

DRAFT 10/8/00 Compared Against 9/10/00

BYLAWS

OF

RTO WEST

(a Washington nonprofit corporation)

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ARTICLE I

GENERAL PROVISIONS

Section 1. Defined Terms. For purposes of these bylaws, the following terms shall be defined as follows:

- ###a) "Affiliate" of a Person means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of these bylaws, in determining whether one Person controls another Person: (1) without limitation, the direct or indirect ownership or control of or power to vote five percent **or more** of the outstanding {voting securities } of a corporation shall be deemed to constitute control of such corporation; ~~(2) [each member of a cooperative corporation shall be deemed to be an Affiliate of the cooperative corporation; provided, however, that the customer owners of an electric power distribution cooperative shall not, by virtue of such relationship alone~~ **in the case of any Person that owns an interest in an Independent Transmission Company, such Person and the Independent Transmission Company shall not be considered Affiliates; (2) members of any cooperative corporation shall not, merely by virtue of membership in such corporation,** be deemed to be Affiliates of such cooperative]; ~~(3) each other or of the cooperative corporation; (3) members of any joint operating agency, joint powers authority or comparable entity shall not, merely by virtue of membership in such joint operating agency, joint powers authority or other such entity, be considered Affiliates of each other or of the joint operating agency, joint powers authority or other such entity; (4) separate agencies of a state or of the federal government shall not be considered Affiliates, regardless of any commonality of political control;~~~~(4) members of any joint operating agency, joint powers authority or comparable entity shall not be considered Affiliates; (5) no tribal utility or tribal commercial enterprise shall be considered an Affiliate of any Tribal Utility Regulatory Authority; and (6) no crown-owned utility shall be considered an Affiliate of any State or Provincial Energy Authority.~~
- (b) "Ancillary Services" ~~mean those services that are necessary to support the transmission of capacity and energy from resources to loads~~ **means all interconnected operation services as the Corporation may offer to support the use of its transmission services, and which shall include all ancillary services a transmission provider is required by FERC to provide,** while maintaining reliable operation of the RTO West Transmission System in accordance with applicable requirements of FERC, the WSCC and NERC. ~~[THIS DEFINITION REQUIRES REVIEW AND PROBABLE REVISION.]~~

Good Utility Practice.

- (c) "Articles of Incorporation" ~~mean~~ **means** the Articles of Incorporation of the Corporation, as amended from time to time.
- ###d) "Award" means a decision made by an arbitrator pursuant to the alternative dispute resolution procedures set forth in Exhibit C to these bylaws.
- ###e) "Board Advisory Committee" shall have the meaning set forth in Section ~~5~~ **6** of Article VII.
- ###f) "Board of Trustees" means the Board of Trustees of the Corporation, as described in Article VI and elsewhere in these bylaws.
- ###g) ~~"BPA" means the Bonneville Power Administration, a federal power marketing administration, or any successor agency.~~
- h) "Canadian Transmission Provider" means any Member owning transmission facilities in Canada, having contractual rights to use such facilities, or authorized to provide interconnection or transmission services over such facilities.
- ###i) **h)** "Control Area" means, **unless otherwise defined in the RTO West Tariff**, an electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to: (i) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s); (ii) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice; (iii) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and (iv) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

~~[THIS DEFINITION REQUIRES REVIEW AND PROBABLE REVISION.]~~

- j)(i)** "Corporation" means RTO West, a Washington nonprofit corporation formed under the Washington Nonprofit Corporation Act, Chapter 24.03 RCW.

~~###k)~~ j) "EWG" means "exempt wholesale generator," as such term is defined in ~~{Section 32(a)(1) of the Public Utility Holding Company Act of 1935, 15 U.S.C. § 79z-5a(a)(1).}~~

~~###l)~~ k) "FERC" means the Federal Energy Regulatory Commission, or any successor agency.

~~###m)~~ l) "FPA" means the Federal Power Act, 16 U.S.C. § 824 792 et seq., as amended from time to time.

~~(n)~~(m) "Generation Integration Agreement" means ~~{TO BE COMPLETED}~~.

an RTO West agreement substantially in the form of the agreement identified as a Generation Integration Agreement and attached as a service agreement to the RTO West Tariff.

(n) "Generator" means any entity, including but not limited to an EWG, Independent Power Producer, Qualifying Small Power Producer or Qualifying Cogenerator, that owns, leases or otherwise exercises operational control over one or more electric generating facilities with such minimum size qualifications as may be established by the Board of Trustees, and which facilities are located in or dynamically scheduled into (including any electric generating facility on which significant construction has been completed and which is either located in or, when operational, will be dynamically scheduled into) the RTO West Geographic Area; provided, however, that no Scheduling Coordinator or Power Marketer shall be deemed to be a Generator solely by virtue of its exercise of operational control over any electric generating facility.

(o) "Good Utility Practice" means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the WSCC Interconnection}.

~~###p)~~ "Independent Power Producer" means ~~{TO BE COMPLETED}~~. any non-utility Generator that is involved in the ownership or operation of one or more electric generating facilities on a merchant plant basis.

- ###e) g) **"Independent Transmission Company" means a transmission company meeting the independence requirements established by FERC Order No. 2000 and all supplements and amendments thereto issued by the FERC, and which Company has divested its electric transmission systems.**
- ###r) **"Interim Board of Directors" means the Interim Board of Directors as defined in the Corporation's Articles of Incorporation.**
- ###s) **"Large Retail Customer" means (i) a Retail Customer who or which, individually and together with all of its Affiliates, has had, during the calendar year immediately preceding the relevant time, an aggregate retail electric load within the RTO West Geographic Area greater than or equal to five aMW, or (ii) any governmental or bona fide governmental or public interest organization advocating the interests of such which demonstrates to the reasonable satisfaction of the Corporation that it is authorized by statute or otherwise to advocate the interests of Large Retail Customers, or any segment thereof, as retail electric customers.**
- ###t) **"Load Integration Agreement" means [TO BE COMPLETED]. an RTO West agreement substantially in the form of the agreement identified as a Load Integration Agreement and attached as a service agreement to the RTO West Tariff.**
- s)(u) **"Major Transmitting Utility" means a Transmission Owner that which, individually or together with one or more of its affiliates, receives from the RTO revenues in excess of _____ percent of the RTOs total transmission system revenue requirement. owns and has agreed to cede control (pursuant to a Transmission Operating Agreement) of its transmission assets having a net book value greater than or equal to two percent of the aggregate net book value of the RTO West Transmission System.**¹

¹ Depending upon the outcome of discussions within the Adjunct Committee which is addressing Canadian issues, the definition of the Major Transmitting Utilities Class may need to be revised to accommodate participation of Canadian transmission owners, since such participation may take the form of indirect participation through an intermediary Independent Grid Operator, rather than direct participation through Transmission Operating Agreements between the individual transmission owners and the RTO. The issue of the participation of the BC Independent Grid Operator (IGO) has also been discussed. The BC IGO has a clear interest in the policies and tariff of RTO West and it has a clear interest in coordinating with RTO West in the development of policy matters which affect transmission operations in British Columbia. However, the general consensus was that those interests should be addressed contractually in the agreement between RTO West and the BC IGO and not through its participation as a member in any of the member classes of RTO West.

- ~~+(v)~~ (v) **"Market Exchange Operator" means an entity which is not a Generator or Power Marketer and which operates one or more trading mechanisms through which Market Participants and other Persons can on a non-discriminatory basis buy, sell or trade contracts for power, transmission rights or Ancillary Services.**
- (w) **"Market Participant" has the meaning set forth in 18 CFR Part 35.34(b)(2). means "market participant" as such term is defined in 18 CFR § 35.34(b)(2), as amended.**
- ~~(u)~~(x) **"Member" shall mean any entity that has become a member of the Corporation under and in accordance with the provisions of Article IV of these bylaws, and that has not resigned or been terminated from membership in the Corporation.**
- ~~###v)~~ y) **"Member Class" shall have the meaning set forth in Section 2 of Article IV. (a) of Article IV.**
- ~~###w)~~ z) **"NERC" means the North American Electric Reliability Council, or any successor organization. "Member Sub-Class" means a sub-class of Members in any Member Class created pursuant to Section 3 of Article V for purposes of apportioning the votes within any Member class in the election of members of the Trustees Selection Committee.**
- ~~###x)~~ aa) **"Nonutility Entity" means ~~any entity~~ any entity (including but not limited to any Generator or Power Marketer), other than a Major Transmitting Utility, Transmission-Dependent Utility, ~~{Retail Customer, State or Provincial Energy Authority, Tribal Utility Regulatory Authority or Unaligned Entity}~~, that is located, ~~conducting business or operating within,~~ that (i) is (A) engaged in purchases or sales of electric power which is scheduled for delivery within, into or from the RTO West Geographic Area, and ~~that (i) is (B) entitled to apply to the 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 located 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, or (ii) is a Power Exchange.}~~ Market Exchange Operator conducting business in such capacity within the RTO West Geographic Area**
- ~~###y)~~ **"NRTA" means the Northwest Regional Transmission Association, or any successor organization.**

z) **bb)** "NWPPC" means the Northwest Power Planning Council, or any successor organization.

###aa) **cc)** "Participating Jurisdiction" means any state (other than California) or province, all or any portion of which is located within the RTO West Geographic Area.

###bb) **dd)** "Person" means an {individual, corporation, cooperative corporation, municipal corporation, **quasi-municipal corporation**, limited liability company, partnership, limited partnership, limited liability partnership, association, joint-stock company, trust, unincorporated organization, or government entity or political subdivision thereof}.

###ce) "Power Exchange" means [~~a FERC jurisdictional exchange on which delivery of one or more standardized contracts for power or other related products like transmission services or Ancillary Services occur, where all qualified participants trade subject to the same terms and conditions and (including terms and conditions and rules for credit), and which posts the price and volume of recent transactions on or over the exchange.~~]

dd) **ee)** "Power Marketer" means [~~TO BE COMPLETED~~]. **a wholesale power marketer which is authorized by FERC to sell electric power at market-based rates and which does not own, control or operate any electric generation, transmission or distribution facilities.**

###ee) **ff)** "Qualifying Cogenerator" shall have the meaning set forth in [~~Section 3(18)(C) of the FPA, 16 U.S.C. § 796(18)(C).~~]

###ff) **gg)** "Qualifying Small Power Producer" shall have the meaning set forth in [~~Section 3(17)(D) of the FPA, 16 U.S.C. § 796(17)(D).~~]

###gg) **hh)** "RCW" means the Revised Code of Washington, as amended from time to time.

###hh) **ii)** "Record Date" shall have the meaning set forth in Section ~~11~~ of Article IV. **10 of Article IV.**

###ii) **jj)** "Related Person" of an individual means (a) ~~the spouse of such individual or (b) a person living in the same household as such individual.~~ [REVISE TO CONFORM TO DEFINITION IN WIO BYLAWS. ALSO ADD REQUIREMENT THAT TRUSTEES AND CORPORATE PERSONNEL DISCLOSE ANY RELATIONSHIP WHICH ANY EXTENDED FAMILY MEMBER, NOT FALLING WITHIN DEFINITION OF "RELATED PERSON," HAS WITH MARKET

PARTICIPANTS.] the spouse and dependent children of such individual.

###jj) kk) "Retail Customer" means any residential, commercial, agricultural or industrial ~~end-user~~ consumer of electric power (or any governmental or bona fide ~~governmental or~~ public interest organization ~~advocating~~ which demonstrates to the reasonable satisfaction of the Corporation that it is authorized by statute or otherwise to advocate the interests of such ~~consumers~~ Retail Customers, or any segment thereof, as retail electric customers) that (i) is not a Major Transmitting Utility, Transmission-Dependent Utility, Nonutility Entity, State or Provincial Energy Authority, Tribal Utility Regulatory Authority or Unaligned Entity, (ii) is located in the RTO West Geographic Area and (iii) is not a "market participant" ~~within the meaning of such term as defined in 18 CFR Part 35.34(b)(2).~~ Market Participant.

###kk) ll) "~~RTO West~~"RTO" means a Person which has been determined by FERC to satisfy FERC's requirements for regional transmission organizations established pursuant to FERC Order No. 2000 and all supplements and amendments thereto issued by the FERC.

###mm) nn) "RTO West-Controlled Transmission Facilities" means the portion of the RTO West Transmission System that is under the operational control of the Corporation.

###ll) nn) "RTO West Geographic Area" means {the geographic area defined by the outer boundaries of the control area operated ~~by the RTO~~(or proposed by the Corporation to the FERC to be operated) by the Corporation (including any islanded areas within such region that are not be within the control area operated by the ~~RTO~~ Corporation), together with any areas within Canada that are ~~within any control area operated by any entity which has entered into a Transmission Operating Agreement or analogous agreement.~~ defined to be part of the RTO West Geographic Area in an agreement between the Corporation and the operator of any control area in Canada.

~~(mm)~~(oo) "~~RTO West Tariffs~~" means ~~the tariffs~~ "RTO West Tariff" means the tariff of the Corporation for the provision of transmission services, including Ancillary Services, as accepted for filing or approved by FERC.

###nn) pp) "RTO West Transmission System" shall have the meaning set forth in each Transmission Operating Agreement.

###oo) qq) "RTO West Website" means {an internet site through which the Corporation ~~will make~~ makes available to ~~market participants~~ Market

Participants transmission system data, system demand data, system conditions, auction data, aggregated market data and other information ~~to be defined~~.

~~###pp)~~ rr) "Scheduling Coordinator" means ~~{TO BE COMPLETED}~~. an entity authorized by RTO West to submit to RTO West a balanced generation or demand schedule on behalf of one or more Generators, and one or more end-user customers.

~~qq)~~ ss) "Scheduling Coordinator Agreement" means ~~{TO BE COMPLETED}~~. an agreement between the Corporation and any Scheduling Coordinator setting forth the rights and responsibilities of such Scheduling Coordinator as agent for Transmission Customers in transactions relating to the Corporation.

~~###rr)~~ tt) "Small Retail Customer" means (i) a Retail Customer who or which, individually and together with all of its Affiliates, ~~has~~ had, during the immediately preceding calendar year, an aggregate retail electric load within the RTO West Geographic Area less than five aMW ~~(or, or (ii)~~ any governmental or bona fide ~~governmental or~~ public interest organization ~~advocating~~ which demonstrates to the reasonable satisfaction of the Corporation that it is authorized by statute or otherwise to advocate the interests of such Retail Customers, or any segment thereof, as retail electric customers).

~~###ss)~~ uu) "State or Provincial Energy Authority" means (i) the utilities regulatory commission of each Participating Jurisdiction, (ii) any other state or provincial agency in any Participating Jurisdiction that has ratemaking, siting, resource planning or other authority with regard to electrical energy and that is designated by the governor or other chief executive officer of a Participating Jurisdiction, by notice to the Secretary of the ~~RTO~~ Corporation, as a member in the State and Provincial Energy Authorities Class, and (iii) the NWPPC.

~~###tt)~~ vv) "Transmission Customer" means a Person that is eligible for, and that receives, service under any RTO West Tariff.

~~(uu)~~ (ww) "Transmission-Dependent Utility" means any investor-owned utility, ~~independent transmission company,~~ municipality, municipal utility, public utility district, people's utility district, cooperative corporation, joint operating agency or joint powers authority or comparable entity, federal power marketing ~~administration~~ agency, irrigation district, tribal utility, Crown-owned utility or other entity that (i) furnishes electric services over an electric transmission or distribution system (whether its

own or its members') located within the RTO West Geographic Area and (ii) is not a Major Transmitting Utility.

~~(vv)~~**(xx)** "Transmission Operating Agreement" means any Transmission Operating Agreement between the Corporation and a Transmission Owner.

~~###ww)~~ **yy)** "Transmission Owner" means any investor-owned utility, ~~independent transmission company~~ **Independent Transmission Company**, municipality, municipal utility, public utility district, people's utility district, cooperative corporation, joint operating agency or joint powers authority or comparable entity, federal power marketing ~~administration~~ **agency**, irrigation district, tribal utility, **Crown-owned utility** or other entity that furnishes electric services over an electric transmission or distribution system (whether its own or its members') located within the RTO West Geographic Area, {and that has transferred operational control of its transmission facilities to the RTO pursuant to a Transmission Operating Agreement} ~~{SEE FOOTNOTE ONE ABOVE}~~.

~~###xx)~~ **zz)** "Tribal Utility Regulatory Authority" means any tribal governmental entity that is located in the RTO West Geographic Area; that exercises ratemaking, siting, resource planning or other authority with regard to electrical energy and that is designated by the governing council of such tribe.

~~###yy)~~ **aaa)** "Trustee" means a member of the Board of Trustees.

~~###zz)~~ **bbb)** "Trustees Selection Committee" shall mean the committee described in Section 1 of Article V of these bylaws.

~~###aaa)~~ **ccc)** "Unaligned Entity" is any entity that (i) is a bona fide public interest organization, such as an environmental organization, demand-side management advocacy organization, energy efficiency advocacy organization or renewable energy advocacy organization, (ii) is located or operating within the RTO West Geographic Area, (iii) is not a Major Transmitting Utility, Transmission-Dependent Utility, Nonutility Entity, Retail Customer, State or Provincial Energy Authority or Tribal Utility Regulatory Authority and (iv) is not a "market participant" within the meaning of such term as defined in 18 CFR ~~Part~~ **§** 35.34(b)(2) or a contractor or consultant to any Major Transmitting Utility, Transmission-Dependent Utility, Nonutility Entity, Retail Customer, State or Provincial Energy Authority or Tribal Utility Regulatory Authority.

~~###bbb)~~ "WAPA" means ~~Western Area Power Administration, a federal power marketing administration, or any successor agency.~~

eee) ddd) "WRTA" means the Western Regional Transmission Association, or any successor organization.

###~~ddd)~~ eee) "WSCC" means the Western Systems Coordinating Council, or any successor organization.

eee) "~~WSCC Interconnection~~" means the WSCC geographic region as defined by NERC.

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

Section 1. Purposes.

