17.5 Exclusions. The following shall not be subject to the provisions of Sections 7.17.1 through 7.17.4:

(i) matters subject to the "Special Issues List" provisions of Section 7.16;

(ii) the development, modification, or authorization of current or proposed budgets for the Corporation;

(iii) any Board of Trustees action to authorize, initiate, or conduct studies or analyses related to the Corporation's activities or services (or potential changes to the Corporation's services or activities);

(iv) the Corporation's merger or dissolution or the sale, exchange, or other disposition of any of the Corporation's assets;

(v) amendment of these Operational Bylaws; and

(vi) personnel matters, litigation, real estate transactions, and other similar matters that the Board of Trustees is authorized to address in executive session.

ARTICLE VIII

COMMITTEES OF THE BOARD OF TRUSTEES

8.1 Committees of Trustees. In addition to the committees described in Sections 8.3, 8.4, 8.6, and 8.7, the Board of Trustees may, by resolution adopted by a majority of the Trustees then in office, designate one (1) or more committees, each consisting of two (2) or more Trustees, to serve at the pleasure of the Board of Trustees. Appointments to such committees may be made at any meeting of the Board of Trustees by a majority vote of the Trustees then in

office. Each committee shall have such authority of the Board of Trustees as is delegated by resolution of the Board of Trustees, except that no committee, regardless of the Board of Trustees resolution, may

(i) elect, appoint, or remove any member of such committee, any Trustee, or any officer of the Corporation;

(ii) appoint any other committees of the Board of Trustees or the members of any such committees;

(iii) fix compensation of Trustees for serving on the Board of Trustees or any committee;

(iv) amend, alter, or repeal these Operational Bylaws, or adopt new bylaws, or amend the Articles of Incorporation;

(v) amend, alter, or repeal any resolution of the Board of Trustees;

(vi) adopt a plan of merger or consolidation;

(vii) authorize or cause the Corporation to enter into any binding contract or other legal obligation or incur any liability;

(viii) authorize the sale, lease, exchange, mortgage, or pledge of all or substantially all of the property or the assets of the Corporation;

(ix) authorize the voluntary dissolution of the Corporation or revoke proceedings therefore, or adopt a plan for the distribution of the assets of the Corporation on dissolution; or

(x) take any final action with respect to the Special Issues List set forth in Section 7.16.

8.2 Advisory Committees. The Board of Trustees may, by resolution adopted by a majority of the Trustees then in office, appoint advisory committees to serve at the pleasure of the Board of Trustees (in addition to those advisory committees identified in these Operational Bylaws). Advisory committee membership may consist of both Trustees and non-Trustees or non-Trustees only. Advisory committees have no authority to act for the Corporation but shall report their findings and recommendations to the Board of Trustees.

8.2.1 Initial Required Member Advisory Committees. Promptly after the adoption of these Operational Bylaws, the Board of Trustees shall form the advisory committees specified in Sections 8.2.1(i) through 8.2.1(iii). The Board of Trustees shall maintain the advisory committees specified in Sections 8.2.1(i) through 8.2.1(iii) for not less than four (4) years following adoption of these Operational Bylaws, but may thereafter modify or disband these advisory committees; provided, however, that before disbanding any committee specified

in Sections 8.2.1(i) through 8.2.1(iii), the Board of Trustees should consider how disbanding the committee would affect Member participation in the formulation of policies, protocols, tariff provisions and any other rules or guidance pertinent to the subject area of a committee. Nothing in this Section 8.2.1 shall limit the power of the Board of Trustees to form, modify, or disband advisory committees other than those specified in Sections 8.2.1(i) through 8.2.1(iii).

(i) Tariff Committee. As provided in Section 8.2.1, the Corporation shall have a Tariff Committee to advise the Board of Trustees on the Corporation's tariff(s). The Tariff Committee shall consist of up to fifteen (15) representatives of Members appointed by the Board of Trustees. Trustees may, but are not required to, serve on the Tariff Committee. The Board of Trustees shall endeavor to select representatives from each of the Member Classes to serve on the Tariff Committee, and shall endeavor to select individuals who collectively possess an appropriate spectrum of expertise with respect to defining the terms and conditions for electric transmission services and participation in related markets.

(ii) Operations Committee. As provided in Section 8.2.1, the Corporation shall have an Operations Committee to advise the Board of Trustees on electric transmission system and market operations. The Operations Committee shall consist of up to fifteen (15) representatives of Members appointed by the Board of Trustees. Trustees may, but are not required to, serve on the Operations Committee. The Board of Trustees shall endeavor to select representatives from each of the Member Classes to serve on the Operations Committee, and shall endeavor to select individuals who collectively possess an appropriate spectrum of expertise with respect to electric transmission and market operations.

(iii) Planning Committee. As provided in Section 8.2.1, the Corporation shall have a Planning Committee to advise the Board of Trustees on transmission-planning matters. The Planning Committee shall consist of up to fifteen (15) representatives of Members appointed by the Board of Trustees. Trustees may, but are not required to serve on the Planning Committee. The Board of Trustees shall endeavor to select representatives from each of the Member Classes to serve on the Planning Committee, and shall endeavor to select individuals who collectively possess an appropriate spectrum of expertise with respect to electric transmission planning.

8.2.2 Consideration of Member-Submitted Candidates. In appointing representatives of Members to the advisory committees specified in Sections 8.2.1(i) through 8.2.1(iii), the Board of Trustees shall consider candidates whose names have been submitted by Members in accordance with Section 5.9.3.

8.3 Audit Committee.

8.3.1 Trustees on the Audit Committee. There shall be an Audit Committee of the Board of Trustees consisting of three (3) or more Trustees appointed by the Board of Trustees.

8.3.2 Role of Audit Committee. The Audit Committee shall have no powers of the Board of Trustees but shall serve in an advisory capacity by reviewing

(i) the Corporation's annual independent financial audit and preparing a report for the Board of Trustees;

(ii) the Corporation's program for compliance with laws and regulations; and

(iii) the financial controls in the business practices of the Corporation.

In addition, the Audit Committee shall monitor compliance with the Corporation's conduct rules for Trustees and employees to ensure the Corporation's independence and freedom from conflicts of interests, and shall make regular reports to the Board of Trustees regarding such compliance.

The Audit Committee shall make recommendations from time to time to the Board of Trustees as to the implementation of procedures to ensure continued compliance with the conduct rules.

8.4 Budget Committee.

8.4.1 Participation on the Budget Committee; Quorum. There shall be a Budget Committee consisting of between three (3) and five (5) representatives of Members appointed by the Board of Trustees and at least two (2) but no more than three (3) Trustees. The Board of Trustees has discretion to decide whom to appoint after considering nominations from Members, provided that the Board will endeavor to constitute a committee that has one (1) (and no more than one (1)) qualified representative from each of the Member Classes. Each of the Budget Committee's members from the membership shall represent a different Member Class and shall, to the extent practicable, be current or former executives responsible for an organization's overall budget preparation or implementation. A quorum for any meeting of the Budget Committee shall be three (3) committee members. Attendance at a meeting of at least a quorum is necessary for Budget Committee action, and decisions shall be made by majority vote.

8.4.2 Purpose of the Budget Committee. The Budget Committee, with support from the Corporation's staff and after providing opportunities for the Board Advisory Committee to submit recommendations, shall

(i) prepare an annual budget of expenditures and capital commitments, including estimated timing and expected sources of funding for those expenditures;

(ii) prepare an annual forecast budget of expenditures and capital commitments consistent with the business plan or most recent strategic plan, both referenced in Section 7.12.5, including estimated timing and expected sources of funding

for those expenditures, for the two- (2-) year period following the period covered by the budget in subsection (i);

(iii) prepare an annual narrative forecast of capital needs for the two-year period following the period covered by the budget in subsection (ii), including estimated timing and possible sources of funding for those expenditures;

(iv) initiate or review and make recommendations regarding subsequent proposals for modification of the adopted budget; and

(v) perform such other functions as the Board of Trustees may delegate or direct.

8.4.3 Information Guidelines. The Corporation shall provide the Budget Committee members with access to any information the Budget Committee determines is appropriate or necessary to carry out its duties. Prior to commencing its work, the Budget Committee shall, in conjunction with the Corporation's counsel, establish guidelines for identification and treatment of confidential information.

8.4.4 Budget Committee Recommendations. The Budget Committee shall submit its recommended budget and forecasts to the Board of Trustees by a date established by the Board of Trustees. The Board of Trustees shall identify any material changes it makes to the recommendations of the Budget Committee when it submits its proposed annual budget, or any proposal for modification of the adopted budget or forecasts, to the Board Advisory Committee pursuant to Section 8.5.3.

8.5 Board Advisory Committee.

8.5.1 Participation on the Board Advisory Committee. The Corporation shall have a Board Advisory Committee to provide advice to the Board of Trustees on Board of Trustee decisions and other matters of significance to the Corporation. Membership on the Board Advisory Committee shall be open to any Member and its Affiliates. A Member and its Affiliates may participate on the Board Advisory Committee upon the Member providing the Secretary of the Corporation written notice of the name, address, telephone number, facsimile number, and electronic mail address of its representatives. A Member may appoint no more than three (3) representatives and three (3) alternates, who represent the interests of the Member or its Affiliates. A Member may at any time, effective upon notice to the Secretary of the Corporation, replace the individuals who are authorized to participate on the Board Advisory Committee. Each Member warrants to the Corporation and to the other Members that the individuals appointed to the Board Advisory Committee have the authority to participate in the Board Advisory Committee on behalf of the Member or Affiliate, and are authorized to participate in debate and consider input from others before taking a position. The Corporation shall maintain at all times a current list of the name, address, affiliation, and interest of each individual appointed to the Board Advisory Committee. The list shall be posted on Grid West's Website and updated periodically.

8.5.2 Purpose of the Board Advisory Committee. The Board Advisory Committee shall advise the Board of Trustees on additions and revisions to the Corporation's rules and protocols, tariffs, reliability and operating standards, other technical matters, and other matters of concern to members of the Board Advisory Committee. The Board Advisory Committee may advise the Board of Trustees concerning any other issues relating to the Corporation, and may consider issues referred for the Board Advisory Committee's consideration from any source, including the Board of Trustees, any member of the Board Advisory Committee, any Member, or any officer or employee of the Corporation. The Board of Trustees shall be required to consider any advice of the Board Advisory Committee that is timely provided to the Board of Trustees along with any other advice properly presented to the Board of Trustees without limiting the discretion or authority of the Board of Trustees to consider and take action on any matter in accordance with the provisions of these Operational Bylaws, the Articles of Incorporation, and applicable law.

