

ATTACHMENT R
FIRST RESTATED
ARTICLES OF INCORPORATION
OF
RTO WEST

The undersigned Interim Directors of RTO West, acting under the Washington Nonprofit Corporation Act (Chapter 24.03 of the Revised Code of Washington) hereby adopt and execute the following First Restated Articles of Incorporation.

ARTICLE I.

NAME

The name of this corporation is RTO West.

ARTICLE II.

DURATION

The period of duration of this corporation will be perpetual.

ARTICLE III.

PURPOSES

1. Statement of Purposes. The purposes for which this corporation, a nonprofit organization, is formed are to serve as an RTO for the RTO West Geographic Area in accordance with the applicable requirements of the Federal Energy Regulatory Commission (“FERC”), including but not limited to the applicable requirements of FERC with respect to RTO characteristics and functions; provided, however, that this corporation will not (i) own any transmission or distribution facilities, (ii) own any interest in generation facilities or the output thereof (except as necessary to meet its obligations as a provider of last resort for Ancillary Services), or (iii) operate, or have any financial interest in, any power exchange.

2. Definitions. As used in these First Restated Articles of Incorporation, the capitalized terms “RTO” and “RTO West Geographic Area” have the meanings set forth below:

(a) “RTO” means any entity that has been determined by FERC to satisfy FERC’s requirements for regional transmission organizations established pursuant to FERC Order 2000 and all supplements and amendments thereto issued by FERC.

(b) “RTO West Geographic Area” means the geographic area defined by the outer boundaries of the control area operated (or proposed by this corporation to the FERC to be operated) by this corporation (including any islanded areas within such region that are not within the control area operated by this corporation), together with any areas within Canada that are defined to be part of the RTO West Geographic Area in an agreement between this corporation and the operator of any control area in Canada.

ARTICLE IV.

REGISTERED OFFICE/AGENT

The address of the registered office of this corporation is 520 Pike Street, Suite 2610, Seattle, Washington, 98101, and the name of the registered agent at this address is C T Corporation Systems.

ARTICLE V.

BOARD OF TRUSTEES

1. Authority and Number of Interim Directors and Trustees. The management of this corporation will be vested initially in an Interim Board of Directors for the limited purpose of carrying out its duties and authority pursuant to Section 3 of this Article V, and thereafter in its Board of Trustees to carry out the full purposes of this corporation as set forth in Article III. The number of Interim Directors and Trustees will be as stated in this corporation’s bylaws; provided, however, that the number of Interim Directors or Trustees may not be less than three.

2. Interim Board. The Interim Directors holding office at the time these First Restated Articles of Incorporation are filed are the individuals listed below. These Interim Directors are designated as the “Interim Board” and will continue in office only until a full Board of Trustees as contemplated by this corporation’s bylaws is first elected in accordance with the bylaws. The Interim Board will have only the duties and authority specified below in Section 3 of this Article V. The names and addresses of the members of the Interim Board are:

<u>Name</u>	<u>Address</u>
Frank F. Afranji	Portland General Electric Company 121 SW Salmon Street Portland, OR 97204
Randall O. Cloward	Avista Corp. 1411 East Mission Spokane, WA 99202
James M. Collingwood	Idaho Power Company 1221 West Idaho PO Box 70 Boise, ID 83707
Carolyn J. Cowan	Sierra Pacific/Nevada Power 6100 Neil Road PO Box 10100 Reno, NV 89520
Don Furman	PacifiCorp 700 NE Multnomah Suite 550 - POP Portland, OR 97232
Kimberly J. Harris	Puget Sound Energy, Inc. 411 108 th Avenue NE OBC-15 Bellevue, WA 98004
William A. Pascoe	The Montana Power Company 40 East Broadway Butte, MT 59701
Mark Maher (Bonneville's right to vote subject to governmental approval)	Bonneville Power Administration PO Box 491 Vancouver, WA 98666-0491

3. Duties and Authority of Interim Board. The Interim Board will have the duty and authority to adopt amended bylaws of this corporation within 30 days following the filing date of these First Restated Articles of Incorporation. The amended bylaws will be in substantially the form submitted to and approved by FERC in filing documents related to the proposal to form an RTO in the RTO West Geographic Region pursuant to FERC Order 2000 and supplements and

amendments thereto issued by FERC. Thereafter, the Interim Board will have only the duties and authority conferred upon the initial Board of Directors to serve under the amended bylaws.

ARTICLE VI.

DISSOLUTION

1. Action to Dissolve. Subject to any approval rights of the members of this corporation as set forth in the bylaws, the Board of Trustees may dissolve this corporation at any time by a vote of not less than 75% of all Trustees in office at the time the vote to dissolve is taken.

2. Survival of Rights, Obligations, and Liabilities. All rights, obligations, and liabilities of this corporation will remain following dissolution until satisfied.