###a) The purposes of the Corporation are to serve as an RTO for the RTO West Geographic Area in accordance with the applicable requirements of FERC, including but not limited to the applicable requirements of FERC with respect to RTO characteristics and functions as follows: ~~[THIS SECTION REQUIRES REVIEW AND REVISION IN LIGHT OF THE REQUIREMENTS OF ORDER 2000/2000-A]~~

- ~~a) to provide open and comparable access to the RTO West Transmission System in accordance with applicable FERC policies and requirements, including FERC principles applicable to independent system operators;~~
- ~~b) to operate the RTO West Controlled Transmission Facilities in an efficient and reliable manner consistent with achievement of transmission planning and operating criteria, including criteria for control area operations, no less stringent than those established by the WSCC and NERC;~~
- ~~c) to adopt, safeguard and monitor compliance with performance standards for the RTO West Transmission System so as to provide a high quality, safe and reliable electric service including during periods of emergency and disaster;~~

- ~~d) to provide adequate Ancillary Services for the RTO West Transmission System whenever such services are not otherwise provided or arranged by the user of the RTO West Transmission System, and to acquire and dispatch such services as necessary;~~
- ~~e) to schedule transmission service for all transactions on the RTO West Transmission System;~~
- ~~f) to identify and effectively manage constraints on the RTO West Transmission System, and to take such actions as are required to relieve transmission congestion and avoid or minimize outages on the RTO West Transmission System or on interconnected transmission facilities;~~
- ~~g) to develop and submit for filing with FERC (i) transmission service rate methodologies applicable to the RTO West Transmission System, (ii) rates for such transmission services and Ancillary Services and for recovery of administrative costs and (iii) tariffs for the provision of transmission services to customers of the Corporation;~~
- ~~h) to establish operating rules and protocols for the reliable operation of the RTO West Transmission System;~~
- ~~i) to make transmission system information for the RTO West Transmission System publicly available on a timely basis through the RTO West Website, consistent with FERC requirements;~~
- ~~j) to plan for, review and approve planning for (including as provided in Section 8 of Article XI of these bylaws) and enter into agreements to enable construction of necessary expansions to the RTO West Transmission System; provided, however, that the Corporation shall not have the power or authority to enter into agreements for or otherwise participate in the construction, and shall not include in its tariffs (or permit its tariffs to include) any provisions for the use, of any local distribution facilities; and provided, further, that the Corporation shall not own any electric will not (i) own any transmission or distribution facilities, (ii) own any interest in generation facilities or transmission lines [THIS SECTION REQUIRES REVIEW AND POSSIBLE REVISION]; the output thereof, or (iii) operate, or have any financial interest in, a power exchange.~~
- ~~(k)(b) to develop and implement mechanisms to coordinate with neighboring control areas and to coordinate power scheduling with other entities that operate transmission systems;~~
- ~~(l) to provide alternative dispute resolution procedures in accordance with FERC policies and procedures; and~~

~~(m) in connection with and in furtherance of each and all of the foregoing purposes of the Corporation, to establish appropriate incentives for the efficient management and administration of the Corporation, and procure the services necessary for such management and administration in an open competitive market.~~ **NOTE: THE FOLLOWING LANGUAGE WILL BE INCLUDED IF THE FILING UTILITIES DECIDE TO QUALIFY RTO WEST UNDER SECTION 501(c)(3): If the Corporation is granted exemption from federal income tax under Section 501(c)(3), the Corporation will be entitled to apply to the Washington Secretary of State annually for designation as a "public benefit nonprofit corporation" under RCW 24.03.490 et seq.**

Section 2. Authority to Operate Transmission Facilities. The nature and extent and terms and conditions of the Corporation's operational control authority over the RTO West-Controlled Transmission Facilities shall be as set forth in the RTO West ~~Tariffs~~ **Tariff**, Transmission Operating Agreements and other contracts, tariffs and protocols to which the Corporation is a party; ~~provided, however, that in no event shall the Corporation have the power or authority to engage in operational control of any local distribution facilities, except as and to the extent specifically agreed by the owner of those facilities.~~

ARTICLE IV

MEMBERS

Section 1. Powers and Rights of Members. The Members shall, subject to these bylaws and applicable law, have **the following rights and powers:**

~~###a)~~ **###a)** the exclusive right and power to ~~(a)(i)~~ **(i)** elect members of the Trustees Selection Committee pursuant to Section 3 of Article V; ~~(b)(ii)~~ **(ii) remove members of the Trustees Selection Committee without cause pursuant to Section 6 of Article V;** ~~(iii)~~ **(iii)** be members of the Board Advisory Committee pursuant to Section 4(b) ~~6(a)~~ **6(a)** of Article VII; ~~(e)(iv)~~ **(iv)** amend the Articles of Incorporation ~~and;~~ **(v) amend** the bylaw provisions specified in Section 3(b) of Article XI; and ~~(d)(vi)~~ **(vi)** approve the dissolution of the Corporation pursuant to Section 10(e) ~~of this Article IV.~~ **9(d) of this Article IV; and**

~~###b)~~ **###b)** **the nonexclusive right and power to remove members of the Trustees Selection Committee for cause pursuant to Section 6 of Article V.**

Section 2. Classes of Members.

- ###a) The Corporation shall have five classes of Members (each such class, a "Member Class"): (1) the Major Transmitting Utilities Class; (2) the Transmission-Dependent Utilities Class; (3) the Nonutility Entities Class; (4) the Retail Customers Class; and (5) the State and Provincial Energy Authorities/Tribal Utility Regulatory Authorities/Unaligned Entities Class.
- ###b) The Members in each Member Class shall be entitled to such voting rights as are set forth in these bylaws.
- ###c) Any entity that has been determined, in accordance with the provisions of Section 4 3 of this Article IV, to be qualified to become a Member, shall be entitled to be a member of the Member Class for which it qualifies; provided, however, that no Member may be a member of more than one Member Class at any given time.

Section 3. Qualifications and Admission of Members.

- ###a) ~~Subject to Section 3 of this Article IV, no~~ No Person may become or be a Member unless: (i) such Person is a Major Transmitting Utility, a Transmission-Dependent Utility, a Nonutility Entity, a Retail Customer, a State or Provincial Energy Authority, a Tribal Utility Regulatory Authority or an Unaligned Entity; and (ii) such Person has timely ~~pays~~ paid the requisite initial and ~~annual membership fee as established by the Board of Trustees.~~

subsequent annual membership fees of \$1000 each year; provided, however, that such fees shall be waived for State or Provincial Energy Authorities and Tribal Utility Energy Regulatory Authorities.

- (b) Any State or Provincial Energy Authority shall be admitted to membership upon 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 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 State or Provincial Energy Authorities from any given Participating Jurisdiction (without counting the NWPPC for this purpose) may be Members at the same time; and provided, further, that the NWPPC shall be entitled to only one membership in the State and Provincial Energy Authorities Class.

- (c) Any Tribal Utility Regulatory Authority shall be admitted to membership upon 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 Tribal Utility Regulatory Authority, the name of the Tribal Utility Regulatory Authority chairperson or director or other individual who is authorized to send and receive notices on behalf of, and otherwise represent, such Tribal Utility Regulatory Authority in all matters relating to its membership in the Corporation, and the name of an alternate for such individual.
- (d) Any Person other than a State or Provincial Energy Authority or Tribal Utility Regulatory Authority that believes that it satisfies the membership requirements set forth in Section ~~4(a)~~ **3(a)** of this Article IV, and that desires to become a Member, shall so notify the Secretary **of the Corporation** in writing not less than 60 days prior to the date that such Person desires to commence voting as a Member. Any such membership application 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 voting and sending and receiving notices on behalf of such entity), and the name of an alternate for such individual. If the Secretary has any reason to believe that any particular applicant for membership 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 shall, **within 30 days after receipt of such applicant's completed membership application,** so notify the applicant. In the event that the applicant does not object within 15 days to the redesignation of membership proposed by the Secretary, the membership application shall be redesignated for and accepted in such other Member Class. In the event that the applicant does object to such redesignation within such 15-day period, the dispute shall be submitted to alternative dispute resolution in accordance with the procedures set forth in Exhibit C hereto. If the Secretary has reason to believe that any particular entity is not qualified to participate in any Member Class, the Secretary shall, within 30 days after receipt of such entity'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 entity, it shall send written notice to such entity, specifying the reasons for such rejection. Any entity that disputes the rejection of its membership application by the Board of Trustees, or that disputes any redesignation of its membership application by the Secretary to an alternative Member Class, may require the Corporation to submit such

dispute to alternative dispute resolution in accordance with the procedures set forth in Exhibit C hereto.

- (e) Upon acceptance of the membership application of any entity to be a Member in any Member Class, the Secretary shall provide notice of such acceptance to each existing Member in such Member Class. Each such existing Member may, at any time within 30 days after such notice, protest the admission of such entity to membership in such Member Class. Any such protest shall be submitted to alternative dispute resolution in accordance with the procedures set forth in Exhibit C hereto; provided, however, that, unless and until a determination is made in such alternative dispute resolution proceeding that such entity is not entitled to membership in the Corporation in such Member Class, such entity shall be and remain a Member in such Member 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.
- (f) No Affiliate of any ~~entity~~ Person that is a Member may be a Member at any time while such ~~entity~~ Person is a Member.
- (g) The Secretary of 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.
- (h) Any Member may at any time, effective upon notice to the Secretary of the Corporation, ~~change~~ replace the individual who is authorized to represent such entity and to whom notices shall be sent, or the alternate for such individual.

Section 4. Meetings of Members.

- ####a) A meeting of the Members of the Corporation shall be held at least once annually, at such date, time and place within a ~~Participating Jurisdiction~~ the RTO West Geographic Area as the Board of Trustees shall determine. At such annual meeting, 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 report of the Corporation prepared in accordance with the requirements of Section 2 of Article IX and copies of the Corporation's budgets for at least the current and next fiscal years, (ii) discuss other significant matters affecting the Corporation and (iii) respond to any questions of the Members with respect thereto.
- ####b) In addition to the annual meetings of the Members, (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 of the Members entitled to vote at such meeting, or (D) not less than a majority of the Members in any two Member Classes, and (ii) special meetings of the Members in any Member Class or ~~sub~~ 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 of the Members entitled to vote at such meeting. Any such special meetings shall be held at such date, time and place within a ~~Participating Jurisdiction~~ the RTO West Geographic Area as may be determined by the person or persons calling such meeting.

Section 5. Notice of Meetings of Members.

- ###a) Notice of regularly scheduled and special meetings shall be given to each Member entitled to vote at such meeting not less than 10 days (or, in the case of any meeting for the election of one or more members of the Trustees Selection Committee, not less than 20 days) and not more than 50 days prior to the meeting, either personally or by first-class mail, with a copy by electronic mail to any such Member which has provided notice to the Corporation of such Member's electronic mail address. If mailed, such notice shall be deemed given when deposited in the United States 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 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.
- ###b) Public notice of each meeting of the Members ~~generally~~, and each meeting of any two or more Member Classes, shall be placed on the RTO West Website and posted at the offices of the Corporation at least 10 days before such meeting. Public notice of any adjournment and reconvening of any such meeting shall be placed on the RTO 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; 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. In the event that 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 of the Members ~~generally~~, and each meeting of any two 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 such Secretary 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.

Section 6. Open Meetings. Any **Except as hereinafter set forth, any** member of the public may attend and observe the proceedings of any meeting of the Members ~~generally~~, and any meeting of any two or more Member Classes, held pursuant to Section 5 4 of this Article IV. **Notwithstanding the foregoing, Members may, with approval of the President 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 9 of Article VI.**

Section 7. Waivers of Notice. The notice requirements contained in these 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, ~~protesting~~ 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.

Section 8. Quorum of Members.

####a) In order for a quorum of the Members to be present at any meeting of the Members in all Member Classes or at any meeting of the Members in any one or more Member Classes or ~~sub~~ **Member Sub**-Classes, not less than one-third of the Members in each Member Class who or which are entitled to vote at such meeting shall be required to be present in person at such meeting.

####b) A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Members, if any action taken is approved by the required number of Members, as specified in these bylaws. Two-thirds of the Members then present and entitled to vote at such meeting, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 9. Voting of Members.

####a) Each Member shall be entitled to one vote upon each matter requiring approval of the Members and submitted to a vote at an annual or special meeting of the Members; provided, however, that where the Articles of Incorporation, applicable law or these bylaws provide that only Members in a specific Member Class, or only ~~a sub Class of~~ Members in a specific Member **Sub**-Class, are entitled to vote on a matter, only the Members in such Member Class (or ~~sub~~ **such Member Sub**-Class, as the case may be) shall be entitled to vote on such matter, and each such Member shall be

entitled to one vote thereon. Members may not vote by proxy, and 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.

- (b) In any matter on which the Members in all Member Classes are required or entitled to vote under the Articles of Incorporation, applicable law or these bylaws, (i) the Members shall vote by Member Class, and (ii) the affirmative vote, by Member Class, of a majority of the Members present and entitled to vote in each Member Class, at a duly held meeting of the Members, shall be the act of the Members (unless a greater vote is required by the Articles of Incorporation, applicable law or these bylaws).
- (c) In any matter on which only the Members in a specific Member Class, or only ~~a specific sub-Class of~~ the Members in a specific Member Sub-Class, are required or entitled to vote under the Articles of Incorporation, applicable law or these bylaws, the affirmative vote of a majority of the Members present and entitled to vote in such Member Class or ~~sub~~ Member Sub-Class, at a duly held meeting of such Member Class or ~~sub~~ Member Sub-Class, shall be the act of such Members (unless a greater vote is required by the Articles of Incorporation, applicable law or these bylaws).
- (d) At least ~~80~~ 75 percent of the Members entitled to vote in each Member Class, voting by Member Class, must vote in favor of any resolution approving the dissolution of the Corporation in order for such resolution to be effective.

Section 10. Record Date. In order that the Corporation may determine the Members entitled to vote in any election of Trustees or on any other matter on which the Members are entitled to vote, the Board of Trustees shall fix, in advance, a record date (the "Record Date"), which shall not be more than 60 days nor less than 30 days prior to the date 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 and who otherwise qualify as Members of any Member Class at the close of business on the Record Date are entitled to notice of and to vote at any such meeting.

Section 11. Termination of or Withdrawal from Membership.

- ###a) In the event that any Member fails timely to pay the annual membership fee due from such Member for any year pursuant to the provisions of Section 3(a) of this Article IV, 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 bylaws, that the Corporation has ~~failed to receive~~ not received such membership fee and that such Member's membership in

the Corporation shall be terminated in the event such fee is not paid by such Member in full within ~~15~~ 45 days after the date of deposit of such notice in the United States ~~or Canadian~~ mail. In the event that 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 15-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 Awards, alternative 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 bylaws. Any Member that has been terminated from membership in the Corporation may not reapply for membership for a period of one year from the date of such termination.

####b) Any Member may withdraw from the Corporation upon providing written notice of its withdrawal to the Board of Trustees. Notwithstanding such notice of withdrawal, all Awards, alternative dispute resolution proceedings and appeals that are in effect or pending as of the date of the receipt by the Board 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 bylaws. Any Member that has voluntarily withdrawn from the Corporation may not reapply for membership for a period of one year from the date of its withdrawal.

Section 12. Challenges to Membership or Member Class Qualifications. Any Member in any Member Class may, at any time not less than 60 days prior to a meeting of the Members for the election of one or more Trustees, challenge the qualifications of any other Member in such Member Class to be a Member, or to be a Member in such Member Class. Any Member so challenging the membership of any other Member shall give notice of such challenge to the Board of Trustees and all the other Members. Any such challenge shall be submitted to alternative dispute resolution in accordance with the procedures set forth in Exhibit C hereto. In the event that the challenged Member is determined, in such alternative 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. In the event that the challenged Member is determined, in such alternative dispute resolution proceeding, not to satisfy the qualifications for membership in ~~its existing~~ the Member Class of which it is then a Member, but instead to satisfy the qualifications for membership in another Member Class, such Member shall be reclassified into such other Member Class effective immediately upon such determination.

Section 13. 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) that acquires all or substantially all of the ~~stock or assets of~~ **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 Awards, alternative 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 bylaws.

ARTICLE V

TRUSTEES SELECTION COMMITTEE

Section 1. Powers and Rights of Committee Members. The Corporation shall have a Trustees Selection Committee which, subject to these bylaws and applicable law, shall have the following rights and powers:

- ####a) the exclusive right and power to (i) elect members of the Board of Trustees pursuant to Section 3 of Article VI and (ii) remove any Trustee without cause pursuant to Section 6 of Article VI; and
- ####b) the **nonexclusive** right and power to remove any Trustee ~~with~~ **for** cause pursuant to Section 6 of Article VI.

Section 2. Number and Classification of Committee Members.

- ####a) There shall be 30 members of the Trustees Selection Committee, as specified in Section 3 of this Article V.
- ####b) The members of the Trustees Selection Committee shall be divided into three classes of 10 members each. As further provided in Section 5 of this Article V, each member of the Trustees Selection Committee shall be elected for a term of three years, and the terms of one third of the members of the Trustees Selection Committee shall expire each year.

Section 3. Election of Committee Members.

- ####a) The members of the Trustees Selection Committee shall be elected by the Members. **In doing so, the Members shall endeavor to select**

individuals who are committed to elect those Trustees who will best accomplish the purposes of RTO West as set forth in Article III. In any election of members of the Trustees Selection Committee, Members shall vote by Member Class, and each Member in each Member Class shall have the same voting rights as every other Member in such Member Class, ~~unless~~ **except as otherwise provided in Section 3(b)(ii) of this Article V; provided, however, that** the Members in any Member Class, by the affirmative vote of not less than 80 percent of the Members in such Member Class, **may** elect to apportion such Member Class's votes between or among two or more ~~sub~~-**Member Sub**-Classes of Members in such Member Class, in which event the Members in such Member Class shall vote by ~~sub~~ **Member Sub**-Class, as ~~so~~ determined by the Members, and each Member in each ~~sub~~ **Member Sub**-Class shall have the same voting rights as every other Member in such ~~sub~~-Class **Member Sub-Class; provided, further, that no Member's voting rights shall be reduced without its consent.** The Members in any Member Class shall be entitled ~~so~~ to apportion such Member Class's votes between or among ~~sub~~ **Member Sub**-Classes of Members, or to amend or modify any such apportionment of votes, at any time not less than 60 days prior to any meeting of such Members for the election of members of the Trustees Selection Committee.