8.5.3 Matters Requiring Advice to the Board of Trustees. Except in the case of emergency as declared by the Board of Trustees, the Board of Trustees shall submit any proposed action concerning the matters enumerated below to the Budget Committee (if applicable) or an appropriate advisory committee under Section 8.2 if there is an advisory committee to address the relevant subject matter. After receiving any committee recommendations, the Board of Trustees shall provide an opportunity to the Board Advisory Committee and Governmental Committee to advise the Board of Trustees concerning the following matters prior to any final action thereon by the Board of Trustees:

(i) any proposed amendment or modification to the Grid West Tariff (including any proposed amendment or modification to the Corporation's rates or revenue requirements);

(ii) any proposed amendment or modification to the forms of the Transmission Agreements;

(iii) Grid West transmission system planning matters;

(iv) the annual budget of the Corporation (including potential budget reductions and financial controls when a proposed budget materially exceeds the expenses for the prior audited fiscal year) and any subsequent modification to the annual budget; and

(v) any proposed measures to implement market power or price mitigation.

Such opportunity shall be afforded through notice to the Board Advisory Committee and Governmental Committee of any such proposed action not less than thirty (30) days prior to any final action thereon by the Board of Trustees; provided, however, that the Board of Trustees shall endeavor to provide the annual budget and any subsequent modification to the Board Advisory Committee and Governmental Committee at least ninety (90) days prior to any final action thereon by the Board of Trustees. Notice of all matters on which the Board Advisory Committee

and Governmental Committee shall have the opportunity to advise the Board of Trustees prior to this Section 8.5.3 shall be posted on the Grid West Website and sent, not less than thirty (30) days before any final action, to each member of the public who has requested notice of Member meetings, for the purpose of allowing public comment and advice by the Board Advisory Committee and Governmental Committee. All public comments shall be made available to the Board Advisory Committee and Governmental Committee by the Secretary of the Corporation.

8.5.4 Procedures for Proposing and Commenting on Issues. The Board Advisory Committee shall develop procedures to ensure that each Board Advisory Committee member has an adequate opportunity to propose issues for, and comment on issues under, consideration by the Board Advisory Committee.

8.5.5 Position Papers. The members of the Board Advisory Committee shall not vote on any issue. Any one (1) or more members of the Board Advisory Committee who wish to provide advice to the Board of Trustees may do so in the form of a position paper. Any such position paper shall be accompanied by the name of each Board Advisory Committee member who supports the advice provided in such paper.

8.5.6 Chairperson and Vice Chairperson of the Board Advisory Committee. The Board Advisory Committee shall select a chairperson and a vice chairperson who will convene and conduct the meetings of the Board Advisory Committee. The Board of Trustees shall be required to meet with the chairperson of the Board Advisory Committee not fewer than four (4) times each fiscal year, advance notice of which shall be provided to other members of the Board Advisory Committee to afford them an opportunity to attend.

8.5.7 Procedures for Conducting Business of the Board Advisory Committee. The Board Advisory Committee shall develop procedures to ensure that the business of the Board Advisory Committee is conducted in an effective, organized, and timely manner. Members of the Board Advisory Committee shall have authority to refer matters to the staff of the Corporation for study and investigation (subject to the imposition by the Board of Trustees and the President of the Corporation of reasonable controls on the use of staff time and resources).

8.5.8 Formation of Ad Hoc or Standing Work Groups. The Board Advisory Committee may form one (1) or more *ad hoc* or standing work groups to assist in accomplishing its functions. Such work groups shall be open to membership and participation by any interested Member. Board Advisory Committee members may also form groups of participants sharing common views to develop position papers.

8.5.9 Members Ability to Be Heard on Matters Before the Board of Trustees. Notwithstanding any provision of this Section 8.5, the existence of the Board Advisory Committee, and any action or failure to act by the Board Advisory Committee or any member thereof, shall not prevent any Member from appearing before, or being heard on any matter before, the Board of Trustees.

8.6 Governmental Committee.

8.6.1 Participation on the Governmental Committee. There shall be a Governmental Committee consisting of representatives of the Corporation, interested members of the State or Provincial Energy Authority Member Sub-Class and Tribes Member Sub-Class, and representatives of electricity regulatory commissions of Participating Jurisdictions that are not Members of the Corporation. Membership in the Corporation is not required for Participating Jurisdictions to participate on the Governmental Committee.

8.6.2 Purpose of the Governmental Committee. The purpose of the Governmental Committee is to provide consultation and such other activities as the Board of Trustees and representatives of Participating Jurisdictions may agree are appropriate regarding the fulfillment of the Corporation's purposes. The structure, organization, and administration of the Governmental Committee shall be defined by the participants on the Governmental Committee.

8.7 Board Performance Committee.

8.7.1 Trustees on the Board Performance Committee. There shall be a Board Performance Committee of the Board of Trustees consisting of three (3) or more Trustees appointed by the Board of Trustees.

8.7.2 Role of the Board Performance Committee. The Board Performance Committee shall

(i) monitor developments in sound corporate governance practice;

(ii) assist the Board of Trustees in annually assessing the Board of Trustees' performance;

(iii) make recommendations for improvements to the Board of Trustees' performance;

(iv) provide annual reports to the Board of Trustees concerning the performance of the Corporation's officers; and

(v) perform such other functions as the Board of Trustees may delegate or direct.

8.8 Meetings. Regular and special meetings of committees of the Board of Trustees and any advisory committees shall be governed by, and the procedures relating to such meetings and actions taken by such committees at such meetings or by written consent shall be carried out in accordance with, the provisions of Sections 7.4 through 7.9 concerning meetings of the Board of Trustees. For the purposes of the application of Article VII to the meetings of committees of the Board of Trustees or advisory committees, references in Article VII to the Board of Trustees shall be read as references to the applicable committee of the Board of Trustees or to the

applicable advisory committee. Minutes of each meeting of any committee (with the exception of closed sessions held pursuant to Section 7.6) shall be kept and filed with the corporate records. The Board of Trustees may adopt rules for the governance of any committee not inconsistent with the provisions of these Operational Bylaws.

ARTICLE IX

OFFICERS AND STAFF

9.1 Officers. The officers of the Corporation shall be a President, one (1) or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Board of Trustees may appoint. The same person may hold two (2) or more offices; provided, however, that the same person may not hold the offices of President and Secretary; and, provided, further, that the same person may not hold the offices of President and Treasurer.

9.2 Appointment. The Board of Trustees may appoint officers of the Corporation during the time the Board of Trustees are in office. Officers may be appointed at any meeting of the Board of Trustees, and the terms of service of the officers so appointed shall be as specified by the Board of Trustees.

9.3 Removal. Subject to the rights, if any, of the officer under any contract of employment, the Board of Trustees may remove any officer of the Corporation whenever, in the Board of Trustees' judgment, removal will serve the best interests of the Corporation.

9.4 Resignation. Any officer may resign at any time by giving written notice to the Secretary of the Corporation. Any resignation shall take effect on the date of the receipt of that notice, or at any later time specified by that notice and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract of employment with the officer.

9.5 President. The President shall be responsible for conducting the affairs of the Corporation in a manner consistent with the policies and directives of the Board of Trustees. He or she shall have such additional powers and duties as may be prescribed by the Board of Trustees.

9.6 Vice President. During the absence or disability of the President, the Vice President (or if there is more than one (1) Vice President, the Vice Presidents in the order designated by the Board of Trustees) shall exercise all functions of the President, except as limited by resolution of the Board of Trustees. Each Vice President shall have such powers and discharge such duties as may be assigned from time to time to such Vice President by the President or by the Board of Trustees.

9.7 Secretary. The Secretary of the Corporation shall serve notice of and act as Secretary at all meetings of the Board of Trustees, shall administer the meetings of Members as provided in Articles V and VI, shall record the proceedings of all meetings in the minute books,

and shall be responsible for conducting the affairs of the Corporation in a manner consistent with the policies and directives of the Board of Trustees. The Secretary of the Corporation shall have such additional powers and duties as shall be prescribed by the Board of Trustees.

9.8 Treasurer. The Treasurer of the Corporation shall have the care and custody of the money, funds, and securities of the Corporation; shall account for the same; and shall have and exercise, under the supervision of the Board of Trustees, all the powers and duties commonly incident to this office. The Treasurer shall prepare and maintain the books, accounts and financial statements, financial records, and financial reports of the Corporation consistent with generally accepted accounting principles.

9.9 Additional Officers. The Board of Trustees may appoint one (1) or more additional officers to perform such duties and have such powers as the Board of Trustees shall designate.

9.10 Compensation; Prohibition Against Loans.

9.10.1 Compensation Determined by the Board of Trustees. Compensation of the officers shall be determined by Board of Trustees.

9.10.2 Prohibited Loans; Permitted Advances. The Corporation shall not make any loan of money or property to or guarantee the obligation of any officer or Related Person of an officer; provided, however, that the Corporation may advance money to an officer for expenses reasonably anticipated to be incurred in performance of the duties of such officer so long as the officer would be entitled to reimbursement for such expenses absent such advance.

9.11 Execution of Instruments. The President shall have the authority to execute legal instruments on behalf of the Corporation, subject to any restrictions or limitations that the Board of Trustees may impose. The President's authority to execute legal instruments on behalf of the Corporation may be delegated by the President to other officers and employees of the Corporation on a general or limited basis with the prior written approval of the Board of Trustees.

9.12 Staffing. Officers of the Corporation may, within such budgetary authority and subject to such other restrictions and requirements the Board of Trustees may establish from time to time, hire or contract with such staff as is necessary to fulfill the purposes of the Corporation.

9.13 Employees Conduct Rules. The Board of Trustees shall ensure that the officers, employees, and substantially full-time consultants and contractors of the Corporation, and any transmission owner or operator personnel or other individuals performing discretionary functions for or on behalf of the Corporation, comply with the employees conduct rules. These Operational Bylaws incorporate the employee conduct rules in effect under the Developmental Bylaws on the date these Operational Bylaws become effective. The employees conduct rules may be amended from time to time by the Board of Trustees. All contracts with non-full-time contractors shall include appropriate conduct rules, as determined by the Board of Trustees from time to time, taking into account the nature of the work of such contractor and the value of such

contractor's work to the Corporation. The Board of Trustees may in its discretion include in the employees conduct rules specific postemployment restrictions on former employees, including restrictions on involvement in any matter in which the former employee was directly involved while an employee and restrictions for a limited period on any appearances before the Corporation in a representative capacity.

ARTICLE X

RECORDS

10.1 Records; Inspection of Records.

10.1.1 Records. The Corporation shall keep or cause to be kept at its principal office the following records:

(i) the Articles of Incorporation and all amendments and restatements thereof and a copy of all documents qualifying the Corporation to do business within a state;

(ii) the Corporation's bylaws and all amendments thereof, duly certified by the Secretary of the Corporation;

(iii) a record of Members, including the name, address, and Member Class of each Member;

(iv) correct and adequate records of accounts and finances;

(v) a record of officers' and Trustees' names and addresses; and

(vi) minutes of all meetings of the Members and of all meetings of the Board of Trustees and each committee thereof (other than closed sessions held pursuant to the applicable provisions of the Corporation's bylaws and Board Advisory Committee meetings except for proposals and advice to the Board of Trustees).