(b) In the election of members of the Trustees Selection Committee, the voting rights of the Members shall be as follows:

(i) **Major Transmitting Utilities Class.** Six members of the Trustees Selection Committee shall be representatives of, and shall be elected by, the Members in the Major Transmitting Utilities Class. The Members in the Major Transmitting Utilities Class shall be entitled to nominate and vote in the election of each of such six members of the Trustees Selection Committee, but shall not be entitled to nominate or vote in the election of any other members of the Trustees Selection Committee.

(ii) **Transmission-Dependent Utilities Class.** Six members of the Trustees Selection Committee shall be representatives of, and shall be elected by, the Members in the Transmission-Dependent Utilities Class. ~~The~~ **in two sub-classes as follows:**

(A) Members in the Transmission-Dependent Utilities Class shall be entitled to nominate and vote in the election of ~~each of such six~~ **two** members of the Trustees Selection Committee, ~~but shall not~~ **in the proportion that the average energy demand for loads served by the distribution facilities of each such member bears to the**

total average energy demand of all of the members of this Class. For this purpose, the average energy demand shall be for loads served by each such member's distribution facilities within the RTO West Geographic Area for the calendar year ending at least ninety days prior to the date set for the election of Trustees. Such average energy demand shall be certified under oath or affirmation by each member of the Class to RTO West and to the other members of the Class.

(B) Members in the Transmission-Dependent Utilities Class shall be entitled to nominate ~~or~~ **and** vote in the election of any other **the four remaining** members of the Trustees Selection Committee **by one vote for each member of the Class.**

(iii) Nonutility Entities Class. In the election of members of the Trustees Selection Committee, the voting rights of the Members in the Nonutility Entities Class shall be as follows:

(A) In the event that there are ~~any~~ **no** Members in the Nonutility Entities Class which are ~~not either Power Marketers, Independent Power Producers, EWGs, Qualifying Small Power Producers, Qualifying Cogenerators or Power Exchanges,~~ **neither Generators nor Power Marketers,** then (1) six members of the Trustees Selection Committee shall be representatives of, and shall be elected by, the Members in the Nonutility Entities Class which are ~~Power Marketers, Independent Power Producers, EWGs, Qualifying Small Power Producers, Qualifying Cogenerators or Power Exchanges~~ **Generators or Power Marketers,** and (2) such Members shall be entitled to nominate and vote in the election of each of such six members of the Trustees Selection Committee, but shall not be entitled to nominate or vote in the election of any other members of the Trustees Selection Committee.

(B) In the event that there are any Members in the Nonutility Entities Class which are ~~not either Power Marketers, Independent Power Producers, EWGs, Qualifying Small Power Producers, Qualifying Cogenerators or Power Exchanges,~~ **neither Generators nor Power Marketers,** then (1) five members of the Trustees Selection Committee shall be representatives of, and shall be elected by, the

Members in the Nonutility Entities Class which are either ~~Power Marketers, Independent Power Producers, EWGs, Qualifying Small Power Producers, Qualifying Cogenerators or Power Exchanges~~ **Generators or Power Marketers**, and (2) such Members shall be entitled to nominate and vote in the election of each of such five members of the Trustees Selection Committee, but shall not be entitled to nominate or vote in the election of any other members of the Trustees Selection Committee.

- (C) In the event that there are any Members in the Nonutility Entities Class which are ~~not either Power Marketers, Independent Power Producers, EWGs, Qualifying Small Power Producers, Qualifying Cogenerators or Power Exchanges,~~ **neither Generators nor Power Marketers**, then (1) one member of the Trustees Selection Committee shall be a representative of, and shall be elected by, the Members in the Nonutility Entities Class which are not either ~~Power Marketers, Independent Power Producers, EWGs, Qualifying Small Power Producers, Qualifying Cogenerators or Power Exchanges,~~ **Generators or Power Marketers**, and (2) such Members shall be entitled to nominate and vote in the election of such member of the Trustees Selection Committee, but shall not be entitled to nominate or vote in the election of any other members of the Trustees Selection Committee.
- (iv) Retail Customers Class. In the election of members of the Trustees Selection Committee, the voting rights of the Members in the Retail Customers Class shall be as follows:
- (A) Two members of the Trustees Selection Committee shall be representatives of, and shall be elected by, Small Retail Customers; provided, however, that one of such two members of the Trustees Selection Committee shall be a representative of, and shall be elected by, only such Small Retail Customers which are residential Retail Customers alone. Members which are Small Retail Customers shall be entitled to nominate and vote in the election of such members of the Trustees Selection Committee in accordance with the foregoing rights, but shall not be entitled to nominate or vote in the election of any other members of the Trustees Selection Committee.

- (B) Four members of the Trustees Selection Committee shall be representatives of, and shall be elected by, Large Retail Customers; provided, however, that one of such four members of the Trustees Selection Committee shall be a representative of, and shall be elected by, only such Large Retail Customers which are also Scheduling Coordinators. Members which are Large Retail Customers shall be entitled to nominate and vote in the election of such members of the Trustees Selection Committee in accordance with the foregoing rights, but shall not be entitled to nominate or vote in the election of any other members of the Trustees Selection Committee.
- (v) State and Provincial Energy Authorities/Tribal Utility Regulatory Authorities/Unaligned Entities Class. In the election of members of the Trustees Selection Committee, the voting rights of the Members in the State and Provincial Energy Authorities/Tribal Utility Regulatory Authorities/Unaligned Entities Class shall be as follows:
- (A) Four members of the Trustees Selection Committee shall be representatives of, and shall be elected by, State and Provincial Energy Authorities. Members which are State or Provincial Energy Authorities shall be entitled to nominate and vote in the election of each of such four members of the Trustees Selection Committee, but shall not be entitled to nominate or vote in the election of any other members of the Trustees Selection Committee.
- (B) One member of the Trustees Selection Committee shall be the representative of, and shall be elected by, Tribal Utility Regulatory Authorities. Members which are Tribal Utility Regulatory Authorities shall be entitled to nominate and vote in the election of such member of the Trustees Selection Committee, but shall not be entitled to nominate or vote in the election of any other members of the Trustees Selection Committee.
- (C) One member of the Trustees Selection Committee shall be the representative of, and shall be elected by, Unaligned Entities. Members which are Unaligned Entities shall be entitled to nominate and vote in the election of such member of the Trustees Selection Committee, but shall not be entitled to nominate or vote in the election of any other members of the Trustees Selection Committee.

- (c) Notice of any meeting for the election of one or more members of the Trustees Selection Committee shall be sent to the Members not less than 20 and not more than 50 days prior to the date of the meeting, in accordance with the provisions of Section ~~6~~ 5 of Article IV. 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 pages in length in any instance, for each nominee) to the Secretary of the Corporation not less than 60 days prior to the meeting date. The Secretary shall, immediately after expiration of such nomination deadline, notify the Members of the names of the nominees for members of the Trustees Selection Committee, and distribute to each Member a copy of the statement of qualifications of each such nominee.
- (d) ~~Subject to the provisions of~~ **Except as otherwise provided in** Section 3(b)(~~ii~~) of this Article V, the members of the Trustees Selection Committee shall be elected by the affirmative vote, by Member Class (or ~~sub~~ **Member Sub**-Class, as the case may be), of a majority of the Members present and entitled to vote in the applicable Member Class (or ~~sub~~ **Member Sub**-Class, as the case may be) at a duly held meeting of the Members (or at a duly held meeting of the Members in the applicable ~~Members~~ **Member** Class or ~~sub~~ **Member Sub**-Class, as the case may be). In any election of members of the Trustees Selection Committee, each Member in each Member Class (or ~~sub~~ **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 ~~sub~~ **Member Sub**-Class, as the case may be) on the Trustees Selection Committee; provided, however, that no Member may cast more than one vote for any given nominee; and provided, further, that no Member may vote for any number of nominees in excess of the number of Committee vacancies to be filled by such Member's Member Class (or ~~sub~~ **Member Sub**-Class, as the case may be) in such election. In order to be elected as a Committee member, a nominee shall be required to receive a majority of the votes present at the meeting in the Member Class or ~~sub~~ **Member Sub**-Class which is entitled to elect such nominee to the Committee; provided, however, that the Committee members-elect in each Member Class (or ~~sub~~ **Member Sub**-Class, as the case may be) shall be comprised only of those nominees receiving the highest majority vote in such Member Class (or ~~sub~~ **Member Sub**-Class, as the case may be), up to such number of nominees as is equal to the number of Committee vacancies to be filled by such Member Class (or ~~sub~~ **Member Sub**-Class, as the case may be) in such election. In the event that fewer than the requisite number of nominees receive a majority vote in the applicable Member Class (or ~~sub~~ **Member Sub**-Class, as the case may be), a runoff election shall be held. Immediately following any

election of Trustees Selection Committee members, the Secretary of the Corporation shall provide official notice of the results of such election to the Members.

Section 4. Procedures in Election of Committee Members.

- (a) The 30 members of the first full Trustees Selection Committee shall be elected in accordance with the provisions of Section 3 of this Article V~~], with such modifications as are necessary or appropriate pursuant to Section 9 of Article X].~~ The initial Board of Trustees shall schedule, Pursuant to Section 8 of Article XI, the Interim Board of Directors shall cause a meeting of the Members~~, to be held not later than [90 days after incorporation of the Corporation],~~ for the election of **to be held, for the purpose of electing** the first full Trustees Selection Committee, **not later than 90 days after the later of (i) the adoption of these bylaws by the Interim Board of Directors and (ii) the determination of the Major Transmitting Utilities Class, by the affirmative vote of not less than 80 percent of the Members in such Member Class, to hold such meeting of the Members.**
- (b) The Board of Trustees shall develop such procedures as it deems reasonable and necessary to ensure that the Members ~~of~~ **in** each Member Class are aware of their right to participate in the **nomination and** election of Trustees Selection Committee members.
- (c) Unless otherwise specified herein, the Secretary **of the Corporation** shall determine the appropriate mechanisms and election procedures for elections of Trustees Selection Committee 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 designates.

Section 5. Term of Office of Committee Members. Except as provided below for the initial terms of the first full Trustees Selection Committee elected pursuant to Section 3 of this Article V, the term of office for each Committee member shall (except as provided in Section 6 of this Article V) be three years or until his or her successor is selected. In order to stagger the terms of the Committee members, the initial terms of office for the members of the first full Trustees Selection Committee shall be one year for 10 of the Committee members, two years for 10 of the Committee members, and three years for 10 of the Committee members~~; the~~. **The** determination as to which terms shall apply to which Committee members shall be made by lot. All Committee members may serve an unlimited number of terms.

Section 6. Resignation or Removal of Committee Members; Vacancies. A resignation of a Committee member shall be effective upon receipt of written notice by

the Chairperson of the Trustees Selection Committee, or the President or the Secretary of the Corporation, unless the notice specifies a later time of effectiveness. The Members entitled under these bylaws to elect any Committee member may remove such Committee member 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 ~~sub~~ Member Sub-Class, as the case may be) at a duly held meeting of the Members of such Member Class (or sub-Class, as the case may be). The Trustees Selection Committee may remove any Committee member at any time, but only for cause, if at least 20 of the Committee members vote in favor of such removal. If a vacancy occurs, the Members entitled under these bylaws to elect such Committee member shall elect a replacement Committee member to fill the vacancy in accordance with the provisions of Section 3 of this Article V. A Committee member so elected shall serve for the unexpired term of his or her predecessor. For purposes of this section, "for cause" shall include, without limitation, a failure on the part of any Trustee, in any fiscal year, to attend more than one-half of the meetings of the Trustees Selection Committee held during such year.

Section 7. Meetings of the Trustees Selection Committee.

- ###a) The Trustees Selection Committee shall meet at least once during each fiscal year at such date (not, however, later than 180 days after the annual meeting of the Members for the election of members of the Trustees Selection Committee), and at such times and places as the Trustees Selection Committee shall determine. At the first meeting of the Trustees Selection Committee in each fiscal year, the Committee shall elect officers, including a Chairperson of the Committee to preside over meetings. The regularly scheduled meetings of the Trustees Selection Committee shall be established for each fiscal year in advance.
- ###b) In addition to the annual meeting, additional regularly scheduled or special meetings shall be held at such times as shall from time to time be fixed by the ~~President~~ Chairperson of the Trustees Selection Committee. Special meetings of the Trustees Selection Committee for any purpose or purposes permitted by these bylaws may be called at any time by the ~~President~~ Chairperson of the Committee or by any 10 Committee members.
- ###c) Members of the Trustees Selection Committee may participate in a meeting through the use of conference telephone, electronic video screen communication or similar communications equipment, so long as all Committee members 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 9 of this Article ~~VI~~ V). Participation in a meeting pursuant to this subsection shall ~~constitutes~~ constitute presence in person at such meeting.

- ####d) The Trustees Selection Committee 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 Committee members then in office and entitled to vote.
- ####e) The Secretary of the Corporation shall make public the minutes of each meeting of the Trustees Selection Committee or committee thereof (with the exception of closed sessions held pursuant to Section 9 of this Article V), and each written consent of the Trustees Selection Committee or any ~~committee~~ subcommittee thereof, by posting the same on the RTO West Website and at the offices of the Corporation, or by any other reasonable means, within 14 days after the date on which the meeting was held or the consent was last signed.

Section 8. Notice of Committee Meetings.

- ####a) Notice of regularly scheduled and special meetings shall be given to the Committee members not less than 15 days prior to the meeting if delivered by first-class mail or not less than 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.
- (b) Public notice of each meeting of the Trustees Selection Committee (including meetings to be held in whole or in part in closed session pursuant to Section 9 of this Article V) shall be placed on the RTO West Website and posted at the offices of the Corporation at least 15 days prior to the meeting (or the ~~soonest~~ earliest date practicable thereafter) if notice of such meeting has been delivered to the Committee members by first-class mail, and at least 10 days prior to the meeting (or the ~~soonest~~ earliest date practicable thereafter) if notice of such meeting has been delivered to the Committee members 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 RTO 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. In the event that 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,

by first-class mail, telegram (charges prepaid), facsimile or electronic mail, to each Member who so requests, and to each member of the public who so requests and who has provided ~~such~~ the Secretary with complete information regarding such person's name and address; provided, however, that the failure of any such Member or member of the public to receive notice of any meeting of the Trustees Selection Committee 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 Trustees Selection Committee, the notice requirements of this section shall be suspended and the Secretary of the Corporation shall use whatever efforts the Secretary, 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 thereat.

Section 9. Open Meetings. Except as hereinafter provided, any member of the public may attend and observe the proceedings of any regular or special meeting of the Trustees Selection Committee held pursuant to this Article V. Notwithstanding the foregoing, the Trustees Selection Committee and each ~~committee~~ subcommittee thereof shall, in the interests of facilitating participation by the broadest and most diverse array of qualified candidates in the Trustees selection process, respect the reasonable confidentiality concerns of such persons. The Trustees Selection Committee and any ~~committee~~ subcommittee thereof shall therefore be entitled to hold closed sessions ~~where~~ when reasonably necessary to protect the confidentiality of information relating to actual or potential candidates for election to the Board of Trustees, including the identity of such persons. Only Committee or subcommittee members (as the case may be) and certain officers, employees and agents of the Corporation, as designated by the Committee or subcommittee members (as the case may be), may be present during any closed session; provided, however, that to the extent deemed necessary by the Chairperson of the Committee or subcommittee (as the case may be), any other person or persons having business before the Trustees Selection Committee or subcommittee (as the case may be) 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. The Trustees Selection Committee or subcommittee (as the case may be) may, at any time during any meeting, vote to adjourn the open meeting and reconvene in a closed session if at least a majority of the Committee or subcommittee members (as the case may be) present at such meeting vote in favor of such adjournment and reconvening.

Section 10. Waivers of Notice. The notice requirements contained in these bylaws may be waived in writing by any Committee member with respect to himself or herself, either before or after the meeting. The attendance by any Committee member at a meeting shall constitute a waiver of notice of such meeting except where such Committee 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.

Section 11. Quorum of Committee Members. A quorum for any meeting of the Trustees Selection Committee shall be a majority of the Committee members then in office. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Committee members, if any action taken is approved by the required number of Committee members, as specified in these bylaws. A majority of the Committee members then present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 12. Voting of Committee Members. The members of the Trustees Selection Committee shall not vote by class. Except where a greater vote is required by the Articles of Incorporation, applicable law or these bylaws, the affirmative vote of a majority of the voting Committee members then in office shall be the act of the ~~Committee members~~ Trustees Selection Committee. Each voting Committee member shall have one vote. Committee members may not vote by proxy. Notwithstanding the fact that the various Trustees Selection Committee members shall be elected by a given class, they shall endeavor to select individuals to the Corporations' Board of Trustees who will best accomplish the purposes of RTO West as set forth in Section 1 of Article III. ~~Section 13.~~

~~Committees~~ Section 13. Subcommittees of Trustees Selection Committee. The Trustees Selection Committee may, by resolution adopted by a majority of the Committee members then in office, designate one or more ~~committees~~ subcommittees, each consisting of seven or more Trustees, to serve at the pleasure of the Trustees Selection Committee. Appointments to such ~~committees~~ subcommittees shall be made annually by a two-thirds vote of the Committee members then in office. Each ~~committee~~ subcommittee shall have such authority of the ~~Board of Trustees~~ Selection Committee as is delegated by resolution of the Board, except that no ~~committee~~ subcommittee, regardless of the ~~Board of Trustees~~ Committee resolution, may elect, appoint or remove any member of such ~~committee~~ subcommittee, any member of the Trustees Selection Committee or any Trustee.

ARTICLE VI

BOARD OF TRUSTEES

Section 1. Powers. The Corporation shall have powers to the full extent allowed by law, except as otherwise specified in the Articles of Incorporation or these bylaws. Without in any way limiting the foregoing, the Corporation 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; ~~provided, however, that the Corporation shall not under any circumstances issue bonds or other securities to the public~~ ~~[RECONSIDER NEED FOR OR ADVISABILITY OF THIS LIMITATION]~~. 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. Without in any way limiting the foregoing, any and all proposed

amendments or modifications to the RTO West Tariffs **Tariff** 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.

Section 2. Number, Classification and Qualifications of Trustees.