10.1.2 Member Inspection of Records. The records kept pursuant to this Section 10.1 shall be open at any reasonable time to inspection by any Member. Such records may be written, or electronic if capable of being converted to writing. The Corporation may impose reasonable charges for any copies of the Corporation's records that a Member requests in connection with exercising its inspection rights under this Section 10.1.2.

10.1.3 Public Inspection of Records. The Board of Trustees shall establish a policy that makes the records set forth in Section 10.1.1 (except for any minutes, if any, of meetings of a single Member Class or a single Member Sub-class) available on the Grid West Website or in response to reasonable public requests for inspection, that requires the requestor to pay a charge for access to inspect the Corporation's records (including the full cost of employee

time), and that requires the requestor to pay for all copies of the Corporation's records requested during an inspection.

10.2 Financial Records.

10.2.1 Annual Financial Statements. As soon as reasonably practical after the close of the fiscal year, annual financial statements of the Corporation shall be prepared in accordance with generally accepted accounting principles and requirements of FERC. The financial statements shall contain in appropriate detail the following:

(i) the assets and liabilities, including trust funds, of the Corporation as of the end of the fiscal year;

(ii) the principal changes in assets and liabilities, including trust funds, during the fiscal year;

(iii) the revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year;

(iv) the expenses or disbursements of the Corporation, for both general and restricted purposes during the fiscal year;

(v) any transaction or series of related transactions during the previous fiscal year involving $10,000 (U.S.) or more to which the Corporation was a party and in which any Trustees or officers of the Corporation had or have a direct or indirect material financial interest. The report must disclose the names of the interested persons involved in such transaction, stating such person's relationship to the Corporation, the nature of such person's interest in the transaction, and, when practical, the amount of such interest; and

(vi) the amount and circumstances of any indemnification or advances aggregating more than $10,000 (U.S.) paid during the fiscal year.

10.2.2 Accountant's Review of Financial Statements. The Board of Trustees shall cause the financial statements of the Corporation to be reviewed by an independent accountant on at least an annual basis, with the independent accountant's review results to be summarized in a formal letter to the Board of Trustees. Such financial statements shall be accompanied by a report thereon of independent accountants.

10.2.3 Reports Concerning Financial Status. The Board of Trustees shall cause the reports set forth below concerning the Corporation's financial status to be prepared and delivered to the Members. The Board of Trustees may require that reports concerning the Corporation's financial status be made available to the general public subject to a requirement that requesting parties pay the reasonable costs of providing the reports.

(i) Annual Report. As soon as reasonably practical after the close of the Corporation's year, a report including the financial statements and performance results shall be furnished. The annual report shall include a report from the independent accountants, specific descriptions of actual performance results in terms of cost management, and other performance targets adopted by the Board of Trustees.

(ii) Quarterly Report. As soon as reasonably practical after the close of each quarter, quarterly financial statements of the Corporation shall be prepared in accordance with generally accepted accounting principles and requirements of FERC. The quarterly financial reports will include a thorough comparison to the budget adopted by the Board of Trustees. In addition, the quarterly report will include a status report on accomplishing the performance targets adopted by the Board of Trustees.

10.3 Records Retention. The Board of Trustees shall cause to be developed and implemented a records retention program complying with all applicable legal requirements.

10.4 Technical Information. The Corporation in the course of performing its responsibilities will develop technical information about the functioning of the regional transmission system and related markets and shall endeavor to provide useful, nonconfidential information to the public about the status of the system and related markets, problems identified with system or market operations, or other information relevant to the accomplishment of the purposes of the Corporation.

ARTICLE XI

INDEMNIFICATION OF TRUSTEES, OFFICERS, EMPLOYEES, AND AGENTS

11.1 Liability of Trustees; Indemnification Rights of Members of the Board of Trustees and Certain Officers.

11.1.1 Limits on Liability of Trustees. Trustees shall be liable to the Corporation only for the following:

(i) acts or omissions that involve intentional misconduct by the Trustee;

(ii) knowing violation of the law by the Trustee;

(iii) conduct violating RCW 23B.08.310; and

(iv) any transaction from which the Trustee personally receives a benefit in money, property, or services to which the Trustee is not legally entitled.

If the Washington Business Corporation Act, as applied to nonprofit corporations, is amended to authorize corporate action further eliminating or limiting the personal liability of

Trustees, then the liability of a Trustee shall be deemed eliminated or limited to the fullest extent permitted by the Washington Business Corporation Act, as so amended.

11.1.2 Indemnification of Trustees. The Corporation shall indemnify the members of the Board of Trustees and any officers to the full extent permitted by applicable law as then in effect against liability arising out of a Proceeding to which such individual was made a party because the individual is or was a Trustee or officer of the Corporation. The Corporation shall advance expenses (including attorneys' fees) incurred by such persons who are parties to a Proceeding in advance of final disposition of the Proceeding, as provided herein.

11.2 Indemnification of Employees and Agents. The Corporation shall have the power, to the fullest extent and in the manner permitted by applicable law, to indemnify and advance expenses (including attorneys' fees) to each of its employees and agents against expenses (including attorneys' fees), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any Proceeding arising by reason of the fact that such person is or was an employee or agent of the Corporation.

11.3 Procedure for Seeking Indemnification or Advancement of Expenses.

11.3.1 Notification and Defense of Claim.

(i) Indemnitee shall promptly notify the Secretary of the Corporation in writing of any Proceeding for which indemnification could be sought under this Article XI. In addition, Indemnitee shall give the Corporation such information and cooperation as it may reasonably require and as shall be within Indemnitee's power.

(ii) With respect to any such Proceeding as to which Indemnitee has so notified the Secretary of the Corporation:

(a) the Corporation will be entitled to participate therein at its own expense; and

(b) except as otherwise provided below, to the extent that it may wish, the Corporation, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel satisfactory to Indemnitee. Indemnitee's consent to such counsel may not be unreasonably withheld.

(iii) After notice from the Corporation to Indemnitee of its election to assume the defense, the Corporation will not be liable to Indemnitee under this Article XI for any legal or other expenses (including attorneys' fees) subsequently incurred by Indemnitee in connection with such defense. However, Indemnitee shall continue to have the right to employ his or her counsel in such Proceeding, at Indemnitee's expense, and if

(a) the employment of counsel by Indemnitee has been authorized by the Corporation;

(b) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Corporation and Indemnitee in the conduct of such defense;

(c) the Corporation shall not in fact have employed counsel to assume the defense of such Proceeding,

then the fees and expenses (including attorneys' fees) of Indemnitee's counsel shall be at the expense of the Corporation; and

(iv) The Corporation shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Corporation or as to which Indemnitee shall reasonably have made the conclusion that a conflict of interest may exist between the Corporation and Indemnitee in the conduct of the defense.

11.3.2 Information to Be Submitted and Method of Determination and Authorization of Indemnification.

(i) For the purpose of pursuing rights to indemnification under this Article XI, Indemnitee shall submit to the Board of Trustees a sworn statement requesting indemnification and reasonable evidence of all amounts for which such indemnification is requested (together, the sworn statement and the evidence constitute an "Indemnification Statement").

(ii) Submission of an Indemnification Statement to the Board of Trustees shall create a presumption that Indemnitee is entitled to indemnification hereunder, and the Corporation shall, within sixty (60) days thereafter, make the payments requested in the Indemnification Statement to or for the benefit of Indemnitee, unless

(a) within such sixty- (60-) day period it shall be determined by the Corporation that Indemnitee is not entitled to indemnification under this Article XI;

(b) such vote shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption); and

(c) Indemnitee shall receive notice in writing of such determination, which notice shall disclose with particularity the evidence upon which the determination is based.

(iii) At the election of the President of the Corporation, the foregoing determination may be made by either

(a) a committee chosen by written consent of a majority of the Trustees of the Corporation, and consisting solely of two (2) or more Trustees not at the time parties to the Proceeding; or

(b) as provided by RCW 23B.08.550, as amended.

(iv) Any determination that Indemnitee is not entitled to indemnification, and any failure to make the payments requested in the Indemnification Statement, shall be subject to judicial review by any court of competent jurisdiction.

11.3.3 Special Procedure Regarding Advance for Expenses.

(i) An Indemnitee seeking payment of expenses (including attorneys' fees) in advance of a final disposition of the Proceeding must furnish the Corporation, as part of the Indemnification Statement,

(a) a written affirmation of Indemnitee's good-faith belief that Indemnitee has met the standard of conduct required to be eligible for indemnification; and

(b) a written undertaking, constituting an unlimited general obligation of Indemnitee, to repay the advance if it is ultimately determined that Indemnitee did not meet the required standard of conduct.

(ii) If the Corporation determines that indemnification is authorized, Indemnitee's request for advance of expenses (including attorneys' fees) shall be granted.

11.3.4 Settlement. The Corporation is not liable to indemnify Indemnitee for any amounts paid in settlement of any Proceeding without the Corporation's written consent. The Corporation shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Corporation nor Indemnitee may unreasonably withhold its consent to a proposed settlement.

11.4 Contract and Related Rights.

11.4.1 Contract Rights. The right of an Indemnitee to indemnification and advancement of expenses (including attorneys' fees) is a contract right upon which Indemnitee shall be presumed to have relied in determining to serve or to continue to serve in his or her capacity with the Corporation. Such right shall continue as long as Indemnitee shall be subject to any possible Proceeding. Any amendment to or repeal of this Article XI shall not adversely affect any right or protection of an Indemnitee with respect to any acts or omissions of such Indemnitee occurring prior to such amendment or repeal.

11.4.2 Optional Insurance, Contracts, and Funding. The Corporation may

(i) maintain insurance, at its expense, to protect itself and any Indemnitee against any liability, whether or not the Corporation would have power to indemnify the individual against the same liability under RCW 23B.08.510 or .520, or a successor statute;

(ii) enter into contracts with any Indemnitee in furtherance of this Article XI and consistent with applicable law; and

(iii) create a trust fund, grant a security interest, or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article XI.

11.4.3 Severability. If any provision or application of this Article XI shall be invalid or unenforceable, the remainder of this Article XI and its remaining applications shall not be affected thereby, and shall continue in full force and effect.

11.4.4 Right of Indemnitee to Bring Suit. If

(i) a claim under this Article XI for indemnification is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, or

(ii) a claim under this Article XI for advancement of expenses (including attorneys' fees) is not paid in full by the Corporation within twenty (20) days after a written claim has been received by the Corporation,

then Indemnitee may, but need not, at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. To the extent successful in whole or in part, Indemnitee shall be entitled to also be paid the expense (to be proportionately prorated if Indemnitee is only partially successful) of prosecuting such claim.

11.4.5 No Presumption Neither

(i) the failure of the Corporation (including its Board of Trustees or independent legal counsel) to have made a determination prior to the commencement of such Proceeding that indemnification or reimbursement or advancement of expenses (including attorneys' fees) to Indemnitee is proper in the circumstances, nor

(ii) an actual determination by the Corporation (including its Board of Trustees or independent legal counsel) that Indemnitee is not entitled to indemnification or to the reimbursement or advancement of expenses (including attorneys' fees)

shall be a defense to the Proceeding or create a presumption that Indemnitee is not so entitled.