- ###a) There shall be nine members of the Board of Trustees, as specified in Section 3 of this Article VI; provided, however, that the ~~initial~~ **Interim** Board of ~~Trustees~~ **Directors** shall, as provided in the Articles of Incorporation and Section 4(a) of this Article VI, have ~~only~~ **not more than nine nor less than** three members.
- (b) The members of the Board of Trustees shall be divided into three classes of three members each. As further provided in Section 5 of this Article VI, each member of the Board of Trustees shall be elected for a term of three years, and the terms of one third of the members of the Board of Trustees shall expire each year.
- (c) In electing or otherwise selecting individuals to serve as Trustees, the members of the Trustees Selection Committee shall endeavor to ensure that the members of the Board of Trustees include individuals possessing, collectively, a broad range of relevant experience in commodities markets (including commodities trading risk management), electric bulk power transmission ~~{in the Western Interconnection}~~, utilities management, law, finance, economics, accounting, information technology, engineering, regulation and public policy. The Trustees Selection Committee shall also endeavor to achieve racial, ethnic, age and gender diversity in the slates of nominees for election to the Board of Trustees.
- (d) In any election of Trustees, **not**:
- ~~(i) Not~~ less than two-thirds of the nominees for election as a Trustee shall be required to have ~~had~~ substantial experience ~~(A) as a member of the board of directors of one or more entities which have been included on Fortune magazines list of the 1000 largest companies in America, (B) as a member of the board of directors or trustees, or as~~ **or as a** chief executive officer, president, chief operating officer, chief information officer, executive vice president or senior vice president, or in a position ~~or~~ **of** equivalent responsibility, of at least one publicly or privately held, **not-for-profit corporation, or government entity with revenues or an operating budget equal to five percent (5%) of the gross book value of the assets operated by the RTO,** ~~corporation having annual revenues in excess of \$50 million, or (C) as a member of the board of directors or trustees, or as chief executive officer, president, chief operating officer, chief information~~

~~officer, executive vice president or senior vice president, or in a position or equivalent responsibility, of a governmental entity, nonprofit corporation or other organization having an annual operating budget in excess of \$_____; and~~

- ~~(ii) Not less than one third of the nominees for election as a Trustee shall be required to have had substantial experience (A) as a member of the board of directors of one or more entities which have been included on Fortune magazines list of the 1000 largest companies in America, or (B) as a member of the board of directors or trustees, or as chief executive officer, president, chief operating officer, chief information officer, executive vice president or senior vice president, or in a position or equivalent responsibility, of at least one publicly or privately held corporation having annual revenues in excess of \$50 million.~~

Section 3. Election of Board of Trustees.

- ###a) The members of the Board of Trustees shall be elected by the members of the Trustees Selection Committee, in accordance with the provisions of this Article VI.
- ###b) For purposes of identifying suitable nominees for election to the Board of Trustees in each election of Trustees, the Board of Trustees shall, in the name and on behalf of the Corporation, select and retain one or more reputable of the following executive search firms to identify qualified Board candidates satisfying the requirements of these bylaws. ~~[Any such:]~~ (1) Heidrick & Struggles International, (2) Korn/Ferry International, (3) Russell Reynolds Associates, (4) any successor to any of such firms which meets the qualifications of this Section 3(b) of this Article VI, or (5) any other executive search firm shall be required to possess broad and longstanding experience in searches for members of the boards of directors or trustees of entities across a broad range of industries.] ~~Prior to any election of Trustees, such executive search firm or firms shall develop a slate of qualified candidates numbering twice the number of vacancies to be filled in such election (less any vacancies for which incumbent Trustees are standing for re election);~~ added to this list by the first full or any subsequent Board of Trustees, provided, however, that for purposes of the election of the first full Board such executive search firm shall be required to possess broad and longstanding experience in searches for members of the boards of directors or trustees of entities across a broad range of industries. Prior to any election of Trustees, such executive search firm or firms shall be required to assemble a slate of 15 candidates. The Trustees Selection Committee shall review any such slate assembled by such executive search firm or firms and shall nominate for election as a Trustee in the applicable election each such candidate whom

~~the Trustees Selection Committee determines to satisfy the requirements of these bylaws for nominees to the Board; provided, however, that the number of nominees in each election shall be required to be twice the number of vacancies to be filled in such election (less any vacancies for which incumbent Trustees are standing for re-election); provided, further,~~ **develop a slate of qualified candidates numbering twice the number of vacancies to be filled in such election (but such candidates shall include any incumbent Trustees that are standing for re-election); provided, however,** that for purposes of the election of the first full Board of Trustees, ~~the number of nominees~~ **such executive search firm or firms shall be required to be 15. assemble a slate of 15 qualified candidates. In screening potential candidates the executive search firm shall be instructed to exclude any candidates likely to have a conflict of interest with the duties of 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, or other potential conflicts of interest in Market Participants, Members, Scheduling Coordinators, and major contractors of the Corporation. Such disclosures shall also include any such financial interests or other potential conflicts of interest known by the candidate with respect to other family relations of the candidates. Such disclosures of qualified candidates shall be made available on a confidential basis to the Trustee Selection Committee. The Trustees Selection Committee shall review such candidates and shall nominate for election as a Trustee in the applicable election each candidate who the Trustees Selection Committee determines to satisfy the requirements of these bylaws for nominees to the Board.**

- (c) Notice of any meeting of the Trustees Selection Committee for the election of one or more Trustees shall be sent to the members of the Trustees Selection Committee in accordance with the provisions of Section 8 of Article V. Not less than 10 days prior to the meeting date, the Secretary of the Corporation shall, subject to the confidentiality provisions of Section 9 of Article V and Section 3 of Article IX, notify each member of the Trustees Selection Committee of the names of the nominees for Trustee, and distribute to each member of the Trustees Selection Committee a copy of the statement of qualifications of each such nominee.
- (d) The members of the Board of Trustees shall be elected by the affirmative vote of not less than 24 of the 30 members of the Trustees Selection Committee. In any election of Trustees, each member of the Trustees Selection Committee shall be entitled to vote for any nominee for Trustee, and 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 Trustees Selection Committee may cast more than one vote for any given

nominee; and provided, further, that no member of the Trustees Selection Committee may vote for any number of nominees in excess of the number of Board vacancies to be filled in such election. In the event that any member of the Trustees Selection Committee fails, in any election of Trustees, to cast each and all of the votes which such Committee member is entitled to cast, each vote which such Committee member has failed to cast shall be allocated at random, one by one, **to another Committee member and cast by such Committee member** in favor of a nominee **of such member's choice** for Trustee in such election. In order to be elected as a Trustee, a nominee shall be required to receive not less than 24 votes of members of the Trustees Selection Committee; provided, however, that the Trustees-elect shall be comprised only of those nominees receiving the highest vote (but not in any event less than 24 votes) of the Committee members, up to such number of nominees as is equal to the number of Board vacancies to be filled in such election. In the event that fewer than the requisite number of nominees receive the requisite vote, a runoff election shall be held; and in the event that fewer than the requisite number of nominees receive the requisite vote in such runoff election, the Trustees Selection Committee shall be entitled to request that the executive search firm or firms retained by the Board of Trustees for the purpose of identifying suitable Trustee candidates undertake a further search for substitute candidates for the vacant position or positions. Immediately following any election of Trustees, the Secretary of the Corporation shall provide official notice of the results of such election to the members of the Trustees Selection Committee and the Members.

Section 4. Procedures in Election of Trustees.

- (a) The ~~initial~~ **Interim** Board of ~~Trustees~~ **Directors** shall have **not more than nine nor less than** three members, who shall be the individuals named as the initial Trustees in the Articles of Incorporation.
- (b) The nine members of the first full Board of Trustees shall be elected in accordance with the provisions of Section 3 of this Article VI~~, with such modifications as are necessary or appropriate pursuant to Section 9 of Article X~~. The ~~[initial Board of Trustees]~~, **The Interim Board of Directors** shall schedule a meeting of the Trustees Selection Committee, to be held not later than ~~[120 days after incorporation of the Corporation]~~, **for the election of 30 days after the election of the first full Trustees Selection Committee pursuant to Section 4 of Article V, for the purpose of electing** the first full Board of Trustees.
- (c) Unless otherwise specified herein, the Trustees Selection Committee 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 Trustees Selection Committee designates.

Section 5. Term of Office of Trustees. The ~~three~~ members of the ~~initial~~ **Interim** Board of ~~Trustees~~ **Directors** shall serve only until such time as the nine members of the first full Board of Trustees have been elected and qualified in accordance with the requirements of these bylaws. Except as provided below for the initial terms of the first full Board of Trustees elected pursuant to Section 4(b) of this Article VI, the term of office for each Trustee shall (except as provided in Section 6 of this Article VI) be three years or until his or her successor is selected. In order to stagger the terms of the Trustees, the initial terms of office for the members of the first full Board of Trustees shall be one year for three of the Trustees, two years for three of the Trustees and three years for three of the Trustees; the determination as to which terms shall apply to which Trustees shall be made by agreement among the Trustees, or in the event that the Trustees are unable to agree thereon, by lot. All Trustees may serve an unlimited number of terms.

Section 6. Resignation or Removal of Trustees; Vacancies. A resignation of a Trustee shall be effective upon receipt of written notice by the Chairperson of the Board of Trustees, or the President or the Secretary of the Corporation, unless the notice specifies a later time of effectiveness. The members of the Trustees Selection Committee may remove any Trustee at any time, without cause, by the affirmative vote of not less than 24 of the members of the Trustees Selection Committee present at a duly held meeting of the Committee. The members of the Trustees Selection Committee may remove any Trustee at any time, for cause, by the affirmative vote of not less than 20 of the members of the Trustees Selection Committee present at a duly held meeting of the Committee. The Board of Trustees may remove any Trustee at any time, but only for cause, if at least two-thirds of the Trustees then in office vote in favor of such removal. If a vacancy occurs, the members of the Trustees Selection Committee shall elect a replacement Trustee to fill the vacancy in accordance with the provisions of Section 3 of this Article VI. A Trustee so elected shall serve for the unexpired term of his or her predecessor. For purposes of this section, "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 bylaws, a failure on the part of ~~any~~ a Trustee, in any fiscal year, to attend more than one-half of the meetings of the Board of Trustees held during such year, or a failure on the part of ~~any~~ a Trustee to attend, in any fiscal year, at least one meeting held during such year by the Board of Trustees with the Board Advisory Committee pursuant to Section 4(e) ~~6(f)~~ of Article VII.

Section 7. Meetings of the Board of Trustees.

###a) The Board of Trustees shall meet at least ~~once~~ during six times each ~~quarter of the~~ fiscal year at such dates, times and places within the RTO Geographic Area as the Board of Trustees shall determine. At the first meeting in the first quarter of each fiscal year, the Board of Trustees shall

elect officers, including a Chairperson of the Board to preside over meetings. The regularly scheduled meetings of the Board of Trustees shall be established for each fiscal year in advance.

- ###b) In addition to the regular ~~quarterly~~ 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 three Trustees.
- ###c) 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 9 of this Article VI). Participation in a meeting pursuant to this subsection shall ~~constitutes~~ constitute presence in person at such meeting.
- ###d) 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, shall be signed by all of the Trustees then in office and entitled to vote.
- ###e) 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 9 of this Article VI), and each written consent of the Board of Trustees or any committee thereof, by posting the same on the RTO West Website and at the offices of the Corporation, or by any other reasonable means, within 15 days after the date on which the meeting was held or the consent was last signed.

Section 8. Notice of Board of Trustees Meetings.

- ###a) Notice of regularly scheduled and special meetings shall be given to the Trustees not less than 10 days prior to the meeting if delivered by first-class mail or not less than five 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.
- (b) 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 9 of this Article VI) shall be placed on the RTO West Website and posted at the offices of the Corporation at least 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 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 RTO 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, **subject to the requirements of Section 6(c) of Article VII regarding consideration of the advice of the Board Advisory Committee,** the failure of any item to be included on any such agenda shall not prevent action from being taken thereon at any meeting. In the event that 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, by first-class mail, telegram (charges prepaid), facsimile or electronic mail, to each Member who so requests, and to each member of the public who so requests and who has provided such Secretary with complete information regarding such person's name and address; provided, however, that the failure of any such Member 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 shall be suspended and the Secretary of the Corporation shall use whatever efforts the Secretary, 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 thereat.

Section 9. Open Meetings. Meetings of the Board of Trustees held pursuant to this Article VI shall generally be open to any and all Members and any and all members of the public, and except as hereinafter set forth, 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. ~~Notwithstanding the foregoing, the Board of Trustees may hold closed sessions for discussion of matters which are reasonably and in good faith determined~~ Subject to such restrictions as may be reasonably imposed by the Board of Trustees ~~to be entitled to confidential treatment, such as, but not limited to,~~ Members shall have the right to address the Board of Trustees at all regular or special meetings of the Board. 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 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 ~~and,~~ commercially sensitive information and other matters which are reasonably and in good faith determined by the Board of Trustees to be entitled to confidential treatment; provided, however, that in no event shall the Board of Trustees be entitled to discuss in closed session any of the matters referenced in Section 5(e) ~~6(c)~~ of Article VII. 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, 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. ~~The Board of Trustees may, at any time during any meeting, vote to adjourn the open meeting and reconvene in a closed session if at least two-thirds of the Trustees present at such meeting vote in favor of such adjournment and reconvening.~~

Section 10. Waivers of Notice. The notice requirements contained in these 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 where 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.

Section 11. 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 bylaws. A majority of the Trustees then present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 12. Voting of Trustees. Except where a greater vote is required by the Articles of Incorporation, applicable law or these bylaws, the affirmative vote of a majority of the Trustees then in office shall be the act of the Board of Trustees. At least two-thirds of the Trustees then in office must vote in favor of any resolution recommending that the Corporation be dissolved and directing that the question of dissolving the Corporation be submitted to a vote of the Members, in order for such resolution to be effective. Each Trustee shall have one vote. Trustees may not vote by proxy.

Section 13. Individuals Who Are Prohibited from Serving as Trustees.

###a) Prohibited Individuals. Except as set forth in Section 13(b) of this Article VI, no individual may be nominated for election to or become a member

of the Corporation's Board of Trustees, or at any time serve on the Corporation's Board of Trustees, if :

(+) such individual (or any Related Person of such individual):

(i) has a direct or indirect financial interest in (including the ownership of securities of) a Market Participant, Member or Scheduling Coordinator; ~~or~~

~~(ii) (A) such individual (or any Related Person of such individual), or (B) any entity (or any Affiliate of any entity) with which~~ of such Persons); provided, however, that such individual (or any a Related Person of such individual) will be permitted to own securities of a Market Participant, Member or Scheduling Coordinator (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) is connected as an owner, director, trustee, commissioner, officer, employee, partner, principal, representative, consultant, contractor, agent or in any similar capacity to:

~~(1) is a [Market Participant, Member, Transmission Customer or Scheduling Coordinator];~~ ~~or~~

~~(2) has during the preceding 12 months received an amount in excess of \$25,000 (exclusive of retirement income or benefits) in the aggregate from the Corporation, [any Market Participant(or any Affiliate of any Market Participant), any Member (or any Affiliate of any Member), any Transmission Customer (or any Affiliate of any Transmission Customer) or any Scheduling Coordinator (or any Affiliate of any Scheduling Coordinator)] as rent or payments for materials, products or services (other than income or benefits received from the Corporation in consideration for services performed as a Trustee).~~ of such Persons).

~~(b)(b)~~ Exceptions. The Exceptions.

(i) An individual shall not be deemed to be in violation of the restrictions set forth in Section 13(a) of this Article VI and shall not be prohibited ~~construed~~:

(i) ~~to prohibit any individual from serving as Trustee merely by virtue of such individuals status as~~ **because such individual (or any Related Person of such individual):**

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

(ii) **(B)** ~~to prohibit any Trustee (or any Related Person of any Trustee) from participating in the pension plan of [any Market Participant, Member, Transmission Customer or Scheduling Coordinator, or any Affiliate of any Market Participant, Member, Transmission Customer or Scheduling Coordinator,] as long as such pension plan is a defined benefit type of plan that does not involve the ownership of any securities of [any Market Participant, Member, Transmission Customer or Scheduling Coordinator or any Affiliate~~ **continues his or her pre-existing participation in a qualified defined benefits pension plan or health benefits plan** of a Market Participant, Member, Transmission Customer or Scheduling Coordinator **(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 Scheduling Coordinator (or any Affiliate of any of such Persons) or the value of any securities of any such Market Participant, Member or Scheduling Coordinator (or any Affiliate of any of such Persons) held by such plan.**

(ii) **Notwithstanding the provisions of Section 13(a) of this Article VI, a Trustee (or any Related Person of such Trustee) who holds a financial interest in a Market Participant may (A) hold such a financial interest for a period not to exceed six months following such Trustee's initial election to the Board of Trustees, and (B) petition (or the Corporation, on behalf of any such individual (or Related Person of any such individual), may petition) FERC for (1) an exception to the foregoing prohibition on holding any such financial interest or (2) an extension of time to dispose of any such financial interest (in either case, however, only with respect to those financial interests held by such Trustee, or Related Person of such Trustee, at the time of such Trustee's initial election to the Board of Trustees), which exception or extension FERC may**

grant if FERC determines that the required disposition of such financial interest will result in economic hardship to such Trustee (or Related Person of such Trustee) due to tax effects or legal restraints on the transfer of such financial interest and that granting such exception or extension will be consistent with the public interest.

Section 14. Continuing Restrictions on Ex-Trustees.

###a) Except as set forth in Section 14(b) of this Article VI, during the period of 365 consecutive days following the date on which an individual ceases to be a Trustee:

###i) neither such individual nor any Related Person of such individual may not have or acquire a direct or indirect financial interest in a Market Participant, Member or Scheduling Coordinator; or

ii) neither (A) such individual (or any Related Person of such individual), nor (B) any entity (or any Affiliate of any entity) with which of such Persons); provided, however, that such individual (or any a Related Person of such individual) is will be permitted to own securities of a Market Participant, Member or Scheduling Coordinator (or any Affiliate of any of 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 segment thereof);

(ii) neither such individual nor any Related Person of such individual;

(A) may be or become connected as an owner, director, trustee, commissioner, officer, employee, partner, principal, representative, consultant, contractor, agent or in any similar capacity, may:

(1) be or become a [to a Market Participant, Member, Transmission Customer or Scheduling Coordinator]; or (or any Affiliate of any of such Persons); or

(2)(B) receive receive in such person's individual capacity an amount in excess of \$25,000 U.S. \$10,000 (exclusive of retirement income or benefits) in the aggregate from the Corporation, any Market Participant, any Member or any Scheduling Coordinator (or any Affiliate of any Market

Participant), any Member (or any Affiliate of any Member), any Transmission Customer (or any Affiliate of any Transmission Customer) or any Scheduling Coordinator (or any Affiliate of any Scheduling Coordinator) **of such Persons**) as rent or payments for materials, products or services (other than income or benefits received from the Corporation in consideration for services performed as a Trustee).

b)(iii) ~~Exceptions. The~~ **neither such individuals nor any Related Person of such individuals, shall enter into other relationships with other entities receiving substantial amounts of income or other benefits from the Corporation, any Market Participants any Member or any Scheduling Coordinator (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 or benefits for purposes of this restriction.**

(b) Exceptions. An individual shall not be deemed to be in violation of the restrictions set forth in Section 14(a) of this Article VI ~~shall not be construed:~~ **merely because such individual (or any Related Person of such individual):**

- (i)(i) ~~to prohibit any ex Trustee from being or becoming~~ **is** a residential retail consumer of electric energy; or
- (ii) ~~to prohibit any ex Trustee (or any Related Person of any ex Trustee) from participating in the pension plan of [any~~ **continues his or her pre-existing participation in a qualified defined benefits pension plan or health benefits plan of a** Market Participant, Member, ~~Transmission Customer or Scheduling Coordinator, (or any Affiliate of any Market Participant, Member, Transmission Customer or Scheduling Coordinator,]~~ as long as such pension plan is a defined benefit type of plan that does not involve the ownership of any securities 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, ~~Transmission Customer or Scheduling Coordinator (or any Affiliate of any~~ **of such Persons) or the value of any securities of any such** Market Participant, Member, ~~Transmission Customer or~~

Scheduling Coordinator (or any Affiliate of any of such Persons)
held by such plan.

Section 15. Standard of Care.

- ###a) 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, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.
- ###b) 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) the Board Advisory Committee or any other advisory committee established by the Board of Trustees pursuant to Section 2 of Article VII of these bylaws;
- ###ii) one 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 which the Trustee reasonably believes ~~to be~~ 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, duly designated in accordance with a provision ~~of~~ in the Articles of Incorporation or these bylaws, ~~but that the Trustee believes to merit confidence~~; as to matters within such committee's designated authority, which committee 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.
- ###c) The Board of Trustees shall ensure, to the extent practicable, that each Trustee complies with the Corporation's Trustees Code of Conduct, which Code of Conduct may be changed from time to time by the Board of Trustees subject to FERC's acceptance for filing. The initial Trustees Code of Conduct is attached to these bylaws as Exhibit B.

~~###Section 16. d) Loans and Self-Dealing Transactions [REQUIRES REVIEW FOR COMPLIANCE WITH REQUIREMENTS OF WASHINGTON LAW]~~ The Board of Trustees shall develop and implement policies, designed to ensure independence, regarding the ownership of securities of suppliers of the Corporation or of other financial interest in the Corporation, by Trustees, officers and employees of the Corporation (including Related Persons of such Trustees, officers and employees). In connection with the foregoing, the Corporation shall retain an independent compliance auditor and cause such independent compliance auditor to obtain all information necessary to determine whether each Trustee is in compliance with such policies and provisions of this Section and to determine whether the officers and employees of the Corporation are in compliance with the Code of Conduct established pursuant to Section 14 of Article VIII. Each Trustee, officer, and other employees of the Corporation as may be designated pursuant to policies established by the Board of Trustees shall file an annual compliance affidavit with such independent compliance auditor. Such independent compliance auditor shall report to the Audit Committee of the Board of Trustees any facts and circumstances which lead it to believe that any Trustee, officer or employee of the Corporation is not in compliance with the provisions of this Section 15(d). With the exception of any such report to the Audit Committee and any action taken by the Audit Committee as a consequence thereof, all information obtained and compiled by such independent compliance auditor shall be held in strict confidence by the same.

a) Section 16. Prohibition Against Loans. The Corporation shall not make any loan of money or property to or guarantee the obligation of any 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.

~~(b) Self Dealing Transactions. The Board of Trustees shall not approve a transaction to which the Corporation is a party and in which one or more of the Trustees has a material financial interest, unless the transaction meets the requirements of Section 16(c) below.~~

~~(c) Exempt Transactions. Subject to the provisions of Section 13 of this Article VI, the following transactions are exempted from the provisions of Section 16(b) above:~~

~~(i) A transaction that is part of a public or charitable program approved by the Board of Trustees and that results in a benefit to one or more Trustees or their families only because they are members of a substantial class of unrelated persons intended to be benefited by the program.~~

~~(ii) A transaction with respect to which the Trustee having a material financial interest has no actual knowledge of the financial interest prior to the consummation of the transaction [, so long as the Trustees financial interest such transaction does not, individually or when aggregated with any series of related transactions, exceed the lesser of one percent of the gross receipts of the Corporation for the preceding fiscal year or \$_____].~~

~~(iii) A transaction that the Board of Trustees, having knowledge of the material facts concerning the transaction and the Trustees interest therein, and at a regularly scheduled meeting of the Board of Trustees, authorizes by a vote of a majority of the Trustees then in office (without counting the vote of the interested Trustee), after considering and in good faith determining, upon reasonable investigation under the circumstances, that (a) the transaction will be entered into by the Corporation for its own benefit, (b) the transaction is fair and reasonable as to the Corporation and (c) the Corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.~~

Section 17. 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.

Section 18. Compensation.

~~###a) Trustees (with the exception of the members of the initial Interim Board of Trustees Directors, who shall not receive any compensation from the Corporation for their service as Trustees) shall receive base compensation in the amount of U.S. \$30,000 per year and additional compensation in the amount of U.S. \$1,000 per day for attendance at each meeting of the Board of Trustees or committee thereof in order to ensure the widest possible representation of interests in the decisions of the Corporation and to avoid hardship on the part of such Trustees. The Board of Trustees may from time to time, by an affirmative vote of two-thirds of the Trustees then in office, amend this section to modify any of the amounts specified herein. [CONSIDER WHETHER MEMBERS OF THE BOARD OF TRUSTEES SHOULD BE ENTITLED TO RECEIVE HEALTH INSURANCE COVERAGE AND OTHER EMPLOYEE BENEFITS FROM THE CORPORATION, IN ADDITION TO THE COMPENSATION PROVIDED FOR ABOVE.] the Trustees' compensation or benefits specified herein; provided, however, that no Trustee voting in favor of any increase in any such compensation or benefits shall be eligible to receive any such increase during such Trustee's then-current term of office as Trustee.~~

- b) ~~Subject to approval by the Board of Trustees,~~(b) Trustees shall also be entitled to receive reimbursement for reasonable and necessary travel and other actual expenses incurred in performing duties of his or her office and in attending meetings of the Board of Trustees and meetings of committees of the Board of Trustees or advisory committees.

ARTICLE VII

COMMITTEES OF THE BOARD OF TRUSTEES; BOARD ADVISORY COMMITTEE

Section 1. Committees of Trustees. The Board of Trustees may, by resolution adopted by a majority of the Trustees then in office, designate one or more committees, including an Executive Committee, each consisting of two or more Trustees, to serve at the pleasure of the Board of Trustees. Appointments to such committees shall be made annually by a ~~two-thirds~~ 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, except that no committee, regardless of the Board of Trustees resolution, may:

- ###a) Elect, appoint or remove any member of such committee, any Trustee or any officer of the Corporation;
- ###b) Appoint any other committees of the Board of Trustees or the members of any such committees;
- ###c) Fix compensation of Trustees for serving on the Board of Trustees or any committee;
- ###d) Amend, alter or repeal these bylaws, or adopt new bylaws, or amend the Articles of Incorporation;
- ###e) Amend, alter or repeal any resolution of the Board of Trustees;
- ###f) Adopt a plan of merger or consolidation ~~with another corporation;~~
- ###g) Authorize the sale, lease, exchange, mortgage or pledge of all or substantially all of the property or the assets of the Corporation; or
- ###h) Authorize the voluntary dissolution of the Corporation or revoke proceedings therefor, or adopt a plan for the distribution of the assets of the Corporation on dissolution; ~~or;~~
- i) ~~Approve any self-dealing transaction as referred to in Section 15(c)(iii) of Article VI.~~

~~Section 2. Advisory Committees. Advisory committees may be appointed from time to time by the Board of Trustees. Advisory committees' 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.~~

~~Section 3. ADR Committee. The Board of Trustees shall appoint an advisory committee called the ADR Committee, which will monitor and oversee compliance with the provisions of Section 6 of Article XI (Alternative Dispute Resolution).~~

~~Section 4~~ **Section 2. Audit Committee.**

###a) There shall be an Audit Committee of the Board of Trustees consisting of ~~two~~ **three** or more Trustees elected by the Board of Trustees.

###b) The Audit Committee shall have no powers of the Board of Trustees but shall serve in an advisory capacity by reviewing **(1) the Corporation's annual independent financial audit and preparing a report for the Board of Trustees, (2) the Corporation's program for compliance with laws and regulations, and (3) the financial controls in the business practices of the Corporation.** In addition, the Audit Committee shall monitor compliance with the Codes of Conduct attached as Exhibits A and B hereto 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 Codes of Conduct.

Section 5 **3. Human Resources Committee.**

(a) There shall be a Human Resources Committee of the Board of Trustees consisting of three or more Trustees elected by the Board of Trustees.

(b) The Human Resources Committee shall review and report to the Board of Trustees on the process for the selection of members of the Board of Trustees, and shall review and report to the Board of Trustees on candidates to fill officer positions for the Corporation. The Human Resources Committee shall also review and recommend to the Board compensation policies of the Corporation.

Section 4. Advisory Committees. Advisory committees may be appointed from time to time by the Board of Trustees. Advisory committees' 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.

Section 5. ADR Committee. The Board of Trustees shall appoint an advisory committee called the ADR Committee, which will monitor and oversee compliance with the provisions of Section 6 of Article XI (Alternative Dispute Resolution).

Section 6. Board Advisory Committee.

###a) The Corporation shall have a Board Advisory Committee to provide advice to the Board of Trustees, ~~promote input~~ on Board decisions and ~~provide a focal point for dissemination of information on~~ other matters of significance to the Corporation. Membership on the Board Advisory Committee shall be open to each Person who or which is a Member, and each such Person shall be entitled to be a member of the Board Advisory Committee for so long as such Person remains a Member. A Member shall be admitted to membership on the Board Advisory Committee upon giving notice to the Secretary of the Corporation of such Member's intent to become a member of the Board Advisory Committee, together with the name, address, telephone number, facsimile number and electronic mail address of the individual (and an alternate for such individual) who is authorized to represent such Member in all matters relating to such Member's membership on and participation in the Board Advisory Committee; and such individual (and alternate) shall be deemed to have full authority for and on behalf of such Member to send and receive notices, and otherwise act for and on behalf of, such Member in all matters relating to such Member's membership ~~on~~ and participation in the Board Advisory Committee.

###b) 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. ~~In addition, the~~ The Board Advisory Committee shall assist and advise the ~~Boards Audit Committee in the performance of its responsibilities. The Board Advisory Committee shall have broad authority to consider and~~ may advise the Board of Trustees concerning any other issues relating to the Corporation, and may consider issues referred for the Committee's consideration from any source, including the Board of Trustees, any member of the 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 which is timely provided to the Board of Trustees, but the Board Advisory Committee shall not ~~in any instance, however,~~ otherwise be entitled to limit the discretion or authority of the Board of Trustees to consider and take action on any

matter in accordance with the provisions of these bylaws, the Articles of Incorporation and applicable law.

- ###c) Except in the case of emergency as declared by the Board of Trustees, the Board Advisory Committee shall ~~be required to have considered, and~~ **have the opportunity to advise** the Board of Trustees ~~shall be required to receive the advice of the Board Advisory Committee concerning,~~ **concerning** the following matters prior to any final action thereon by the Board of Trustees: (1) any proposed amendment or modification to ~~any~~ **the** RTO West Tariff (including any proposed amendment or modification to the Corporation's rates or revenue requirements); ~~and~~(2) any proposed amendment or modification to the forms of the Transmission Operating Agreement, Generation Integration Agreement, Load Integration Agreement or Scheduling Coordinator Agreement; ~~and~~(3) RTO Transmission System planning matters; **and (4) the annual RTO Budget. Such opportunity shall be afforded through notice to the Board Advisory Committee of any such proposed action not less than 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 to the Board Advisory Committee at least 90 days prior to any final action thereon by the Board of Trustees.**
- ###d) The Board Advisory Committee shall develop procedures to ensure that each Member has an adequate opportunity to propose issues for, and comment on issues under, consideration by the Committee. ~~The Board Advisory Committee shall also develop procedures to ensure public notice of each and all of the matters before the Committee, and to ensure that members of the public have an adequate opportunity to comment on issues under consideration by the Committee.~~
- ###e) The members of the Board Advisory Committee shall not vote on any issue, but shall instead provide advice to the Board of Trustees in the form of position papers reflecting all divergent points of view of Committee members (or, in the event that there is complete consensus among all the members of the Committee on an issue, a single position paper reflecting such consensus). In each case each such position paper shall be ~~signed by~~ **accompanied by the name of** each Committee member who or which supports the ~~positions advocated~~ **advice provided** in such paper.
- ###f) The Board Advisory Committee shall select a Chairperson and a Vice-Chairperson who will convene and conduct the meetings of the Committee. The Board of Trustees shall be required to meet with the **chairperson of the** Board Advisory Committee not less than four times each fiscal year, ~~in conjunction with each regularly scheduled meeting of the Board of Trustees.~~ **advance notice of which shall be provided to**

other members of the Board Advisory Committee to afford them an opportunity to attend.

- ###g) The Board Advisory Committee shall develop procedures to ensure that the business of the 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).
- ###h) The Board Advisory Committee may form one or more ad hoc or standing subcommittees to assist in accomplishing its functions. Such subcommittees shall be open to membership and participation by any interested Member.
- (i) Notwithstanding any provision of this Section 4 6, 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.

Section 6 7. Meetings. Regular and special meetings of committees of the Board of Trustees and ~~meetings~~ of the Board Advisory Committee **and other 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(c), 7(d), 7(e), 8, 9, 10, 11, 12 and 17 }~~ of Article VI ~~of these bylaws~~ concerning meetings of the Board of Trustees; **provided, however, that the provisions of Section 12 of Article VI shall not apply to the Board Advisory Committee or its subcommittees.** For the purposes of the application of Article VI to the meetings of **committees of the** Board of Trustees ~~Committees or advisory committees~~, references in Article VI to the Board of Trustees shall be read as references to the applicable committee of the Board of Trustees or to the ~~Board Advisory Committee~~ **applicable advisory committee**. Minutes of each meeting of any committee (with the exception of closed sessions held pursuant to Section 9 of Article VI) 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 bylaws.

ARTICLE VIII

OFFICERS AND STAFF

Section 1. Officers. The officers of the Corporation shall be a President, **one or more Vice Presidents**, a Secretary, **a Treasurer**, a General Counsel and such other officers as the Board of Trustees may appoint.

Section 2. Appointment. The Board of Trustees shall appoint all officers of the Corporation for such terms as the Board of Trustees shall specify.

Section 3. Removal. Subject to the rights, if any, of the officer under any contract of employment, any officer of the Corporation may be removed at any time by the Board of Trustees whenever, in the Board's judgment, the best interests of the Corporation will be served thereby.

Section 4. Resignation. Any officer may resign at any time by giving written notice to 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.

Section 5. President. The President shall be the chief executive officer of the Corporation 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. He or she shall have such additional powers and duties as may be prescribed by the Board of Trustees.

Section 6. **Vice President. During the absence or disability of the President, the Vice President (or in the event that there be more than one 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.**

Section 7. Secretary. The Secretary 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 IV and V, shall record the proceedings of all meetings (other than closed sessions held pursuant to ~~Section 9 of Article VI~~) **the applicable provisions of these bylaws** 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 shall have such additional powers and duties as shall be prescribed by the Board of Trustees.

Section ~~7~~ **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 and requirements of FERC.

Section 9. General Counsel. The General Counsel of the Corporation shall serve as the chief attorney and legal advisor for the Corporation and shall represent, or provide for the representation of, the Corporation in all legal proceedings involving the Corporation at law or in equity. The General Counsel shall have such additional powers and duties as shall be prescribed by the Board of Trustees. The General Counsel shall not represent any Person other than the Corporation, as legal counsel or otherwise, in any matter that is adverse to the interest of any Member.

Section ~~10~~ **8.** Additional Officers. The Board of Trustees may appoint one or more additional officers to perform such duties and have such powers as the Board of Trustees shall designate.

Section ~~11.~~ **9.** Compensation; Prohibition Against Loans.

~~###a)~~ Compensation of the officers shall be determined by the Board of Trustees; **provided, however, that the Board of Trustees shall link payment of a substantial portion of compensation for officers, and for such other employees of the Corporation as the Board of Trustees shall deem appropriate, to successful implementation of annual performance goals of the Corporation.**

~~###Section 10 b)~~ **The Corporation shall not make any loan of money or property to or guarantee the obligation of any 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 such individual would be entitled to reimbursement for such expenses absent such advance.**

Section 12. 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.

Section ~~11.~~ **13.** Staffing. Officers of the Corporation may, within such budgetary authority and subject to such other restrictions and requirements as 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.

Section ~~12~~ **14.** Code of Conduct. The Board of Trustees shall ensure that the officers, employees and substantially full-time consultants and contractors of the Corporation, **and**

any Transmission Owner personnel or other individuals performing discretionary functions for or on behalf of the Corporation, comply with the Employees Code of Conduct. The Employees Code of Conduct may be amended from time to time. The initial Employees Code of Conduct is attached to these bylaws as Exhibit A. All contracts with non-full-time contractors shall include appropriate conduct standards, 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 contractor's work to the Corporation. The Board of Trustees may in its discretion include in the Employees Code of Conduct specific post-employment 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 IX

RECORDS

Section 1. Records Available for Inspection.