11.5 Exceptions to Corporation's Obligations. Any other provision herein to the contrary notwithstanding, the Corporation shall not be obligated pursuant to the terms of these Operational Bylaws to indemnify or advance expenses (including attorneys' fees) to Indemnitee with respect to any Proceeding involving claims:

(i) initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to indemnification under these Operational Bylaws or any other statute or law or as otherwise required under the statute, but such indemnification or advancement of expenses (including attorneys' fees) may be provided by the Corporation in specific cases if the Board of Trustees finds it to be appropriate;

(ii) instituted by Indemnitee to enforce or interpret this Article XI, if a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such Proceeding was not made in good faith or was frivolous;

(iii) for which any of the expenses (including attorneys' fees) or liabilities for which indemnification is being sought have been paid directly to Indemnitee by an insurance carrier under a policy of officers' and Trustees' liability insurance maintained by the Corporation; and

(iv) with respect to which the Corporation is prohibited by applicable law as then in effect from paying such indemnification or advancement of expenses (including attorneys' fees). For example, the Corporation and Indemnitee acknowledge that federal legislation prohibits indemnification for certain ERISA violations.

ARTICLE XII

MISCELLANEOUS

12.1 Fiscal Year. The fiscal year of the Corporation shall be established at the discretion of the Board of Trustees.

12.2 Corporation Seal. The Corporation may have a seal as specified by resolution of the Board of Trustees. Such seal may be affixed to any and all corporate instruments, but failure to affix it shall not affect the validity of any instrument.

12.3 Notices. Except as and to the extent otherwise provided in these Operational Bylaws, any notice required or permitted to be given under or pursuant to these Operational Bylaws shall be required to be delivered to the intended recipient party either by first-class mail, in person, by facsimile equipment providing written confirmation of completed transmission, or by electronic mail at such party's address, facsimile number, or electronic mail address provided to the Secretary of the Corporation in accordance with the requirements of these Operational Bylaws. Notices delivered by mail shall be effective when deposited in the U.S. or Canadian mail, with first-class postage thereon prepaid. Notices delivered in person shall be effective upon delivery, and notices sent by facsimile or electronic mail shall be effective upon completion

of successful transmission. Any Person may change the address to which notices should be sent by giving notice of such change to the Secretary of the Corporation in accordance with the requirements of this Section 12.3.

12.4 Dissolution and Merger or Disposition of Assets.

12.4.1 Methods of Dissolving the Corporation. The Corporation may be dissolved only according to Sections 12.4.2 or 12.4.3.

12.4.2 General Rule – Board of Trustees Proposals to Dissolve Corporation. The Board of Trustees may propose to dissolve the Corporation. The Board of Trustees shall dissolve the Corporation only if the plan of dissolution developed by the Board of Trustees receives the approval of

(i) at least two-thirds (2/3) of the Trustees then in office; and

(ii) four (4) out of five (5) Member Classes, each by a margin of at least two-thirds (2/3) of the total voting power held by the Member Class (provided that the vote of Members must also comply with the requirements of RCW 24.03.220).

The vote by each Member Class shall be tabulated separately. In addition, with respect to Member Classes that include Member Sub-Classes, the proportion of voting power cast in each Member Sub-Class shall be tabulated separately, then aggregated with tabulation of other Member Sub-Class votes within the Member Class to determine the proportion of voting power within the Member Class as a whole that has voted in favor of or against the proposal or resolution. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit A. Notwithstanding Section 5.10.2, the proposed vote must be included on the proposed agenda for the meeting of Members in order for a vote to be taken on a proposed dissolution.

12.4.3 Special Rule – FERC-Ordered Changes to Articles of Incorporation or Operational Bylaws. If FERC orders a change to or issues an order or rule that preempts or otherwise renders inoperative a provision of the Articles of Incorporation or these Operational Bylaws, the Board of Trustees shall preserve its rights of appeal. If FERC orders a change to or issues an order or rule that preempts or otherwise renders inoperative a provision of the Articles of Incorporation or these Operational Bylaws, and the Members do not approve the change to the Articles of Incorporation according to the provisions of the Articles of Incorporation, do not approve the change to these Operational Bylaws according to the provisions of Section 12.5.2, or do not approve any decision by the Board of Trustees to treat a provision of the Articles of Incorporation or these Operational Bylaws as preempted or otherwise inoperative by the same majority as required in Section 12.5.2, the Board of Trustees shall convene a special meeting of the Members to vote on the dissolution of the Corporation according to a plan of dissolution developed by the Board of Trustees that includes the restructuring costs of the transmission owners and operators signing Transmission Agreements. The Board of Trustees shall dissolve the Corporation if the plan of dissolution developed by the Board of Trustees receives the approval of at least four (4) out of five (5) Member Classes, each by a margin of at least two-

thirds (2/3) of the total voting power held by the Member Class (provided that the vote of Members must also comply with the requirements of RCW 24.03.220). The vote by each Member Class shall be tabulated separately. In addition, with respect to Member Classes that include Member Sub-Classes, the proportion of voting power cast in each Member Sub-Class shall be tabulated separately, then aggregated with tabulation of other Member Sub-Class votes within the Member Class to determine the proportion of voting power within the Member Class as a whole that has voted in favor of or against the proposal or resolution. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit A. Notwithstanding Section 5.10.2, the proposed vote must be included on the proposed agenda for the meeting of Members in order for a vote to be taken on a proposed dissolution.

12.4.4 Distribution of Net Assets upon Dissolution. Upon the dissolution or winding up of the Corporation, the Trustees shall, after paying, satisfying, discharging, or making adequate provision for payment of all of the liabilities and obligations of the Corporation, and subject to satisfaction of all applicable requirements of RCW 24.03.225 relating to dissolution, distribute all the remaining assets of the Corporation in accordance with the Articles of Incorporation.

12.4.5 Merger or Other Disposition of Assets. A merger of the Corporation pursuant to RCW 24.03.195, or a sale, lease, exchange, or other disposition of all or substantially all of the assets of the Corporation other than in the ordinary course of business pursuant to RCW 24.03.215, shall require the same vote as set forth in Section 12.4.2. Notwithstanding Section 5.10.2, the proposed vote must be included on the proposed agenda for the meeting of Members in order for a vote to be taken on a proposed merger or other disposition of assets pursuant to RCW 24.03.195 and RCW 24.03.215.

12.5 Amendment of Operational Bylaws.

12.5.1 Methods of Amending Bylaws. These Operational Bylaws may be amended only according to Sections 12.5.2 or 12.5.3.

12.5.2 Board of Trustees Proposals to Amend Bylaws. The Board of Trustees may amend these Operational Bylaws only by the affirmative vote of at least two-thirds (2/3) of the Trustees then in office and four (4) out of five (5) Member Classes vote, each by a margin of at least two-thirds (2/3) of the total voting power held by the Member Class, in favor of the amendment. The vote by each Member Class shall be tabulated separately. In addition, with respect to Member Classes that include Member Sub-Classes, the proportion of voting power cast in each Member Sub-Class shall be tabulated separately, then aggregated with tabulation of other Member Sub-Class votes within the Member Class to determine the proportion of voting power within Member Class as a whole that has voted in favor of or against the proposal or resolution. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit A. Notwithstanding Section 5.10.2, the proposed vote must be included on the proposed agenda in order for a vote to be taken on a proposed amendment.

12.5.3 Member Initiatives to Amend Bylaws. A Member may propose amendments of these Operational Bylaws to the Board of Trustees. If the Board of Trustees does

not submit a Member's proposed amendment of these Operational Bylaws to the Members for vote (either by not scheduling a vote on a proposed amendment or by voting to reject the proposed amendment), the Board of Trustees shall nevertheless cause a Member vote to occur on the proposed amendment at the next meeting of Members if either one (1) Member Class unanimously supports the proposed amendment or two (2) Member Classes vote, each by a margin of at least three-fourths (3/4) of the total voting power held by the Member Class, in favor of submitting the proposed amendment to the Members for vote. The proposed amendment shall be approved by the Members if four (4) out of five (5) Member Classes vote, each by a margin of at least two-thirds (2/3) of the total voting power held by the Member Class, in favor of the amendment. The vote by each Member Class shall be tabulated separately. In addition, with respect to Member Classes that include Member Sub-Classes, the proportion of voting power cast in each Member Sub-Class shall be tabulated separately, then aggregated with tabulation of other Member Sub-Class votes within the Member Class to determine the proportion of voting power within the Member Class as a whole that has voted in favor of or against the proposal or resolution. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit A. Notwithstanding Section 5.10.2, the proposed vote must be included on the proposed agenda in order for a vote to be taken on a proposed amendment.

ARTICLE XIII

ALTERNATIVE DISPUTE RESOLUTION

13.1 Alternative Dispute Resolution. Disagreements arising under these Operational Bylaws shall be resolved in accordance with the alternative dispute resolution provisions described in this Article XIII; provided, however, that disagreements related to Member qualification or Member Class assignments shall be resolved exclusively pursuant to the provisions set forth in Section 5.4; provided, further, that these alternative dispute resolution provisions shall not be used for disagreements between Members except as set forth in Section 5.4.

13.2 Scope of Bylaws Dispute Resolution Provisions.

13.2.1 General Applicability. Except as limited by law, the Bylaws Dispute Resolution Provisions shall apply to all disputes arising under these Operational Bylaws with respect to whether there is a material, unremedied failure by a Person subject to the Corporation's Bylaws to comply with the Corporation's Bylaws.

13.2.2 Persons Eligible to Initiate or Participate in Dispute Resolution Process. Only Persons subject to the Corporation's bylaws shall be eligible to initiate or participate as Disputing Parties in any dispute resolution process under the Bylaws Dispute Resolution Provisions. For purposes of the Bylaws Dispute Resolution Provisions, Persons subject to the Corporation's Bylaws are

(i) the Corporation;

(ii) the Board of Trustees;

(iii) the officers, employees, and agents of the Corporation;

(iv) Members of the Corporation; and

(v) members of any committee, subcommittee, or other body composed of or elected by the Trustees, officers, or Members (or a combination of the foregoing).

13.3 Procedures to Initiate Dispute Resolution Process.

13.3.1 Good-Faith Written Request. No Person may serve a demand for arbitration under Section 13.3.2 without first having made a good-faith, written request to all other Persons named as respondent Disputing Parties in the demand for arbitration that the matter giving rise to the dispute be remedied and allowing a reasonable opportunity for the respondent Disputing Party or Parties to implement a remedy.

13.3.2 Demand for Arbitration Provided that there has not been an adequate remedy in response to a good-faith written request delivered in compliance with Section 13.3.1, a Person eligible to become a Disputing Party may initiate a dispute resolution process under the Bylaws Dispute Resolution Provisions by serving its demand for arbitration on the respondent Disputing Party or Parties and the Arbitration Committee, which shall publish (or cause to be published) notice of the demand on the Grid West Website and by any other method the Arbitration Committee specifies.