- ###a) The Corporation shall keep or cause to be kept at its principal office in the State of Washington the following records:
 - ###i) A copy of the Articles of Incorporation and all amendments thereof and a copy of all certificates filed with the Washington State Secretary of State.
 - ###ii) A copy of these bylaws, as amended, 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 directors' names and addresses.
 - ###vi) Minutes of all meetings of the Members and ~~members~~ of all meetings of the Board of Trustees and each committee thereof (other than closed sessions held pursuant to ~~Section 9 of Article VI~~ the applicable provisions of these bylaws).
- ###b) The records kept pursuant to this section 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.

Section 2. Annual Report

- ####a) ~~Financial statements shall be prepared as~~ As soon as reasonably practicable after the close of the fiscal year, **financial statements 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 U.S. \$10,000 or more to which the Corporation was a party and in which any Trustees or officers of the Corporation had or has 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, where practicable, the amount of such interest; and
 - ####vi) The amount and circumstances of any indemnification or advances aggregating more than U.S. \$10,000 paid during the fiscal year to any Trustee or officer of the Corporation.
- ####b) Such financial statements shall be accompanied by ~~any a~~ a report thereon of independent accountants, ~~or, if there is no such report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation.~~
- ####c) A report including the financial statements prescribed above shall be furnished annually to all Trustees and Members, and be made available to the general public.

Section 3. Quarterly Report. As soon as reasonably practicable after the close of each quarter, financial statements shall be prepared in accordance with generally

accepted accounting principles and requirements of FERC. A report of all such quarterly financial statements shall be furnished quarterly to all Trustees and Members, and be made available to the general public.

Section 4. Availability of Public Information. Information regarding the Corporation and its operations, (other than information relating to litigation or potential litigation, personnel matters, actual or potential candidates for election to the Board of Trustees, trade secrets, confidential commercial or commercially sensitive matters, or other matters that the Board of Trustees or the Trustees Selection Committee has determined must be kept confidential in order to protect the interests of the Corporation, or information received by the Corporation that is subject to an obligation of confidentiality,) shall be publicly available, provided that the Corporation may require any recipient of such information to pay the reasonable costs of providing such information. Such publicly available information shall include, but not be limited to, transmission system status information through the RTO West Website, minutes of public meetings of the Board of Trustees, and nonconfidential business records of the Corporation.

Section 4 **5.** Records Retention. The Board of Trustees shall cause to be developed and implemented a records retention program complying with all applicable legal requirements.

ARTICLE X

INDEMNIFICATION OF TRUSTEES, OFFICERS, EMPLOYEES AND AGENTS

Section 1. Definitions. As used in this Article:

~~###a)~~ "Act" means the Washington Business Corporation Act, now or hereafter in force.

b) "Agent" means an individual who is or was an agent of the Corporation or an individual who, while an agent of the Corporation, is or was serving at the Corporation's request as a trustee, officer, partner, director, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. "Agent" includes, unless the context requires otherwise, the estate or personal representative of an agent.

~~###e)~~ **b)** "Corporation" means this Corporation, and any domestic or foreign predecessor entity which, in a merger or other transaction, ceased to exist.

~~###d)~~ **c)** "Employee" means an individual who is or was an employee of the Corporation or an individual **who**, while an employee of the Corporation, is or was serving at the Corporation's request as a trustee, officer, partner, director, employee, or agent of another foreign or domestic corporation,

partnership, joint venture, trust, employee benefit plan, or other enterprise. "Employee" includes, unless the context requires otherwise, the estate or personal representative of an employee.

~~###e)~~ d) "Expenses" include ~~counsel~~ attorneys' fees.

~~###f)~~ e) "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, these bylaws, or other corporate action. "Indemnitee" shall also include the heirs, executors, and other successors in interest of such individuals.

~~###g)~~ f) "Liability" means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable expenses incurred with respect to a proceeding.

~~###h)~~ g) "Officer" means an individual who is or was an officer of the Corporation or an individual who, while an officer of the Corporation, is or was serving at the Corporation's request as a trustee, officer, partner, director, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. "Officer" includes, unless the context requires otherwise, the estate or personal representative of an officer.

~~###i)~~ h) "Party" includes an individual who was, is, or is threatened to be named a defendant or respondent in a ~~proceeding~~ Proceeding.

~~###j)~~ i) "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal.

~~###k)~~ j) "Trustee" means an individual who is or was a Trustee of the Corporation or an individual who, while a Trustee of the Corporation, is or was serving Corporation's request as a trustee, officer, partner, director, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. "Trustee" includes, unless the context requires otherwise, the estate or personal representative of a Trustee.

Section 2. Indemnification Rights of Trustees, ~~and~~ Officers, ~~Employees and Agents~~. The Corporation shall indemnify its Trustees, and Officers, ~~Employees and Agents~~ 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, ~~Employee or Agent~~ of the Corporation. The Corporation shall

advance expenses incurred by such persons who are parties to a proceeding in advance of final disposition of the proceeding, as provided herein.

Section 3, **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 each of its Employees and Agents against expenses, 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.**

Section 4. Procedure for Seeking Indemnification and/or Advancement of Expenses.

###a) Notification and Defense of Claim.

- (i) Indemnatee shall promptly notify the Corporation in writing of any proceeding for which indemnification could be sought under this Article. In addition, Indemnatee shall give the Corporation such information and cooperation as it may reasonably require and as shall be within Indemnatee's power.
- (ii) With respect to any such proceeding as to which Indemnatee has so notified 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 Indemnatee. Indemnatee's consent to such counsel may not be unreasonably withheld.
- (iii) After notice from the Corporation to Indemnatee of its election to assume the defense, the Corporation will not be liable to Indemnatee under this Article for any legal or other expenses subsequently incurred by Indemnatee in connection with such defense. However, Indemnatee shall continue to have the right to employ its counsel in such proceeding, at Indemnatee's expense; and if:
 - (A) The employment of counsel by Indemnatee 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; ~~or~~ and

(C) The Corporation shall not in fact have employed counsel to assume the defense of such proceeding,

then the fees and expenses of Indemnitee's counsel shall be at the expense of the Corporation.

(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 the Indemnitee in the conduct of the defense.

(b) Information to be Submitted and Method of Determination and Authorization of Indemnification.

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

(ii) Submission of an Indemnification Statement to the Board shall create a presumption that the Indemnitee is entitled to indemnification hereunder, and the Corporation shall, within 60 days thereafter, make the payments requested in the Indemnification Statement to or for the benefit of the Indemnitee, unless: (1) within such 60-day period it shall be determined by the Corporation that the Indemnitee is not entitled to indemnification under this Article; (2) such vote shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption); and (3) the 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: (1) a committee chosen by written consent of a majority of the Trustees of the Corporation, and consisting solely of two or more Trustees not at the time parties to the proceeding; or (2) as provided by RCW 23B.08.550, as amended.

- (iv) Any determination that the 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.
- (c) Special Procedure Regarding Advance for Expenses.
 - (i) An Indemnitee seeking payment of expenses in advance of a final disposition of the proceeding must furnish the Corporation, as part of the Indemnification Statement:
 - (A) A written affirmation of the Indemnitee's good faith belief that the Indemnitee has met the standard of conduct required to be eligible for indemnification; and
 - (B) A written undertaking, constituting an unlimited general obligation of the Indemnitee, to repay the advance if it is ultimately determined that the Indemnitee did not meet the required standard of conduct.
 - (ii) If the Corporation determines that indemnification is authorized, the Indemnitee's request for advance of expenses shall be granted.
- (d) 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 which 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.

Section 4 5. Contract and Related Rights.

- ###a) Contract Rights. The right of an Indemnitee to indemnification and advancement of expenses is a contract right upon which the 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 the Indemnitee shall be subject to any possible proceeding. Any amendment to or repeal of this Article 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.
- (b) 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 and consistent with ~~the Act;~~ 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.
- (c) Severability. If any provision or application of this Article shall be invalid or unenforceable, the remainder of this Article and its remaining applications shall not be affected thereby, and shall continue in full force and effect.
- (d) Right of Indemnitee to Bring Suit. If (1) a claim under this Article for indemnification is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation; or (2) a claim under this Article for advancement of expenses is not paid in full by the Corporation within 20 days after a written claim has been received by the Corporation, then the 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, the Indemnitee shall be entitled to also be paid the expense (to be proportionately prorated if the Indemnitee is only partially successful) of prosecuting such claim.
- (e) Neither: (1) 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 to the Indemnitee is proper in the circumstances; nor (2) an actual determination by the Corporation (including its Board of Trustees or independent legal counsel) that the Indemnitee is not entitled to indemnification or to the reimbursement or advancement of expenses, shall be a defense to the proceeding or create a presumption that the Indemnitee is not so entitled.

Section ~~5~~. 6. Exceptions. Any other provision herein to the contrary notwithstanding, the Corporation shall not be obligated pursuant to the terms of these bylaws to indemnify or advance expenses to Indemnitee with respect to any proceeding:

- ####a) Claims Initiated by Indemnitee. 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 bylaws or any other statute or law or as otherwise required under the statute; but such indemnification or advancement of expenses may be provided by the Corporation in specific cases if the Board of Trustees finds it to be appropriate.

- (b) Lack of Good Faith. Instituted by Indemnitee to enforce or interpret this Agreement, 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.
- (c) Insured Claims. For which any of the expenses or liabilities for which indemnification is being sought have been paid directly to Indemnitee by an insurance carrier under a policy of officers' and directors' liability insurance maintained by the Corporation.
- (d) Prohibited by Law. If the Corporation is prohibited by ~~the Act or other~~ applicable law as then in effect from paying such indemnification and/or advancement of expenses. For example, the Corporation and Indemnitee acknowledge that the Securities and Exchange Commission (the "SEC") has taken the position that indemnification is not possible for liabilities arising under certain federal securities laws, and federal legislation prohibits indemnification for certain ERISA violations. Indemnitee understands and acknowledges that the Corporation has undertaken or may be required in the future to undertake with the SEC to submit the question of indemnification to a court in certain circumstances for a determination of the Corporation's right to indemnify Indemnitee.

ARTICLE XI

MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Corporation shall be ~~determined by resolution of the Board of Trustees~~ the calendar year.

Section 2. Corporation Seal. The Corporation ~~shall~~ may have a seal ~~which shall be~~ as specified by resolution of the Board of Trustees. ~~The~~ Such seal ~~shall~~ may be affixed to any and all corporate instruments, but failure to affix it shall not affect the validity of ~~the~~ any instrument.

Section 3. Amendment of Bylaws.

- ###a) These bylaws and the exhibits hereto (with the exception of the provisions listed in Section 3(b) of this Article XI) may be amended by the vote of at least two-thirds of the Trustees then in office. In addition, if and to the

extent required by applicable law, the effectiveness of any amendment to these bylaws shall be subject to acceptance for filing by FERC. All Trustees must receive at least 30 days' notice of any vote on amending these bylaws.

- ####b) The provisions of ~~Sections 1(j) and 2~~ of Article III relating to the powers of the Corporation, the provisions of Sections 1 through 9 of Article IV and Section 3 of Article V relating to the qualifications and rights of Members, the provisions of Section 5 **2 of Article VI relating to the qualifications of nominees to the Board of Trustees, the provisions of Section 6** of Article VII relating to the Board Advisory Committee, the provisions of Article IX relating to the records of the Corporation, **the provisions of Section 3(a) of this Article XI relating to the exceptions to the authority of the Board of Trustees to amend these bylaws, the provisions of Exhibit B relating to the Trustees Code of Conduct,** and the alternative dispute resolution provisions set forth in Exhibit C; may be amended only by the affirmative vote, by Member Class, of a majority of the Members present and entitled to vote in each Member Class at a duly held meeting of the Members; provided, however, that any provisions of Section 3 of Article V relating to the qualifications and voting rights of Members of any ~~sub~~ **Member Sub**-Class of any Member Class may be amended only by the affirmative vote of a majority of the Members present and entitled to vote in such ~~sub~~ **Member Sub**-Class at a duly held meeting of the Members in such ~~sub~~ **Member Sub**-Class}. All Members must receive at least 30 days' notice of any vote on any proposed amendment of any of such provisions.

Section 4. Notices. Except as and to the extent otherwise provided in these bylaws, any notice required or permitted to be given under or pursuant to these 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 bylaws. Notices delivered by mail shall be effective when deposited in the United States 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.

Section 5. Reimbursement of Expenses of the Corporation. The Corporation shall provide full reimbursement for monies reasonably and necessarily expended on behalf of the Corporation by its Trustees, officers and employees.

Section 6. Alternative Dispute Resolution. {Contracts and agreements to which the Corporation is a party shall, to the extent practicable, reasonable and permitted by law, include a requirement to resolve disagreements in accordance with the alternative dispute resolution process described in Exhibit C hereto, or other FERC-approved alternative dispute resolution procedures.}

Section 7. Distribution of 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 ~~to one or more entities established and operated for the purposes set forth in Article III of these bylaws, as a successor or successors to the Corporation.~~ in accordance with the Articles of Incorporation.

~~Section 8. Participation in Transmission Planning. The Corporation shall participate as a member, and have all the rights and obligations of a member, in any Planning Issues Committee (or any successor organization) established to facilitate planning for transmission reliability and performance within RTOs Control Area, and shall participate as a member, and have all the rights and obligations of a member, in each Area Planning Issues Committee (or any successor organization) established to facilitate planning for transmission reliability within the RTO West Geographic Area.~~

~~Section 9~~ Section 8. Performance of Certain Responsibilities of Board of Trustees and Secretary Prior to Election of First Full Board of Trustees. Until such time as the members of the first full Board of Trustees have been elected pursuant to Section 3 of Article VI and taken office, any action required by these bylaws to be taken by the Board of Trustees under or in connection with Section 4 of Article IV or Sections 3 and 4 of Article VI shall, and any action permitted by these bylaws to be taken by the Board of Trustees under or in connection with Section 4 of Article IV or Sections 3 and 4 of Article VI may, be taken by the ~~initial~~ Interim Board of ~~Trustees~~ Directors of the Corporation. Until such time as the members of the first full Board of Trustees have been elected, taken office and have appointed a Secretary of the Corporation, any action required by these bylaws to be taken by the Secretary of the Corporation under or in connection with Section 4 of Article IV or Sections 3 and 4 of Article VI shall, and any action permitted by these bylaws to be taken by the Secretary of the Corporation under or in connection with Section 4 of Article IV or Sections 3 and 4 of Article VI may, be taken by the Secretary of the Corporation appointed by the ~~initial~~ Interim Board of ~~Trustees~~ Directors.

EXHIBIT A

EMPLOYEES CODE OF CONDUCT

The Code of Conduct for officers, employees and substantially full-time consultants and contractors of the Corporation shall be as follows:

I. DEFINITIONS. For purposes of this Code of Conduct, the following terms shall be defined as follows:

A. "Affiliate" of a "Person" (as hereinafter defined) means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of ~~these bylaws~~ **this Code of Conduct**, in determining whether one Person controls another Person: (1) without limitation, the direct or indirect ownership or control of or power to vote five percent **or more** of the outstanding {voting securities } of a corporation shall be deemed to constitute control of such corporation; ~~(2) each member of a cooperative corporation shall be deemed to be an Affiliate of the cooperative corporation;~~ provided, however, that the customer owners of an electric power distribution cooperative shall not, by virtue of such relationship alone **in the case of any Person that owns an interest in an Independent Transmission Company, such Person and the Independent Transmission Company shall not be considered Affiliates; (2) members of any cooperative corporation shall not, merely by virtue of membership in such corporation,** be deemed to be Affiliates of such cooperative]; ~~(3) each other or of the cooperative corporation;~~ **(3) members of any joint operating agency, joint powers authority or comparable entity shall not, merely by virtue of membership in such joint operating agency, joint powers authority or other such entity, be considered Affiliates of each other or of the joint operating agency, joint powers authority or other such entity;** ~~(4) separate agencies of a state or of the federal government shall not be considered Affiliates, regardless of any commonality of political control;~~ ~~(4) members of any joint operating agency, joint powers authority or comparable entity shall not be considered Affiliates;~~ ~~(5) no tribal utility or tribal commercial enterprise shall be considered an Affiliate of any "Tribal Utility Regulatory Authority" (as defined in the Corporation's bylaws);~~ and ~~(6) no crown-owned utility shall be considered an Affiliate of any "State or Provincial Energy Authority" (as defined in the Corporation's bylaws).~~

B. "Board of Trustees" means the Board of Trustees of the Corporation.

C. "Corporate Personnel" means each and all of the officers, employees and substantially full-time consultants and contractors of the Corporation.

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

E. ~~"Market Entity" means [any Market Participant, Member, Transmission Customer or Scheduling Coordinator, or any Affiliate of any Market Participant, Member, Transmission Customer or Scheduling Coordinator].~~ **"Independent Transmission Company" means a transmission company meeting the independence requirements established by FERC Order No. 2000 and all supplements and amendments thereto issued by the FERC, and which Company has divested its electric transmission systems.**

~~F. "Market Participant" has the meaning set forth in Schedule 1 to this Code of Conduct.~~

G. "Member" means a member of the Corporation.

H. "Person" means an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, limited liability company, partnership, limited partnership, limited liability partnership, association, joint-stock company, trust, unincorporated organization, or government entity or political subdivision thereof.

~~G. "Related Person" of an individual means (a) the spouse of such individual or (b) a person living in the same household as such individual.~~ **the spouse and dependent children of such individual.**

~~H. "Trustee" means a member of the Board of Trustees.~~

II. GENERAL STATEMENT

A. The Corporation expects all Corporate Personnel to conduct business on behalf of the Corporation with integrity and a high ethical standard. This Code of Conduct and the bylaws of the Corporation set forth guidelines for all Corporate Personnel to follow.