13.3.3 Statement(s) of Claim(s). Absent an agreement among all Disputing Parties to proceed otherwise, the Disputing Party that served a demand for arbitration under Section 13.3.2 shall, within fifteen (15) days after serving the demand, deliver a written statement of claim(s) to each other Disputing Party and the Arbitration Committee. The Disputing Parties may agree to delay the commencement of arbitration to attempt to resolve their dispute through good-faith negotiations or mediation or for any other reason. The statement of claim(s) shall set forth in reasonable detail

(i) each claim;

(ii) the relief sought;

(iii) a summary of the grounds for such relief and the basis for each claim; and

(iv) the identity of all Disputing Parties.

Each other (respondent) Disputing Party shall deliver its response (including identification of any additional Person(s) necessary to resolution of the dispute) within fifteen (15) days following receipt of the initial statement of claim or such longer period as the

Disputing Parties agree or the Arbitration Committee may permit following an application by a respondent Disputing Party. If any respondent Disputing Party wishes to submit a counterclaim with its response to the initial statement of claim, the respondent Disputing Party shall include the counterclaim in its response. Where a respondent Disputing Party includes a counterclaim the initiating Disputing Party may respond to that counterclaim within fifteen (15) days following receipt of the counterclaim. Any Disputing Party named in a statement of claim that does not respond to the claim within the period specified in this Section 13.3.3 shall be deemed to have denied each claim against it. The Corporation shall publish the statements of claim, the responses, and any counterclaims on the Grid West Website and by any other method the Arbitration Committee specifies.

13.3.4 Intervention Rights. The terms of the Bylaws Dispute Resolution Provisions applicable to intervention are set forth in Section 13.8.

13.4 Selection of Arbitrator.

13.4.1 Selection of a Single Arbitrator. Within ten (10) days following submission of respondent Disputing Parties' responses and counterclaims, the Disputing Parties shall select an arbitrator familiar with and knowledgeable about the law applicable to Corporations in the Corporation's state of incorporation and the nature of the Corporation's business and bylaws. If the Disputing Parties cannot agree upon an arbitrator, or do not agree on a means of selecting an arbitrator that differs from that set forth in this Section 13.4, the Disputing Parties shall take turns striking names from a list of ten (10) qualified individuals supplied by the Arbitration Committee from its standing list. The Disputing Parties shall choose lots to determine the order for striking names. The last remaining name not stricken shall be designated as the arbitrator. If that individual is unable or unwilling to serve (or, if a Disputing Party objects to the arbitrator serving on the basis of a disclosure under Section 13.5 within five (5) days of that disclosure), the individual last stricken from the list shall be designated and the process repeated until an individual is selected who is able and willing to serve. If a Disputing Party issuing or named in a statement of claim served under Section 13.3.3 does not participate in the selection of an arbitrator within the time period specified under this Section 13.4.1, the remaining Disputing Parties have the right to select the arbitrator without the nonparticipating Disputing Party.

13.4.2 Option to Obtain Three-Arbitrator Panel. As an alternative to selecting one (1) arbitrator under Section 13.4.1, any Disputing Party may elect to constitute a three- (3-) member arbitration panel, and the other Disputing Party or Parties shall cooperate in the selection of the panel, subject to the following conditions:

(i) any Disputing Party or Parties so electing shall be responsible for five-sixths (5/6) of the costs of the arbitration (exclusive of each Disputing Party's individual costs and attorneys' fees), regardless of the outcome of the arbitration, unless the Disputing Parties agree to an alternate method of allocating costs. The remaining one-sixth (1/6) of the costs shall be allocated to the Disputing Party (or allocated in equal parts among the Disputing Parties) that did not participate in the election to use a three- (3-) arbitrator panel;

(ii) each arbitrator shall be subject to the requirements of Section 13.5;

(iii) unless otherwise agreed by the Disputing Parties, the three (3) arbitrators shall be selected in the following manner:

(a) the Arbitration Committee shall provide to the Disputing Parties a list of fifteen (15) qualified individuals from its standing list,

(b) the Disputing Parties chose lots to determine the order for striking names,

(c) the Disputing Parties shall take turns striking names from the list, and

(d) the three (3) remaining names not stricken shall constitute the arbitration panel;

(iv) the arbitration panel shall decide all matters by majority vote; and

(v) all other procedures, rights, and obligations set out in the Bylaws Dispute Resolution Provisions shall apply to the arbitration, and all references to the "arbitrator" also shall be deemed a reference to the three- (3-) member arbitration panel so chosen.

13.4.3 Arbitrator's Jurisdiction. The arbitrator shall have the power to determine whether a dispute is subject to arbitration pursuant to the Bylaws Dispute Resolution Provisions.

13.4.4 Communication with Candidates to Serve as Arbitrator. No Disputing Party and no one acting on behalf of any Disputing Party may communicate on any matter relating to the dispute, including selection of an arbitrator, with any potential arbitrator identified on the list provided by the Arbitration Committee, except that staff of the Corporation, under the direction of the Arbitration Committee, may communicate with potential arbitrators concerning arrangements for an arbitration.

13.5 Disclosures Required of Arbitrators.

13.5.1 Initial Disclosure Obligations. The selected arbitrator shall be required to disclose to the Disputing Parties any direct financial or personal interest in the outcome of the arbitration. The arbitrator shall be required to disclose to the Disputing Parties any additional interests, relationships, facts, or circumstances including

(i) any existing or past financial, business, or professional interest or employment;

(ii) any relationship the arbitrator has with any Disputing Party or its counsel, or with any individual whom the arbitrator has been told will be a witness; and

(iii) any family or personal relationship

if they are likely to affect the arbitrator's impartiality or might reasonably create an appearance of bias. All arbitrators shall make a reasonable effort to inform themselves of any interests or relationships described above.

13.5.2 Ongoing Disclosure Obligations. The obligation to make disclosure in accordance with Section 13.5 is a continuing duty. If, after initiation of an arbitration under the Bylaws Dispute Resolution Provisions, the arbitrator must make a disclosure in accordance with Section 13.5, the arbitrator shall, at the time of disclosure, determine whether the information disclosed is grounds to disqualify the arbitrator from continuing with the arbitration. If the arbitrator determines that he or she is disqualified from continuing with the arbitration, the Disputing Parties shall select a new arbitrator in accordance with Section 13.4.

13.6 Protection from Liability. Neither the Arbitration Committee nor any arbitrator shall be liable to any party for any act or omission in connection with any arbitration conducted under the Bylaws Dispute Resolution Provisions, other than acts or omissions that are criminal or constitute intentional wrongdoing for the purpose of subverting the arbitration process.

13.7 Arbitration Procedures.

13.7.1 Timetable. Promptly after the appointment of the arbitrator, the arbitrator shall set a date for the issuance of the arbitration decision, which shall be no later than six (6) months (or such later date upon which the Disputing Parties and the arbitrator may agree) from the date of the appointment of the arbitrator, with other dates, including the dates for an evidentiary hearing or other final submissions of evidence, set in light of this date. The Disputing Parties may, by agreement, modify any dates set by the arbitrator (other than the maximum time allowed for issuance of the arbitration decision). The arbitrator shall not change the date for the evidentiary hearing or other final submissions of evidence absent extraordinary circumstances. The arbitrator shall have the power to impose sanctions, including imposition of costs and dismissal of the proceeding, for dilatory tactics or undue delay in completing the arbitration proceedings.

13.7.2 Procedural Rules. The Arbitration Committee shall adopt arbitration procedural rules consistent with the Bylaws Dispute Resolution Provisions (including the provisions set forth in Sections 13.7.2(i) through 13.7.2(v)). The Arbitration Committee may modify the arbitration procedural rules from time to time. In any case where there is a conflict between the arbitration procedural rules and the Bylaws Dispute Resolution Provisions, the Bylaws Dispute Resolution Provisions shall govern. The arbitrator shall conduct the arbitration in accordance with the Bylaws Dispute Resolution Provisions and the arbitration procedural rules, except as provided in Section 13.7.4.

(i) Discovery Procedures. The arbitration procedural rules shall include adequate provision for the discovery of relevant facts, including the taking of testimony under oath, production of documents and other things, presentation of evidence, taking of samples, conducting of tests, and inspection of land and tangible items. The nature and extent of such discovery shall take into account

(a) the complexity of the dispute;

(b) the extent to which facts are disputed;

(c) the extent to which the credibility of witnesses is relevant to a resolution; and

(d) the need to provide fair access to information by all Disputing Parties where information has been obtained under statutory right by one or more Disputing Parties from another Disputing Party or Parties outside the discovery process.

The forms and methods for taking such discovery shall be as described in the Federal Rules of Civil Procedure, except as modified by agreement of the Disputing Parties.

(ii) Confidentiality. The arbitration procedural rules shall provide a means for protecting confidential information disclosed in the course of an arbitration under the Bylaws Dispute Resolution Provisions. Any information determined to be confidential in the course of an arbitration shall not be included in any published or publicly available summary or copy of the arbitration award.

(iii) Summary Disposition. The arbitration procedural rules shall provide a means for summary disposition of an arbitration proceeding under the Bylaws Dispute Resolution Provisions. The arbitrator may grant summary disposition of the proceeding, in whole or in part, if there is no genuine issue of fact material to the decision. Any uncontroverted fact established through summary disposition shall be deemed established for the remainder of the proceeding. Any grant of summary disposition under this Section 13.7.2(iii) is subject to appeal pursuant to Section 13.10 after the final award in the proceeding has been issued.

(iv) Evidentiary Hearing. The arbitration procedural rules shall provide for an evidentiary hearing with respect to matters not resolved through summary disposition under Section 13.7.2(iii), unless all Disputing Parties consent to the resolution of the matter on the basis of a written record. Hearing rules shall include provision for the cross-examination of witnesses.

(v) Evidence. The arbitration procedural rules shall include provisions addressing submission and admissibility of evidence. The arbitrator shall compile and

certify a complete evidentiary record of the arbitration, which, upon completion, shall be available to any Disputing Party at that Disputing Party's request.

13.7.3 Communication with Arbitrator. Except by agreement of or in the presence of all Disputing Parties, no Disputing Party and no one acting on behalf of any Disputing Party may communicate with the arbitrator concerning the arbitration outside of scheduled proceedings. Unless the Disputing Parties agree otherwise or the arbitrator so directs, any written or electronic communication from any Disputing Party to the arbitrator shall also be sent to all other Disputing Parties and to the Arbitration Committee.

13.7.4 Modification of Arbitration Procedures. The Disputing Parties may, by agreement of all the Disputing Parties, modify the application of the arbitration procedural rules for purposes of their specific dispute. Except where the terms of the Bylaws Dispute Resolution Provisions specifically provide otherwise, the Disputing Parties may not agree to modify any of the provisions set forth in the Bylaws Dispute Resolution Provisions.

13.8 Intervention Rules.

13.8.1 Persons Eligible to Intervene. Only Persons identified in Section 13.2.2 of the Bylaws Dispute Resolution Provisions are eligible to intervene in an arbitration governed by the Bylaws Dispute Resolution Provisions; provided that the Person

(i) was not named as a Disputing Party in the statement of claim initiating the arbitration as provided in Section 13.3.3 or in a responding counterclaim; and

(ii) complies with the other provisions in the Bylaws Dispute Resolution Provisions concerning intervention and the obligations of Disputing Parties.

13.8.2 Timing for Intervention Application. A Person eligible to intervene in an arbitration under the Bylaws Dispute Resolution Provisions may apply to intervene in the arbitration as a Disputing Party within thirty (30) days from publication of the statement of claim initiating the arbitration. The arbitrator may, at his or her discretion, permit late intervention for good cause shown.

13.8.3 Required Showings for Intervention. The arbitrator shall permit a Person to intervene in an arbitration under the Bylaws Dispute Resolution Provisions if the Person applying to intervene (applicant) shows, to the arbitrator's reasonable satisfaction, that

(i) the applicant is eligible to intervene under Section 13.8.1 of the Bylaws Dispute Resolution Provisions;

(ii) the applicant's rights or interests will be substantially affected by outcome of arbitration; and

(iii) no other Person that is currently a Disputing Party to the arbitrations is likely to adequately represent the applicant's interests.

13.8.4 Application and Order. Any applicant to intervene in an arbitration under the Bylaws Dispute Resolution Provisions shall serve a copy of its application on the arbitrator, the Disputing Parties, and the Arbitration Committee. The application must demonstrate that the applicant satisfies the criteria set forth in Section 13.8.3. Any Disputing Party that objects to the intervention request must file a written objection with the arbitrator, if an arbitrator has been selected, and deliver the objection upon the applicant, the other Disputing Parties, and the Arbitration Committee, within ten (10) days of service of the application. Promptly upon selection of the arbitrator pursuant to Section 13.4, the arbitrator will issue an order determining whether, based upon the criteria established by Section 13.8.3, any applicant that has timely filed an application may intervene in the arbitration.

13.8.5 Effect of Arbitrator Granting Intervention Any applicant whose request to intervene in an arbitration under the Bylaws Dispute Resolution Provisions is granted by the arbitrator becomes a Disputing Party with full rights and responsibilities in relation to all other Disputing Parties; provided, however:

(i) the applicant must

(a) accept the arbitrator(s) selected in accordance with Section 13.4 of the Bylaws Dispute Resolution Provisions,

(b) accept the record as established at the time the intervention is granted, including any procedural or substantive rulings or orders,

(c) proceed in accordance with any established schedule, and

(d) pay a share of the costs of arbitration as determined by the arbitrator taking into account, among other things, the stage of the arbitration when intervention is sought;

(ii) the arbitrator may further condition Disputing Party status as necessary to ensure that the rights of other Disputing Parties are not unduly prejudiced and that the arbitration is not unduly delayed; and

(iii) any late-intervening Person must not cause a conflict of interest for the arbitrator objectionable to any existing Disputing Party.

13.9 Award, Remedies, and Enforcement.

13.9.1 Award. The arbitrator shall issue written reasons for the award, including findings of fact and conclusions of law. The arbitration award shall be based on

(i) the evidence in the record;

(ii) applicable law as then in effect in the Corporation's state of incorporation;

(iii) the terms of the Articles of Incorporation and these Operational Bylaws; and

(iv) consideration of relevant decisions in previous arbitration proceedings.

The arbitrator may, but need not, treat previous decisions under this Section 13.9.1 as determinative. The arbitrator's award shall be published and maintained, in searchable form, on the Grid West Website and by any other method the Arbitration Committee specifies. The Corporation's Office of General Counsel shall maintain a copy of the complete award and written explanation.

13.9.2 Remedies.

(i) Arbitrator's Discretion. Subject to the requirements of Section 13.9.1, the arbitrator shall have discretion to require no change in actions, or grant an injunction or mandamus.

(ii) Costs. Except as otherwise provided in Sections 13.4.2, 13.7.1, and 13.8.5, the costs of the time, expenses, and other charges of the arbitrator shall be borne by the Disputing Parties, with each Disputing Party on an arbitrated issue bearing its pro rata share of such costs, and each Disputing Party bearing its own costs and fees. If the arbitrator determines that a demand for arbitration or response to a demand for arbitration was made in bad faith, the arbitrator shall have discretion to award the costs of the time, expenses, and other charges of the arbitrator to the prevailing Disputing Party.

(iii) Compliance. Unless the arbitrator's decision is appealed under Section 13.10, the Disputing Parties shall, upon receipt of the decision, immediately take whatever action is required to comply with the award to the extent the award does not require action by a governmental authority not a party to the arbitration. An award that is not appealed shall be deemed to have the same force and effect as an order entered by a court of competent jurisdiction.

(iv) Enforcement. Following the expiration of the time for appeal of an award pursuant to Section 13.10.3, any Disputing Party may apply to a court of competent jurisdiction in the Corporation's state of incorporation for entry and enforcement of judgment based on the award. Parties to arbitration under the Bylaws Dispute Resolution Provisions shall be deemed to have consented that judgment upon the arbitration award may be entered in a court having jurisdiction within the Corporation's state of incorporation.

13.10 Appeal of Award.

13.10.1 Rehearing; Clarification; Appeal. A Disputing Party may apply to a court of competent jurisdiction in the Corporation's state of incorporation to hear an appeal of an arbitration award where

(i) the arbitrator's decision is contrary to applicable law;

(ii) the arbitrator was guilty of misconduct in refusing to postpone the hearing, upon sufficient cause shown, or in refusing to hear evidence pertinent and material to the controversy; or for any other misbehavior by which the rights of any party have been prejudiced;

(iii) the arbitrator exceeded the authority conferred by the Bylaws Dispute Resolution Provisions or as otherwise established by agreement of all the Disputing Parties;

(iv) the award was procured by corruption, fraud, or undue means;

(v) there was evident partiality or corruption in the arbitrator(s);

(vi) there was an evident material miscalculation of figures (e.g., quorum and voting) or an evident material mistake in the description of any person, thing, or property referred to in the award; or

(vii) the award is imperfect in matter of form not affecting the merits of the controversy.

13.10.2 Appellate Record. The arbitration process set forth in the Bylaws Dispute Resolution Provisions contemplates that the court of competent jurisdiction should afford substantial deference to the factual findings of the arbitrator. No Disputing Party may seek to expand the record before the court of competent jurisdiction beyond that assembled by the arbitrator, except

(i) by making reference to legal authority that did not exist at the time of the arbitrator's decision; or

(ii) if the Disputing Party contends the decision was based upon or affected by fraud, collusion, corruption, misconduct, or misrepresentation.

13.10.3 Procedures for Appeals. Appeals shall, unless otherwise ordered by the court of competent jurisdiction in the Corporation's state of incorporation, conform to the procedural limitations set forth in this Section 13.10.3.

(i) Notice. If a Disputing Party desires to appeal an award, it shall provide notice of appeal to the Corporation's Board of Trustees, all other Disputing

Parties, and the arbitrator within fourteen (14) days following the date of the award. The appealing Disputing Party must likewise provide notice to the Arbitration Committee, which shall publish notice of the appeal on the Grid West Website and by other method the Arbitration Committee specifies. Within ten (10) days of the filing of the notice of appeal, the appealing Disputing Party must file an appropriate application, petition, or motion with a court of competent jurisdiction in the Corporation's state of incorporation. The filing shall state that the subject matter has been the subject of an arbitration under the Bylaws Dispute Resolution Provisions.

(ii) Evidentiary Record. Within thirty (30) days of filing the notice of appeal (or such period as the court of competent jurisdiction in the Corporation's state of incorporation may specify) the appellant shall file the complete evidentiary record of the arbitration and a copy of the award with the court of competent jurisdiction. The appellant shall serve copies of a description of all materials included in the certified evidentiary record.

(iii) Stay Pending Appeal. Implementation of the award shall be deemed stayed pending an appeal unless and until, at the request of a Disputing Party, the court of competent jurisdiction in the Corporation's state of incorporation to which an appeal has been filed issues an order dissolving, shortening, or extending the stay.

CERTIFICATION

The undersigned hereby certifies that the foregoing Operational Bylaws of Grid West were approved by a favorable vote of a majority of the members of the Board of Trustees of the Corporation on the ____ day of _____, 200_.

Dated this ____ day of _____, 200_.

By: _____

_____
(Printed Name)
Secretary of the Corporation

REALLOCATION & TABULATION OF VOTES (Example 1 Operational Bylaws)

Notes: (1) In a Bylaws Amendment vote (Section 5.14.5) the proposed amendment would be defeated (4 of 5 Member Classes have not approved by a margin of 2/3 of voting power). In other member votes (Section 5.14.7), the matter would be approved. (2) This example does not apply to Member votes for election of MRC representatives.

Legend: Red highlighting indicates Member Subclasses where the threshold number of members has not been met.

CLASS	SUBCLASS	VOTES (V) (s. 5.14.1(i))	THRESHOLD (T) (s. 5.14.2)	MEMBERS (assumption)	REALLOCATION FROM CLASSES WITH NO MEMBERS (s. 5.14.4(i))			REALLOCATION WITHIN CLASS WITH 3 SUBCLASSES (s. 5.14.4(ii),(iii),(iv)(c)-(g),(v))						REALLOCATED VOTING POWER ($V_{Reallocated}$)	VOTES CAST (assumption)		VOTING POWER CAST (s. 5.14.5-5.14.7)	
					Vote Reduction	Reallocated Votes	Final Votes	Vote Reduction From Zero-Member Subs	Vote Reduction from Less than Threshold (A)	Voting Power	Reallocated From Zero-Member Subs	Reallocated from Less than Threshold	Final Votes ($V_{Reallocated}$)		Yes	No	Yes	No
MTU		6		6	0	0	6								6	0	6	0
Subtotal				6			6										6	0
TDU	Large TDU	3		3	0	0	3								2	1	2	1
	Small TDU	3		3		0	3								2	1	2	1
Subtotal				6			6										4	2
GENS., MARKETERS, LRG GEN. END-USE CONSUMERS,	Generators	4		3	0	0	4	0	0	4	0	0.2	4.2		2	1	2.8	1.2
	Large Gen. End-Use Consumers	1	5	6		0	1	0	0	1	0	0	1		6	0	1	0
				8											7			0
Subtotal				17			6	0	0.2				6				4.5	1.5
STATE & PROV. ENERGY AUTHS., TRIBES, PUBLIC INT. GROUPS	State & Prov. Energy Auths.	5	4	6	0	0	5	0	0	5	0	0	5		1	5	0.83333	4.16667
	Tribes	1	1	10		0	1	0	0	1	0	0	1		10	0	1	0
	Public Interest Groups	1	1	10		0	1	0	0	1	0	0	1		10	0	1	0
Subtotal				26			7	0	0				7				2.83333	4.16667
END-USE CONSUMER	Lg Bundled	1	1	5	0	0	1	0	0	1	1	0	2		0	5	0	2
	Lg Unbundled	2	2	2		0	2	0	0	2	2	0	4		0	2	0	4
				0											0			0
Subtotal				7			6	3	0	3		0	6				0	6
Totals		31			0	0	31	3	0		0	0		31			17.3333	13.6667

Total Voting Power Cast: 31

REALLOCATION & TABULATION OF VOTES (Example 2 Operational Bylaws)

Notes: (1) In a Bylaws Amendment vote (Section 5.14.5) the proposed amendment would be approved (4 of 5 Member Classes have approved by a margin of 2/3 of voting power). In other member votes (Section 5.14.7), the matter would also be approved. (2) This example does not apply to Member votes for election of MRC representatives.