B. In general, Corporate Personnel should recognize and attempt to avoid conduct or activities that involve, or might appear to involve, a conflict of interest. Although it is impossible to list every circumstance that may suggest a possibility of a conflict of interest, some guidelines are as follows:

1. An individual's position with the Corporation should not be used for personal private gain or benefit.
2. Action that might result in or create the appearance of inappropriate preferential treatment of any Trustee or Corporate Personnel,

or any Related Person of any Trustee or Corporate Personnel, should be avoided.

3. An individual should not engage in conduct or activities that conflict or are inconsistent with any activity of the Corporation, or that would cause a reasonable person to believe that such individual's judgment, loyalty or objectivity might be influenced in a way that is adverse to the interests of the Corporation.

4. Care should be taken to avoid adversely affecting the public's confidence in the integrity or the reputation of the Corporation. Any conduct or activities of any Corporate Personnel should be capable of being justified and withstanding public scrutiny.

5. Corporate Personnel who serve on the boards of other entities (whether profit or nonprofit) must be meticulous in observing the rules of separate loyalty.

C. In considering the guidelines set forth in this Code of Conduct and the Corporation's bylaws, Corporate Personnel must remember that the relationships of their business associates, family, friends and other persons may give rise to a potential conflict of interest even if the Corporate Personnel are not involved directly. A potential conflict can exist where the parties in the relationship give or receive, or could reasonably be perceived to give or receive, unfair advantage or preferential treatment because of the relationship. No Corporate Personnel should have a direct or indirect interest in or relationship with any outside person or organization that might affect (or that might reasonably be perceived by others as affecting) the objectivity or independence of their judgment or conduct in carrying out the duties to the Corporation.

D. Corporate Personnel should be aware that even the appearance of a conflict of interest could harm the Corporation, and should always try to avoid giving an appearance of impropriety. When in doubt, individuals should disclose the circumstances and obtain approval in accordance with the procedures set forth in this Code of Conduct and the Corporation's bylaws.

III. STANDARDS

A. Non-Participation in Energy Transactions

1. No Corporate Personnel may act as a marketer or broker in connection with any power or energy sale or purchase.

2. No Corporate Personnel may purchase electricity, except for ordinary personal or unrelated business purposes, or sell electricity except to the extent necessary to carry out the Corporation's functions.

3. No Corporate Personnel may be an employee, director or attorney of, or a substantially full-time consultant or contractor to, any Market Entity. **Participant.**

~~4. 4. No person shall become or be hired as any one of the Corporate Personnel unless such person shall dispose of securities issued by a Market Entity within six months after the time such person is to commence providing services to the Corporation (within eight months in the case of persons commencing to provide services to the Corporation prior to January 1, 2002) to assure that such person will not directly or indirectly (e.g., through a family trust or a defined contribution employee benefit plan) own securities issued by a Market Entity.~~

~~5. No Corporate Personnel shall acquire, directly or indirectly (e.g., through a family trust or a defined contribution employee benefit plan), securities issued by a Market Entity. In the event that **No Corporate Personnel or any Related Person of** any Corporate Personnel receives a gift or inheritance of securities in any Market Entity, such person must dispose of such securities within six months after receipt thereof. In the event that any Corporate Personnel holds securities in any entity which becomes a Market Entity after such person becomes one of the **may have a direct or indirect financial interest in (including the direct or indirect ownership of securities of) any Market Participant; provided, however, that Corporate Personnel and Related Persons of Corporate Personnel will be permitted to own securities of a Market Participant 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).**~~

5. Notwithstanding the provisions of Section 4 above, Corporate Personnel (or any Related Person of any Corporate Personnel) who hold a financial interest in a Market Participant may (A) hold such a financial interest for a period not to exceed six months following becoming Corporate Personnel, such person shall dispose of such securities within a period of six months after such entity becomes a Market Entity.

6. The restrictions set forth in this Code of Conduct shall not be construed:

a) to prohibit any Corporate Personnel from being or becoming **and (B) petition (or the Corporation, on behalf of any such individual, may**

petition) FERC for (1) an exception to the foregoing prohibition on holding any such financial interest or (2) an extension of time to dispose of any such financial interest (in either case, however, only those financial interests held by such individual at the time of becoming one of the Corporate Personnel), which exception or extension FERC may grant if FERC determines that the required disposition of such financial interest will result in economic hardship to such individual due to tax effects or legal restraints on the transfer of such financial interest and that granting such exception or extension will be consistent with the public interest.

6. Any Corporate Personnel (or Related Person of any such Corporate Personnel) who holds a financial interest in a Market Participant may (i) hold such a financial interest for a period not to exceed six months following such Corporate Personnel's initial employment by the Corporation; and (ii) petition (or the Corporation, on behalf of any such Corporate Personnel (or Related Person of any such Corporate Personnel), may petition) the FERC for (1) an exception to the foregoing prohibition on holding any such financial interest; or (2) an extension of time to dispose of any such financial interest (with respect, however, in either case to only those financial interests held by such Corporate Personnel (or Related Person of any such Corporate Personnel) at the time of such person's initial employment by the Corporation, which exception or extension the FERC may grant if the FERC determines that the required disposition of Corporate Personnel's financial interest will result in economic hardship to such person (or Related Person of any such Corporate Personnel) due to tax effects or legal restraints on the transfer of such financial interest and that granting such exception or extension will be consistent with the public interest.

7. An individual shall not be deemed to be in violation of this Code of Conduct merely because such individual (or any Related Person of such individual):

- a) is a residential retail consumer of electric energy; or
- b) to prohibit any Corporate Personnel from participating in the pension plan of any Market Entity as long as such pension plan is a defined benefit type of plan that does not involve the ownership continues his or her pre-existing participation in a qualified defined benefits pension plan or health benefits plan of a Market Participant 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 the value of any securities of any such Market Entity Participant held by such plan.

B. Administration of Tariffs

1. Corporate Personnel shall act in accordance with the policy of the Corporation to offer open-access transmission service on a non-discriminatory basis.
2. If there is discretion in the application of any tariff provision relating to the transmission of electricity, including, but not limited to, cost, available transmission capacity, scheduling, dispatching, ancillary services or transmission curtailment priority, the Corporation and all Corporate Personnel will apply the tariff provision in substantially the same manner to the same or similarly situated persons.
3. The Corporation and all Corporate Personnel will strictly enforce any tariff provision relating to transmission service that does not, by its terms, provide for the exercise of discretion.
4. The Corporation and all Corporate Personnel will process all similar requests for transmission in a non-discriminatory manner and without undue delay. The Corporation will maintain for public inspection records of all requests for transmission, when each request was received, and the ~~determination of~~ **response to** each request.
5. To the extent that the Corporation grants a waiver of a non-material tariff provision that provides for discretionary waiver, the Corporation will maintain a written log of such waivers and provide the log for review and copying at the request of any interested person at such person's expense during regular business hours at the Corporation's offices.

C. Non-Disclosure of Transactional and Other Confidential Information-

1. The Corporation and all Corporate Personnel will abide by the requirements of 18 CFR ~~Section~~ **§§** 37.1-37.4, as amended, or any successor law, relating to Standards of Conduct for Public Utilities.
2. Neither the Corporation nor its officers or employees shall at any time use non-public information obtained in their official capacities to the detriment of the Corporation or for their direct or indirect personal gain or advantage, or for the personal gain or advantage of any other Person, including but not limited to a Related Person of an officer or employee.

3. Neither the Corporation nor its officers or employees shall at any time disclose any confidential or commercially sensitive information or trade secrets of the Corporation, except as and to the extent authorized by the Corporation's bylaws and any other rules of the Corporation.

D. General Conflict of Interest Requirements

1. Corporate Personnel shall comply with all laws and regulations applicable to the conduct of the business of the Corporation and this Code of Conduct. Corporate Personnel who become aware of any illegal conduct on the part of any other Corporate Personnel, or any conduct that is otherwise inconsistent with the requirements of this Code of Conduct, shall promptly report such conduct to their supervisor or the President or General Counsel of the Corporation.

2. Corporate Personnel shall not put themselves in a position in which their personal interests and those of the Corporation might be in conflict or that might interfere with their ability to perform their job as well as possible.

3. Corporate Personnel shall not use any Corporation property or services for personal gain and shall not remove or dispose of the materials, supplies or equipment of the Corporation without proper authority.

4. Corporate Personnel and their Related Persons shall not accept any form of gift, gratuity or entertainment that would tend to affect, or give the appearance of affecting, their judgment in the performance of their duties; provided, however, that Corporate Personnel shall be entitled to accept (a) entertainment such as food, refreshments and entertainment in the course of a luncheon, theater, sports event or social event, and (b) non-cash gifts of a nominal value, such as pens, pencils, note pads, calendars, and other non-cash gifts received for a special occasion, in each case of a value not exceeding U.S. \$250 per source per year.

5. Corporate Personnel shall not use funds or resources of the Corporation in support of any political party or candidate for elected office. Corporate Personnel may not use their position, authority or influence with the Corporation for the purpose of affecting the result of an election or a nomination or a party ~~or~~ for public office. Corporate Personnel shall not directly or indirectly coerce, attempt to coerce, command or advise another officer or employee to pay, lend or contribute anything of value or to contribute personal services to a party, committee, organization, agency or person for political purposes.

6. Corporate Personnel with responsibility to initiate or modify entries in the Corporation's accounting records shall perform such duties with management's approval and in conformance with the Corporation's accounting policies and procedures.

7. Corporate Personnel shall not, except as may be allowed by a recognized legal privilege or appropriate assertion of confidentiality, withhold information from or give false or misleading information to anyone conducting duly authorized investigations or audits.

IV. IMPLEMENTATION

A. The Corporation will inform and train all Corporate Personnel with respect to applicable provisions of federal, state, provincial and tribal law. The Corporation will direct all Corporate Personnel to comply with applicable provisions of federal, state, provincial and tribal law. The Corporation will monitor all Corporate Personnel, and will conduct periodic reviews to ensure such compliance. The Corporation will instruct all Corporate Personnel to contact their supervisors or the General Counsel of the Corporation if they have any questions regarding applicable federal, state, provincial or tribal law or this Code of Conduct.

B. The Corporation will distribute copies of this Code of Conduct to all Corporate Personnel who are involved directly or indirectly in the scheduling or provision of transmission service or in the purchase of ancillary services. Copies of this Code of Conduct will be provided to any new Corporate Personnel as part of an orientation process. The Corporation will direct all Corporate Personnel to comply with this Code of Conduct. All Corporate Personnel shall be required to complete an annual disclosure questionnaire regarding compliance with this Code of Conduct and investments in Market Entities; provided, however, that the Board of Trustees may determine that certain categories of non-management Corporate Personnel shall not be required to complete such questionnaire or may complete an abbreviated questionnaire.

C. The Board of Trustees will evaluate the Corporation's experience and refine these procedures, if necessary, to ensure continued compliance with this Code of Conduct.

D. The Audit Committee shall monitor compliance with this Code of Conduct and shall make a compliance report to the full Board of Trustees at least annually.

E. Any Corporate Personnel shall be subject to discipline for failure to comply with all applicable federal, state, provincial and tribal laws or for failure to comply with this Code of Conduct. Discipline may take the form of reprimand, suspension without pay, limitation in the scope of responsibilities, termination, or

such other disciplinary action as is permitted by applicable law, in accordance with policies approved by the Board of Trustees.

SCHEDULE 1

[CURRENT DEFINITION OF "MARKET PARTICIPANT" AS SET
FORTH IN 18 CFR § 35.34(b)(2), AS AMENDED]

EXHIBIT B

TRUSTEES CODE OF CONDUCT

The Code of Conduct for Trustees of the Corporation is as follows:

I. DEFINITIONS. For purposes of this Code of Conduct, the following terms shall be defined as follows:

A. "Affiliate" of a "Person" (as hereinafter defined) means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of ~~these bylaws~~ **this Code of Conduct**, in determining whether one Person controls another Person: (1) without limitation, the direct or indirect ownership or control of or power to vote five percent **or more** of the outstanding {voting securities } of a corporation shall be deemed to constitute control of such corporation; ~~(2) each member of a cooperative corporation shall be deemed to be an Affiliate of the cooperative corporation;~~ provided, however, that ~~the customer owners of an electric power distribution cooperative shall not, by virtue of such relationship alone~~ **in the case of any Person that owns an interest in an Independent Transmission Company, such Person and the Independent Transmission Company shall not be considered Affiliates;** ~~(2) members of any cooperative corporation shall not, merely by virtue of membership in such corporation, be deemed to be Affiliates of such cooperative};~~ ~~(3) each other or of the cooperative corporation;~~ **(3) members of any joint operating agency, joint powers authority or comparable entity shall not, merely by virtue of membership in such joint operating agency, joint powers authority or other such entity, be considered Affiliates of each other or of the joint operating agency, joint powers authority or other such entity;** ~~(4) separate agencies of a state or of the federal government shall not be considered Affiliates, regardless of any commonality of political control;~~ ~~(4) members of any joint operating agency, joint powers authority or comparable entity shall not be considered Affiliates;~~ ~~(5) no tribal utility or tribal commercial enterprise shall be considered an Affiliate of any "Tribal Utility Regulatory Authority" (as defined in the Corporation's bylaws);~~ and ~~(6) no crown-owned utility shall be considered an Affiliate of any "State or Provincial Energy Authority" (as defined in the Corporation's bylaws).~~

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

C. **"Independent Transmission Company" means a transmission company meeting the independence requirements established by FERC Order No. 2000 and all supplements and amendments thereto issued by the FERC, and which Company has divested its electric transmission system.**

D. "Market Entity" means ~~{any Market Participant, Member, Transmission Customer or Scheduling Coordinator, or any Affiliate of any Market Participant, Member, Transmission Customer or Scheduling Coordinator}~~.

D E. "Market Participant" has the meaning set forth in Schedule 1 to this Code of Conduct.

F. "Member" means a member of the Corporation.

G. "Person" means an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, limited liability company, partnership, limited partnership, limited liability partnership, association, joint-stock company, trust, unincorporated organization, or government entity or political subdivision thereof.

E H. "Related Person" of an individual means ~~(a) the spouse of such individual or (b) a person living in the same household as~~ the spouse and dependent children of such individual.

II. GENERAL STATEMENT

A. The Corporation expects all Trustees of the Corporation to conduct business on behalf of the Corporation with integrity and a high ethical standard. This Code of Conduct and the bylaws of the Corporation set forth guidelines for all Trustees to follow.

B. In general, Trustees should recognize and attempt to avoid conduct or activities that involve, or might appear to involve, a conflict of interest. Although it is impossible to list every circumstance that may suggest a possibility of a conflict of interest, some guidelines are as follows:

1. A Trustee's position with the Corporation should not be used for personal private gain or benefit.
2. Action that might result in or create the appearance of inappropriate preferential treatment of any Trustee or Related Person of any Trustee should be avoided.
3. A Trustee should not engage in conduct or activities that conflict or are inconsistent with any activity of the Corporation, or that would cause a reasonable person to believe that the Trustee's judgment, loyalty or objectivity might be influenced in a way that is adverse to the interests of the Corporation.

4. Care should be taken to avoid adversely affecting the public's confidence in the integrity or the reputation of the Corporation. Any conduct or activities of a Trustee should be capable of being justified and withstanding public scrutiny.

5. Trustees who serve on the boards of other entities (whether profit or nonprofit) must be meticulous in observing the rules of separate loyalty.

C. In considering the guidelines set forth in this Code of Conduct and the Corporation's bylaws, a Trustee must remember that the relationships of his or her business associates, family, friends and other persons may give rise to a potential conflict of interest even if the Trustee himself or herself is not involved directly. A potential conflict can exist where the parties in the relationship give or receive, or could reasonably be perceived to give or receive, unfair advantage or preferential treatment because of the relationship. No Trustee should have a direct or indirect interest in or relationship with any outside person or organization that might affect (or that might reasonably be perceived by others as affecting) the objectivity or independence of his or her judgment or conduct in carrying out the duties to the Corporation.

D. Trustees should be aware that even the appearance of a conflict of interest could harm the Corporation, and should always try to avoid giving an appearance of impropriety. When in doubt, individuals should disclose the circumstances and obtain approval in accordance with the procedures set forth in this Code of Conduct and the Corporation's bylaws.

III. STANDARDS

A. Administration of Tariffs

1. Trustees shall act in accordance with the policy of the Corporation to offer open-access transmission service on a non-discriminatory basis.

2. Trustees shall act in accordance with the policy of the Corporation to apply each tariff provision in substantially the same manner to the same or similarly situated persons.

B. Non-Disclosure of Transactional and Other Confidential Information

1. Each Trustee shall abide by the requirements of 18 CFR ~~Section~~ § 37.1-37.4, as amended, or any successor law, relating to Standards of Conduct for Public Utilities.

2. No Trustee shall at any time use non-public information that is obtained through such Trustee's relationship with the Corporation to the

detriment of the Corporation or for his or her direct or indirect personal gain or advantage, or for the personal gain or advantage of any other Person, including but not limited to a Related Person of such Trustee.

3. No Trustee shall at any time disclose any confidential or commercially sensitive information or trade secrets of the Corporation, except as and to the extent authorized by the Corporation's bylaws and any other applicable rules of the Corporation.

C. General Conflict of Interest Requirements

1. Each Trustee shall comply with all laws and regulations applicable to the conduct of the business of the Corporation and this Code of Conduct. Any Trustee who becomes aware of any illegal conduct on the part of any other Trustee, or any conduct that is otherwise inconsistent with the requirements of this Code of Conduct, shall promptly report such conduct to the Board of Trustees.

2. No Trustee, nor any Related Person of any Trustee, may be connected as an owner, director, officer, employee, partner, principal, or in any similar capacity to a Market Entity.

3. No Trustee or any Related Person of any Trustee may have a direct or indirect financial interest in (including the direct or indirect ownership of securities of) any Market Entity; provided, however, that a Trustee and Related Persons of a Trustee will be permitted to own securities of a Market Entity 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).

4. Notwithstanding the provisions of Section 3 above, a Trustee (or any Related Person of a Trustee) who hold a financial interest in a Market Entity may (A) hold such a financial interest for a period not to exceed six months following such Trustee's election, and (B) petition (or the Corporation, on behalf of any such individual, may petition) FERC for (1) an exception to the foregoing prohibition on holding any such financial interest, or (2) an extension of time to dispose of any such financial interest (in either case, however, only to those financial interests held by such individual at the time of the initial election of such Trustee to the Board of Trustees), which exception or extension FERC may grant if FERC determines that the required disposition of such financial interest will result in economic hardship to such individual due to tax effects or legal restraints on the

transfer of such financial interest and that granting such exception or extension will be consistent with the public interest.

5. An individual shall not be deemed to be in violation of this Code of Conduct merely because such individual (or any Related Person of such individual):

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

b) continues his or her pre-existing participation in a qualified defined benefits pension plan or health benefits plan of a Market Entity 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 Entity or the value of any securities of any such Market Entity held by such plan.

6. No Trustee shall use any Corporation property or services for personal gain or remove or dispose of the materials, supplies or equipment of the Corporation without proper authority.

3 7. No Trustee or Related Person of any Trustee shall accept any form of gift, gratuity or entertainment that would tend to affect, or give the appearance of affecting, his or her judgment in the performance of his or her duties; provided, however, that a Trustee shall be entitled to accept (a) entertainment such as food, refreshments and entertainment in the course of a luncheon, theater, sports event or social event and (b) non-cash gifts of a nominal value such as pens, pencils, note pads, calendars and other non-cash gifts received for a special occasion, in each case of a value not exceeding U.S. \$250 per source per year.

~~4. No Trustee shall acquire, directly or indirectly (e.g., through a family trust or a defined contribution employee benefit plan), securities issued by a Market Entity. In the event that any Trustee receives a gift or inheritance of securities in any Market Entity, such person must dispose of such securities within six months after receipt thereof. In the event that any Trustee holds securities in any entity which becomes a Market Entity after such person becomes a Trustee, such person shall dispose of such securities within a period of six months after such entity becomes a Market Entity.~~

5 8. No Trustee shall solicit or attempt to solicit for employment any individual who is then an employee of the Corporation, or induce or attempt to induce any such employee to terminate his or her employment

with the Corporation, or take any other action that might reasonably interfere with or damage the Corporation's business opportunities or business relationships with its employees, lenders, creditors, customers or other Persons with which the Corporation conducts business, or otherwise violate the Trustee's duty of loyalty to the Corporation.

69. Except as may be allowed by a recognized legal privilege or appropriate assertion of confidentiality, no Trustee shall withhold information from or give false or misleading information to anyone conducting duly authorized investigations or audits.

IV. IMPLEMENTATION

A. If any Trustee, or any Related Person of a Trustee, has a direct or indirect beneficial or other interest in, or relationship with, any Person (or any Affiliate of any Person) with which the Corporation transacts (or proposes to transact) business, the Trustee shall fully disclose to the Board of Trustees the existence and nature of such interest or relationship and all applicable facts known to the Trustee that an ordinarily prudent person would reasonably believe to be material to a judgment about whether or not to proceed with the transaction. If the transaction is sufficiently material to require action by the Board or one of its committees, such Trustee must refrain from voting on such matter, and all applicable action shall be undertaken in accordance with the Corporation's bylaws and applicable state law governing "interested" or "self-dealing" transactions involving nonprofit corporations.

B. The Corporation will inform its Trustees with respect to applicable provisions of federal, state, provincial and tribal law, and Trustees shall comply with all applicable provisions of federal, state, provincial and tribal law. The Audit Committee of the Board of Trustees will monitor the Trustees, and will conduct periodic reviews to ensure such compliance. Trustees shall contact the President or General Counsel of the Corporation if they have any questions regarding applicable federal, state, provincial or tribal law or this Code of Conduct.

C. The Corporation will distribute a copy of this Code of Conduct to each of the Corporation's Trustees upon their election to the Board of Trustees and not less often than once a year thereafter. All Trustees shall be required to complete an annual disclosure questionnaire regarding compliance with the provisions of this Code of Conduct.

D. The Board of Trustees will evaluate the Corporation's experience and refine these procedures, if necessary, to ensure continued compliance with this Code of Conduct.

E.F. The Board of Trustees may, by approval of ~~_____~~two-thirds of its members, remove from the Board of Trustees any Trustee who fails to comply with all applicable federal, state, provincial and tribal laws, or fails to comply with any provision of this Code of Conduct.

SCHEDULE 1

[CURRENT DEFINITION OF "MARKET PARTICIPANT" AS SET
FORTH IN 18 CFR § 35.34(b)(2), AS AMENDED]

EXHIBIT C

ALTERNATIVE DISPUTE RESOLUTION PROCESS

1. Definitions. In addition to the capitalized terms defined elsewhere in these bylaws, the following additional term used in this exhibit ~~have~~ has the meaning specified below:

"Canadian Regulatory Authority" means the agency or agencies established under the laws of Canada or the applicable Provinces of Canada and having jurisdiction over facilities, interconnections, transmission rates, charges, terms and conditions of service of a Canadian Transmission Provider or other Person.

2. Dispute Resolution.

2.1 Preconditions to Arbitration.

2.1.1 Informal Settlement. The parties shall make all reasonable efforts to settle all disputes governed by this exhibit. In the event any such dispute is not settled, either party may request in writing that the manager of WRTA appoint an impartial facilitator to aid the parties in reaching a mutually acceptable resolution to the dispute; such appointment shall be made within 10 days of receipt of the request. The facilitator and representatives of the parties with authority to settle the dispute shall meet within 21 days after the facilitator has been appointed to attempt to negotiate a resolution of the dispute. Settlement offers shall not be admissible in any subsequent dispute resolution process. With the consent of all parties, resolution may include referring the matter to a technical body for resolution or for an advisory opinion.

2.1.2 Impasse. If the parties have not succeeded in negotiating a resolution of the dispute within 30 days after first meeting with the facilitator or if the facilitator is not appointed within 10 days pursuant to Section 2.1.1 of this exhibit, unless otherwise agreed, the parties shall be deemed to be at an impasse and any such disputing party may commence the arbitration process provided hereunder by notice to the other party. The Corporation shall post on the RTO West Website notice of the commencement of such dispute resolution process with respect to any party within 48 hours after the Corporation sends or receives such notice.

2.1.3 Statements of Dispute. Within 14 days of a party's request that the arbitration process be commenced, each party shall submit a statement in writing to the other party, which statement shall set forth in reasonable detail the nature of the dispute, the issues to be arbitrated, and the proposed arbitrator's award sought through such arbitration proceedings. To the extent parties do not agree on the terms of a required contract provision, each submittal shall include proposed contract language for those issues in dispute.

2.1.4 Selection of an Arbitrator. Within 10 days following the submission of their statements, the parties shall select an arbitrator familiar with and knowledgeable about the policies and criteria used in the parties' Control Areas, transmission systems, and regulatory requirements. If the parties cannot agree upon an arbitrator, the parties shall take turns striking names from a list of 10 qualified individuals supplied by the WRTA Arbitration Committee from the list maintained by the WRTA Board, with a party chosen by lot first striking a name. The last-remaining name not stricken shall be designated as the arbitrator. If that individual is unable or unwilling to serve, 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. Absent the express written consent of all parties as to any particular individual, no person shall be eligible for selection as an arbitrator who is a past or present officer, member of the governing body, employee of or consultant to any of the parties, or of an entity related to or affiliated with any of the parties, or whose interests are otherwise affected by the matter to be arbitrated. Any individual designated as an arbitrator shall make known to the parties any such disqualifying relationship and a new arbitrator shall be designated in accordance with the provisions of this Section 2.1.4.

2.1.5 Procedural Rules. The arbitrator shall determine discovery procedures, intervention rights, how evidence shall be taken, what written submittals may be made, and other such procedural matters, taking into account the complexity of the issues involved, the extent to which factual matters are disputed and the extent to which the credibility of witnesses is relevant to a resolution of the dispute. Intervenors shall have the same procedural rights as parties to the dispute. Each party to the dispute shall produce all evidence determined by the arbitrator to be relevant to the issues presented. To the extent such evidence involves commercially sensitive or confidential information, the arbitrator shall issue an appropriate protective order which shall be complied with by all parties to the dispute. The arbitrator may elect to resolve the arbitration matter solely on the basis of written evidence and arguments.

2.1.6 Intervention. The arbitrator shall admit as intervenors in the dispute resolution process any Person that requests intervention and demonstrates to the arbitrator good cause for intervention. Absent the agreement to the contrary of all parties, no Person shall be permitted to intervene unless, as a condition of its intervention, it agrees to be bound by the provisions of this exhibit in regard to the arbitration, including the provisions related to deference on appeal to the FERC set forth in Section ~~2.5~~ 2.4 of this exhibit and to deference on appeal to a Canadian Regulatory Authority set forth in Section ~~2.6~~ 2.5 of this exhibit.

2.1.7 Evidence. The arbitrator shall take evidence submitted by the disputing parties in accordance with procedures established by the arbitrator and may request additional information, including the opinion of recognized technical bodies. All disputing parties shall be afforded a reasonable opportunity to rebut any such additional information. Other affected entities may request in writing that the arbitrator consider

additional information, and the arbitrator may consider such additional information, subject to a right of the parties to have a reasonable opportunity to rebut such additional information.

2.2 Substantive Standards and Decision. As soon as practicable but in no event later than 115 days of his or her selection as arbitrator, the arbitrator shall select, by written notice to the parties, the proposed award of a party, or intervenor which best meets the terms and intent of these bylaws, of any provisions of the RTO West ~~Tariffs~~ Tariff not inconsistent with these bylaws, other applicable agreements, laws, or regulations, or applicable technical standards and criteria not inconsistent with these bylaws and any other policies or determinations by the arbitrator not inconsistent with these bylaws; provided, however, if the arbitrator concludes that no proposed award is consistent with the applicable considerations or that no proposed award addresses all issues in dispute, the arbitrator shall specify how each proposed award is deficient and request that the disputing parties submit new proposed awards that cure the deficiency perceived by the arbitrator. A written decision, including specific findings of fact, explaining the basis for the award shall be provided by the arbitrator with the written notice to the parties. Awards shall be based only on the evidence on the record before the arbitrator. No award that is not appealed shall be deemed to be precedential in any other arbitration related to a different dispute.

2.3 Compliance and Costs.

2.3.1 Compliance With the Arbitrator's Award. Immediately upon the decision by the arbitrator, except during the period of appeal as provided for in Sections 2.4 or 2.5 of this exhibit, the parties shall commence to take, and thereafter diligently prosecute to completion, whatever action is required to comply with the selected award to the extent the selected award does not require regulatory action ~~and shall pursue no avenue of appeal.~~ To the extent the award requires local, state, federal, provincial or tribal approval or regulatory action, FERC review of an award involving a federal power marketing agency, or a FERC filing by a transmission provider subject to Sections 205 or 206 of the Federal Power Act, 16 USC §§ 824 d. and e.), or a Canadian Regulatory Authority filing by a Canadian party, the affected party or intervenor shall promptly submit and support that portion of the award with the appropriate authority except as provided in Section 2.4 or Section 2.5 of this exhibit. Any and all costs associated with the arbitration (but not including the parties' costs associated with attorney and witness fees) shall be borne by the party or parties whose proposed award was not selected, unless the parties agree to an alternate method of allocating costs, or unless the arbitrator determines it would be appropriate to allocate all or a portion of such costs to one or more intervenors.

2.4 FERC Appeal.

2.4.1 Grounds for Appeal. Within 30 days of the issuance of any arbitration award, any party to an arbitration may apply to the FERC to hear an appeal of

such award with respect to matters to which the FERC has jurisdiction, but only upon the grounds that the award is contrary to or beyond the scope of these bylaws or is unjust, unreasonable, unduly discriminatory or preferential or otherwise inconsistent with the FPA or the FERC's then applicable standards or policies. Any appeal to the FERC shall be based solely upon the record assembled by the arbitrator; provided, however, that any order by an arbitrator excluding material from the arbitration record or any ruling which is alleged to violate due process may be explicitly appealed to the FERC by a party as a part of an appeal under this Section 2.4. Parties to arbitrations intend that: (i) the FERC should afford substantial deference to the factual findings of the arbitrator; (ii) the portion, if any, of the award relating to issues not of first impression (i.e., matters previously decided by the FERC or a court of competent jurisdiction in cases involving comparable facts and circumstances) should be afforded appropriate deference by the FERC; and (iii) the portion, if any, of the award relating to issues of first impression should be afforded no deference by the FERC. Implementation of the award shall be stayed pending an appeal to the FERC unless and until, at the request of a disputing party, the FERC issues an order shortening or extending the stay.

2.4.2 No Expansion of Factual Record. No party to an arbitration shall seek to expand the factual record before the FERC beyond that offered to the arbitrator, except that any party to an arbitration may submit such additional evidence or argument as may be needed to respond to new evidence or arguments raised by intervenors before the FERC who were not parties to the arbitration.

2.5 Canadian Review of Arbitration Awards.

2.5.1 Canadian Facilities. In a dispute involving transmission facilities within Canada or interconnection with transmission facilities within Canada or transmission service provided through such facilities, a party may elect to utilize the procedures of this Section 2.5.

2.5.2 Canadian Appeal. Any party to an arbitration involving transmission facilities within Canada may apply to the appropriate Canadian Regulatory Authority or, where no Canadian Regulatory Authority has jurisdiction, to the appropriate Canadian court, to hear an appeal of any award with respect to such facilities only upon the grounds that the award is contrary to or beyond the scope of these bylaws or is unjust, unreasonable, unduly discriminatory or preferential or otherwise inconsistent with applicable Canadian laws or with then-applicable standards or policies of the appropriate Canadian Regulatory Authority.

2.5.3 Canadian Appeal Record. Any appeal to a Canadian Regulatory Authority (or Canadian court, as the case may be) by a party to an arbitration involving transmission facilities within Canada shall be based solely upon the record assembled by the arbitrator; provided, however, that any order by an arbitrator including material from the arbitration record or which is alleged to violate due process may be explicitly appealed to the Canadian Regulatory Authority by a party as part of an appeal under this

Section 2.5. Parties to arbitrations intend that: (i) the Canadian Regulatory Authority (or Canadian court, as the case may be) should afford substantial deference to the factual findings of the arbitrator; (ii) the portion, if any, of the award relating to issues not of first impression (i.e., matters previously decided by the Canadian Regulatory Authority¹ or Canadian court, as the case may be)² or a court of competent jurisdiction in cases involving comparable facts and circumstances) should be afforded appropriate deference by the Canadian Regulatory Authority (or Canadian court, as the case may be), and (iii) the portion, if any, of the award relating to issues of first impressions should be afforded no deference by the Canadian Regulatory Authority (or Canadian court, as the case may be); provided, however, that nothing in this provision is intended to limit the ability of a Canadian Regulatory Authority (or Canadian court, as the case may be) on its own initiative to review an award, should it determine that the award affects a matter within its jurisdiction.

2.5.4 Canadian Appeal Proceeding. If any party to an arbitration involving transmission facilities within Canada desires to appeal an award, it shall provide written notice to that effect to all other parties and to the arbitrator within 14 days following the date of the award. If such notice of appeal is timely provided:

(a) Within 14 days of the date of such first notice of appeal, the party providing such notice shall file its statement of position regarding the appeal with the Canadian Regulatory Authority (or Canadian court, as the case may be), together with the complete evidentiary record of the arbitration and a copy of the award.

(b) Within 30 days of the date of such first notice of appeal, any other party that was a party to the arbitration may file its statement of position regarding the appeal with the Canadian Regulatory Authority (or Canadian court, as the case may be).

(c) Copies of all materials filed with the Canadian Regulatory Authority (or Canadian court, as the case may be) by a party during the course of an appeal shall be delivered to all other parties.

(d) Implementation of the award shall be deemed stayed pending an appeal unless and until, at the request of a disputing party, the Canadian Regulatory Authority (or Canadian court, as the case may be) issues an order shortening or extending such stay.

(e) The parties intend that Canadian Regulatory Authority (or Canadian court, as the case may be) orders resulting from appeals shall be subject to judicial review pursuant to applicable Canadian laws.

2.5.5 Review on Initiative of Canadian Regulatory Authority. An award involving transmission facilities within Canada shall be filed with the appropriate Canadian Regulatory Authority within 10 days after its issuance. The Canadian

Regulatory Authority may thereafter determine whether to review the award on its own initiative, take such other action as it may deem appropriate, or take no action with respect to the award. Should the Canadian Regulatory Authority take no action regarding the award within such 30-day period, the parties to the arbitration are entitled to assume that the Canadian Regulatory Authority intends to take no action ~~in~~ on its own initiative to review the award. Should the Canadian Regulatory Authority issue an order under this Section 2.5.5 initiating a review of the award within such 30-day period, the effectiveness of the award shall be stayed pending a final order of the Canadian Regulatory Authority regarding the award.

2.6 Judicial Review. Subject to the right of any party to appeal to, and exhaustion of remedies at, the FERC or at a Canadian Regulatory Authority (or Canadian court, as the case may be), as provided in Sections 2.4 and 2.5 of this exhibit, any party shall be entitled to seek enforcement of the Award in any court of competent jurisdiction. Except for appeals of any decision by the FERC or by a Canadian Regulatory Authority, judicial challenges to an award under this exhibit shall be limited to the grounds specified in the Federal Arbitration Act, Title 9, U.S.C. USC §§ 1-14, as amended.

----- COMPARISON OF FOOTNOTES -----

-FOOTNOTE 1-

Depending upon the outcome of discussions within the Adjunct Committee which is addressing Canadian issues, the definition of the Major Transmitting Utilities Class may need to be revised to accommodate participation of Canadian transmission owners, since such participation may take the form of indirect participation through an intermediary Independent Grid Operator, rather than direct participation through Transmission Operating Agreements between the individual transmission owners and the RTO. The issue of the participation of the BC Independent Grid Operator (IGO) has also been discussed. The BC IGO has a clear interest in the policies and tariff of RTO West and it has a clear interest in coordinating with RTO West in the development of policy matters which affect transmission operations in British Columbia. However, the general consensus was that those interests should be addressed contractually in the agreement between RTO West and the BC IGO and not through its participation as a member in any of the member classes of RTO West.

----- COMPARISON OF HEADERS -----

-HEADER 1-

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-HEADER 2-

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-HEADER 3-
DRAFT -- ~~09/10/00~~ 10/8/00

----- COMPARISON OF FOOTERS -----

-FOOTER 1-
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