Legend: Purple highlighting indicates Member Classes with 0 Members; red highlighting indicates Member Subclasses where the threshold number of members has not been met.

CLASS	SUBCLASS	VOTES (V) (s. 5.14.1(i))	THRESHOLD (T) (s. 5.14.2)	MEMBERS (assumption)	REALLOCATION FROM CLASSES WITH NO MEMBERS (s. 5.14.4(i))			REALLOCATION WITHIN CLASS WITH 3 SUBCLASSES (s. 5.14.4(ii),(iii),(iv)(c)-(g),(v))						REALLOCATED VOTING POWER ($V_{Reallocated}$)	VOTES CAST (assumption)		VOTING POWER CAST (s. 5.14.5-5.14.7)	
					Vote Reduction	Reallocated Votes	Final Votes	Vote Reduction From Zero-Member Subs	Vote Reduction from Less than Threshold (A)	Voting Power	Reallocated From Zero-Member Subs	Reallocated from Less than Threshold	Final Votes ($V_{Reallocated}$)		Yes	No	Yes	No
MTU		6		6	0	1.5	7.5							7.5	6	0	7.5	0
Subtotal				6			7.5										7.5	0
TDU	Large TDU	3		3	0	0.75	3.75							3.75	3	0	3.75	0
	Small TDU	3		3		0.75	3.75							2.5	2	1	2.5	0.25
Subtotal				6			7.5										6.25	0.25
GENS., MARKETERS, LRG GEN. END-USE CONSUMERS,	Generators	4		3	0	1	5	0	0	5	1.25	0	6.25	6.25	3	0	6.25	0
				0										0	0			0
	Marketers, Others	1	10	15		0.25	1.25	0	0	1.25	0	0	1.25	1.25	1.1	4	0.91667	0.33333
Subtota				18			7.5	1.25	0				7.5				7.16667	0.33333
STATE & PROV. ENERGY AUTHS., TRIBES, PUBLIC INT. GROUPS				3	0									3.75	3			0
				0										0	0			0
	Public Interest Groups	1	1	2		0.25	1.25	0	0	1.25	1.25	1.25	3.75	3.75	2	0	3.75	0
Subtotal				5			7.5	1.25	1.25				7.5				7.5	0
END-USE CONSUMER	Lg Bundled	1	1	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0
	Lg Unbundled	2	2	0		0	0	0	0	0	0	0	0	0	0	0	0	0
	Consumer Adv.	3	3	0		0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal				0			0	0	0	0		0	0				0	0
Totals		30			6	5.25	30	2.5	1.25		0	0		30			28.4167	1.58333

Total Voting Power Cast: 30

END

EXHIBIT D

"Operational Bylaws"

REALLOCATION & TABULATION OF VOTES (Example 1 Developmental Bylaws)

Notes: (1) In an override vote (s. 5.14.5), the resolution would be overriden (4 of 5 Member Classes vote against the resolution by a margin of 2/3 of voting power). In a Bylaws Amendment vote (s. 5.14.6), the proposed amendment would be defeated (4 of 5 Member Classes have not approved by a margin of 2/3 of voting power). In other member votes (s. 5.14.8), the matter would also be defeated. (2) This example does not apply to Member votes for election of MRC representatives.

Legend: Red highlighting indicates Member Subclasses where the threshold number of members has not been met.

CLASS	SUBCLASS	VOTES (V) (s. 5.14.1(i))	THRESHOLD (T) (s. 5.14.2)	MEMBERS (assumption)	REALLOCATION FROM CLASSES WITH NO MEMBERS (s. 5.14.4(i))			REALLOCATION WITHIN CLASS WITH 3 SUBCLASSES (s. 5.14.4(ii),(iii),(iv)(c)-(g),(v))						REALLOCATED VOTING POWER ($V_{Reallocated}$)	VOTES CAST (assumption)		VOTING POWER CAST (s. 5.14.5-5.14.8)	
					Vote Reduction	Reallocated Votes	Final Votes	Zero-Member Subs Vote Reduction From	Less than Threshold (A) Vote Reduction from	Voting Power	Reallocated From Zero-Member Subs	Reallocated from Less than Threshold	Final Votes ($V_{Reallocated}$)		Yes	No	Yes	No
MTU		6		6	0	0	6								0	6	0	
Subtotal				6			6										0	
TDU	Large TDU	3		3	0	0	3								1	2	1	2
	Small TDU	3		3		0	3								1	2	1	2
Subtotal				6			6										2	4
GENS., MARKETERS, LRG GEN. END-USE CONSUMERS,	Generators	4		3	0	0	4	0	0	4	0	0.2	4.2		1	2	1.4	2.8
	Large Gen. End-Use Consumers	1	5	6		0	1	0	0	1	0	0	1		0	6	0	
				8											0			0.8
Subtota				17			6	0	0.2				6				1.4	3.6
STATE & PROV. ENERGY AUTHS., TRIBES, PUBLIC INT. GROUPS	State & Prov. Energy Auths.	5	4	6	0	0	5	0	0	5	0	0	5		2	4	1.66667	3.33333
	Tribes	1	1	10		0	1	0	0	1	0	0	1		1	9	0.1	0.9
	Public Interest Groups	1	1	10		0	1	0	0	1	0	0	1		1	9	0.1	0.9
Subtotal				26			7	0	0				7				1.86667	5.13333
END-USE CONSUMER	Lg Bundled	1	1	5	0	0	1	0	0	1	1	0	2		5	0	2	0
	Lg Unbundled	2	2	2		0	2	0	0	2	2	0	4		2	0	4	0
				0											0			0
Subtotal				7			6	3	0	3		0	6				6	0
Totals		31			0	0	31	3	0		0	0					11.2667	19.7333

Total Voting Power Cast: 31

REALLOCATION & TABULATION OF VOTES (Example 2 Developmental Bylaws)

Notes: (1) In an override vote (s. 5.14.5), the resolution would not be overriden (4 of 5 Member Classes do not vote against the resolution by a margin of 2/3 of voting power). In a Bylaws Amendment vote (s. 5.14.6), the proposed amendment would be defeated (4 of 5 Member Classes have not approved by a margin of 2/3 of voting power). In other member votes (s. 5.14.8), the matter would be approved. (2) This example does not apply to Member votes for election of MRC representatives.

Legend: Red highlighting indicates Member Subclasses where the threshold number of members has not been met.

CLASS	SUBCLASS	VOTES (V) (s. 5.14.1(i))	THRESHOLD (T) (s. 5.14.2)	MEMBERS (assumption)	REALLOCATION FROM CLASSES WITH NO MEMBERS (s. 5.14.4(i))			REALLOCATION WITHIN CLASS WITH 3 SUBCLASSES (s. 5.14.4(ii),(iii),(iv)(c)-(g),(v))						REALLOCATED VOTING POWER ($V_{Reallocated}$)	VOTES CAST (assumption)		VOTING POWER CAST (s. 5.14.5-5.14.8)	
					Vote Reduction	Reallocated Votes	Final Votes	Vote Reduction From Zero-Member Subs	Vote Reduction from Less than Threshold (A)	Voting Power	Reallocated From Zero-Member Subs	Reallocated from Less than Threshold	Final Votes ($V_{Reallocated}$)		Yes	No	Yes	No
MTU		6		6	0	0	6								3	3	3	3
Subtotal				6			6										3	3
TDU	Large TDU	3		3	0	0	3								1	2	1	2
	Small TDU	3		3		0	3								1	2	1	2
Subtotal				6			6										2	4
GENS., MARKETERS, LRG GEN. END-USE CONSUMERS,	Generators	4		3	0	0	4	0	0	4	1	0	5		2	1	3.33333	1.66667
				0											0			0
	Marketers, Others	1	10	15		0	1	0	0	1	0	0	1		7	8	0.46667	0.53333
Subtota				18			6	1	0				6				3.8	2.2
STATE & PROV. ENERGY AUTHS., TRIBES, PUBLIC INT. GROUPS				3	0										1			2
				0											0			0
	Public Interest Groups	1	1	2		0	1	0	0	1	1	1	3		2	0	3	0
Subtotal				5			6	1	1				6				4	2
END-USE CONSUMER	Lg Bundled	1	1	5	0	0	1	0	0	1	0	0.25	1.25		5	0	1.25	0
				1											0			1
	Consumer Adv.	3	3	6		0	3	0	0	3	0	0.75	3.75		3	3	1.875	1.875
Subtotal				12			6	0	1	5		1	6				3.125	2.875
Totals		30			0	0	30	2	2		0	1					15.925	14.075

Total Voting Power Cast: 30

Attachment C

CONSENT OF TRUSTEES - GRID WEST

The attached is a corporate resolution adopted by Trustees of the Interim Board of Trustees of Grid West. At the time of filing, some executed signature pages had not yet arrived in the mail. Therefore, substituted in their place are the Trustees' email approvals of the resolution. Final copies of the executed signature pages will be filed with the Commission as an errata filing in the near future.

CONSENT OF TRUSTEES

GRID WEST

Pursuant to the provisions of Chapter 24.03 RCW and Section 7.1.12 of the Developmental Bylaws, the undersigned trustees, being all of the trustees of the Interim Board of Trustees of Grid West, a Washington non-profit corporation (the "Corporation"), acting by unanimous written consent, hereby adopt the following corporate resolution and hereby consent to the taking of the actions set forth therein.

BACKGROUND

Grid West's Developmental Bylaws became effective on December 15, 2004; the date RTO West's Articles of Amendment reorganizing RTO West into Grid West were accepted for filing by the Secretary of State of the State of Washington.

Upon the seating of the Developmental Board of Trustees, their independence is ensured through the provisions set forth in the Developmental Bylaws related to Standard of Care (Section 7.12.1), Conduct Rules (Section 7.12.3), Independence from Market Participants (Section 7.12.4), and Prohibition Against Gifts and Loans to Developmental Board of Trustees (Section 7.13). The independence of officers, employees, substantially full-time consultants and contractors of the Corporation, and any transmission owner or operator personnel or other individuals performing discretionary functions for or on behalf of the Corporation is ensured through compliance with the Employee Conduct Rules. (Section 7.12.4 and 9.13)

The Developmental Bylaws instruct the Developmental Board of Trustees to develop further "policies" to "ensure independence from Market Participants, regarding the ownership of securities of suppliers of the Corporation or of other financial interests relating to the Corporation, by Trustees, officers, and employees of the Corporation (including Related Persons of such Developmental Board of Trustees, officers, and employees)." (Section 7.12.4; *See also,* Section 9.13)

The Interim Board of Trustees believes it is in the best interests of the Corporation to further address the issue of independence from Market Participants, Member or suppliers of Corporation, in a manner entirely consistent with the Developmental Bylaws, by adopting a policy prohibiting trustees, officers, employees, substantially full-time consultants and contractors of the Corporation from having a financial interest in Market Participants, Members, and suppliers of the Corporation. Furthermore, this policy is integral to the engagement by the

Interim Board of an executive search firm, charged with developing a slate of qualified candidates for the Developmental Board of Directors.

NOW THEREFORE, BE IT RESOLVED OF THE INTERIM BOARD OF TRUSTEES OF GRID WEST that the following policy applies upon election of the Developmental Board of Trustees to any trustee, officer, employee, substantially full-time consultant and contractor of the Corporation or other individuals performing discretionary functions for or on behalf of the Corporation (including the spouse, domestic partner, or any legal dependent of such individual):

1. Prohibited Individuals. Except as set forth in Section 2, no individual may serve as a trustee, officer, employee, substantially full-time consultant or contractor of the Corporation and no individuals may perform discretionary functions for or on behalf of the Corporation, if such individual (or the spouse, the domestic partner, or any legal dependent of such individual)

(i) has a direct or indirect financial interest in (including the ownership of securities of) a Market Participant, Member or supplier of the Corporation (or any Affiliate of any of such Persons); provided, however, that such individual (or the spouse, the domestic partner, or any legal dependent of such individual) will be permitted to own securities of a Market Participant, Member or supplier of the Corporation (or any Affiliate of any such Persons) through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segments thereof); or

(ii) has a Related Person that is an officer, chief executive or general manager, director or trustee or member of a governing board or council, or occupies a position of similar capacity of a Market Participant, Member or supplier of the Corporation (or any Affiliate of any such Person).

2. Exceptions Concerning Prohibited Individuals. An individual shall not be deemed to be in violation of the restrictions set forth in Section 1 and shall not be prohibited from serving as a trustee, officer, employee, substantially full-time consultant or contractor of the Corporation and no individuals shall be prohibited from performing discretionary functions for or on behalf of the Corporation merely because such individual (or the spouse, the domestic partner, or any legal dependent of such individual)

(i) is a residential retail consumer of electric energy; or

(ii) continues his or her pre-existing participation in a qualified defined benefits or defined contribution pension plan, a nonqualified deferred compensation or pension plan, or health benefits plan of a Market Participant, Member or supplier of the Corporation (or any Affiliate of any of such Persons) for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time, so long as the benefits to such individual under any such pension plan do not vary with the economic performance of such Market Participant, Member or supplier of the Corporation (or any Affiliate of any of such Persons) (other than the potential variance due to risk of bankruptcy) or the value of any securities of any such Market Participant, Member or supplier of the Corporation (or any Affiliate of any of such Persons) held by such plan.

(3) Changes to the Policy. This policy may be prospectively rescinded or modified at any time by the governing board of Corporation.

THE EXECUTION OF THIS CONSENT, which may be accomplished in counterparts, shall constitute the unanimous action of the Interim Board of Trustees and a written waiver of any notice required by the Chapter 24.03 RCW or the Developmental Bylaws.

By _____
Frank Afranji
Director

By _____
Allen Burns
Director

By _____
John Carr
Director

By _____
Randall O. Cloward
Director

By _____
H. Charles Durick
Director

By _____
Tom Deboer
Director

By _____
Cameron Lusztig
Director

By Paul Schmidt
Paul Schmidt
Director

By _____
Ted D. Williams
Director

(ii) continues his or her pre-existing participation in a qualified defined benefits or defined contribution pension plan, a nonqualified deferred compensation or pension plan, or health benefits plan of a Market Participant, Member or supplier of the Corporation (or any Affiliate of any of such Persons) for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time, so long as the benefits to such individual under any such pension plan do not vary with the economic performance of such Market Participant, Member or supplier of the Corporation (or any Affiliate of any of such Persons) (other than the potential variance due to risk of bankruptcy) or the value of any securities of any such Market Participant, Member or supplier of the Corporation (or any Affiliate of any of such Persons) held by such plan.

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By Allen L. Burns
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John Carr
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Director

By _____
Cameron Lusztig
Director

By _____
Paul Schmidt
Director

By _____
Ted D. Williams
Director

From: Williams, Ted D [TED.WILLIAMS@northwestern.com]
Sent: Tuesday, April 26, 2005 2:25 PM
To: Helms, Sharon
Subject: FW: Proposed Grid West Resolution

-----Original Message-----
From: Cloward, Randy [mailto:Randy.Cloward@avistacorp.com]
Sent: Tuesday, April 26, 2005 10:24 AM
To: Williams, Ted D
Subject: RE: Proposed Grid West Resolution

Done, check is in the mail.

-----Original Message-----
From: Williams, Ted D [mailto:TED.WILLIAMS@northwestern.com]
Sent: Thursday, April 21, 2005 5:54 PM
To: Afranji, Frank - PGE; Burns, Allen - BPA; Carr, John - PacifiCorp; Cloward, Randy; Durick, Chuck -- Idaho Power; Harris, Kimberly - Puget; Helms, Sharon; Mansour, Yakout - BC Transmission Company; Petersen, Ken - Idaho Power; Schmidt, Paul - Sierra Pacific
Cc: Kelly, Terry M.; McLellan, Malcolm - Van Ness Feldman
Subject: FW: Proposed Grid West Resolution

Oops! Try this one.
Ted

-----Original Message-----
From: Malcolm McLellan [mailto:mcm@vnf.com]
Sent: Thursday, April 21, 2005 6:50 PM
To: Williams, Ted D
Subject: Re: Proposed Grid West Resolution

Thanks Ted. FYI - you sent out the redline. Here is a clean version and a PDF of the clean version.

- malcolm

>>> "Williams, Ted D" <TED.WILLIAMS@northwestern.com> 04/21/05 05:39PM >>>
Attached is a resolution that I recommend the Board execute ASAP. We've talked about this before as I recall. The discussion below describes why we need this resolution, and Grid West counsel has weighed in on the matter. If at all possible, please print this, execute it, notify everyone by replying to all, and then send the signed original to Sharon Helms at 825 NE Multnomah St, Suite 300, Portland OR, 97232. Thanks for your prompt response to this matter.
Ted

From: Durick, Chuck [CDurick@idahopower.com]
Sent: Friday, April 22, 2005 5:16 PM
To: Williams, Ted D; Afranji, Frank - PGE; Burns, Allen - BPA; Carr, John; Cloward, Randy - Avista; Harris, Kimberly - Puget; Helms, Sharon; Mansour, Yakout - BC Transmission Company; Petersen, Ken; Schmidt, Paul - Sierra Pacific
Cc: Kelly, Terry M.; McLellan, Malcolm - Van Ness Feldman
Subject: RE: Proposed Grid West Resolution
I signed the consent and am putting it in the mail today.
Chuck

-----Original Message-----
From: Williams, Ted D [mailto:TED.WILLIAMS@northwestern.com]
Sent: Thursday, April 21, 2005 6:54 PM
To: Afranji, Frank - PGE; Burns, Allen - BPA; Carr, John - PacifiCorp; Cloward, Randy - Avista; Durick, Chuck; Harris, Kimberly - Puget; Helms, Sharon; Mansour, Yakout - BC Transmission Company; Petersen, Ken; Schmidt, Paul - Sierra Pacific
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Ted

From: Williams, Ted D [TED.WILLIAMS@northwestern.com]
Sent: Monday, April 25, 2005 8:43 AM
To: Afranji, Frank - PGE; Burns, Allen - BPA; Carr, John; Cloward, Randy - Avista; Durick, Chuck -- Idaho Power; Harris, Kimberly - Puget; Helms, Sharon; Mansour, Yakout - BC Transmission Company; Petersen, Ken - Idaho Power; Schmidt, Paul - Sierra Pacific
Cc: Kelly, Terry M.; McLellan, Malcolm - Van Ness Feldman
Subject: RE: Proposed Grid West Resolution

I signed mine and sent it to Sharon this morning.

-----Original Message-----
From: Williams, Ted D
Sent: Thursday, April 21, 2005 6:54 PM
To: Afranji, Frank - PGE; Burns, Allen - BPA; Carr, John - PacifiCorp; Cloward, Randy - Avista; Durick, Chuck -- Idaho Power; Harris, Kimberly - Puget; Helms, Sharon; Mansour, Yakout - BC Transmission Company; Petersen, Ken - Idaho Power; Schmidt, Paul - Sierra Pacific
Cc: Kelly, Terry M.; McLellan, Malcolm - Van Ness Feldman
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>>> "Williams, Ted D" <TED.WILLIAMS@northwestern.com> 04/21/05 05:39PM >>>
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Ted

Lynch-Harkins, Lisa

From: Lusztig, Cameron [Cameron.Lusztig@bctc.com]
Sent: Wednesday, April 27, 2005 2:55 PM
To: Helms, Sharon
Cc: temiller@bpa.gov; sdberwager@bpa.gov; Lynch-Harkins, Lisa
Subject: Re: Proposed Grid West Resolution

I am fine with the resolution. I will fax a signed copy to my office tonight, which can be faxed on tomorrow (I don't have a direct fax number with me). I am coming straight from Calgary to Portland tomorrow, so can sign an original then if that helps. Sorry for the delay.

Sent from my BlackBerry Wireless Handheld

-----Original Message-----
From: Helms, Sharon <Sharon.Helms@PacifiCorp.com>
To: Lusztig, Cameron <Cameron.Lusztig@bctc.com>
CC: temiller@bpa.gov <temiller@bpa.gov>; Berwager,Syd - R <sdberwager@bpa.gov>; Lynch-Harkins, Lisa <Lisa.Harkins@PacifiCorp.com>
Sent: Wed Apr 27 11:37:01 2005
Subject: FW: Proposed Grid West Resolution

Cam: Attached is the GW Consent of Trustees for your review. Could you please:

* send an email to me indicating your approval of the consent - today;
* Sign the consent and fax me the signature page when you return tomorrow; and
* Send me the original signed consent for the Grid West files by first class mail

Hopefully you have received a phone call from Syd explaining the need for this approval. Please call either Syd Berwager or myself if you have any questions.

Regards,

Sharon Helms, Grid West
Vice President and Secretary
(503) 813-6419
(503) 804-7669 (cell)