3. Distribution of Assets Upon Dissolution. Upon any dissolution of this corporation under provisions of the laws of the state of Washington for nonprofit corporations, all of this corporation's assets remaining after making adequate provision for the satisfaction of all obligations and the payments of all liabilities will be distributed as directed by the Board of Trustees, consistent with: (a) any requirements or limitations provided by the Washington Nonprofit Corporation Act or other applicable laws or regulations (including the United States Internal Revenue Code and the regulations thereunder); and (b) the limitations set forth in Article XI below. In no event may any of this corporation's assets be distributed to the Interim Directors, Trustees, officers, employees, or members [NOTE: CERTAIN MEMBERS WHO ARE GOVERNMENTAL ENTITIES MAY BE EXCEPTED FROM THIS EXCLUSION IF THE FILING UTILITES DECIDE TO QUALIFY RTO WEST UNDER SECTION 501(c)(3)] of this corporation.

ARTICLE VII.

AMENDMENTS OF ARTICLES OF INCORPORATION

These Articles of Incorporation may be amended only with the approval of two-thirds of the members entitled to vote in each Member Class, as defined in the bylaws, voting by Member Class in accordance with the bylaws and the provisions of the Washington Nonprofit Corporation Act.

ARTICLE VIII.

AMENDMENTS OF CORPORATION'S BYLAWS

The bylaws may not be amended except as specifically provided therein.

ARTICLE IX.

MEMBERS

This corporation will have members, whose rights, responsibilities, classifications, and eligibility will, subject to the requirements of the Washington Nonprofit Corporation Act, be as defined in this corporation's bylaws.

ARTICLE X.

POWERS

This corporation shall have the power to do all lawful acts or things necessary, appropriate, or desirable to carry out its purposes described in Article III, consistent with the Washington Nonprofit Corporation Act and other applicable laws or regulations (including the United States Internal Revenue Code and the regulations thereunder).

[NOTE: This Article may be supplemented or revised to reflect suggested provisions to facilitate obtaining tax-exempt status under Internal Revenue Code § 501(c)(3)]

ARTICLE XI.

LIMITATIONS

This corporation will have no capital stock and no part of the net earnings of this corporation will inure in whole or in part to the benefit of, or be distributable to, any officer, Interim Director, Trustee, member of this corporation, or other individual having a personal or private interest in the activities of this corporation, except that this corporation is authorized and empowered to pay reasonable compensation for services rendered, to make reimbursement for reasonable expenses incurred in its behalf, to repay loans with interest, and to make payments and distributions in furtherance of the purposes stated in Article III.

[NOTE: This Article may be supplemented or revised to reflect suggested provisions to facilitate obtaining tax-exempt status under Internal Revenue Code § 501(c)(3)]

ARTICLE XII.

DIRECTOR AND TRUSTEE LIABILITY; INDEMNIFICATION OF INTERIM, DIRECTORS, TRUSTEES, OFFICERS, EMPLOYEES, AND AGENTS; INSURANCE

1. Interim Directors and Trustees Liability. No Interim Director or Trustee of this corporation shall be personally liable to this corporation for monetary damages for conduct as an Interim Director or Trustee, unless such conduct (i) involves intentional misconduct or a knowing violation of law by the Interim Director or Trustee, (ii) is in violation of RCW 23B.08.310, or (iii) involves any transaction from which the Interim Director or Trustee will personally receive a benefit in money, property or services to which the Interim Director or Trustee is not legally entitled. If the Washington Business Corporation Act, as applied to nonprofit corporations, is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of an Interim Director or Trustee shall be deemed eliminated or limited to the fullest extent permitted by the Washington Business Corporation Act, as so amended. Any repeal or modification of this Article XII shall not adversely affect any right or protection of an Interim Director or Trustee of this corporation existing at the time of such repeal or modification for or with respect to an act or omission of such Interim Director or Trustee occurring prior to such repeal or modification..

2. Mandatory Indemnification of Trustees and Officers and Power to Indemnify Employees and Agents. Members of the Board of Trustees and officers of this corporation shall, to the fullest extent not prohibited by law, be indemnified and expenses advanced to the extent provided in the bylaws. To the fullest extent not prohibited by law, this corporation may, at the discretion of this corporation's Board of Trustees, indemnify any employee or agent to the extent provided in the bylaws.

3. Mandatory Indemnification of Interim Directors. To the fullest extent not prohibited by law, this corporation shall indemnify any Interim Director made a party to a proceeding because he or she is or was an Interim Director of this corporation against any liability incurred in connection with that proceeding; provided, however, that this corporation shall not indemnify any Interim Director from or on account of acts or omissions finally adjudged to be intentional misconduct or a knowing violation of law, or in violation of RCW 23B.08.310, or from or on account of any transaction with respect to which it was finally adjudged that such Interim Director or Trustee received a benefit in money, property, or services to which such person was not legally entitled. This indemnity shall continue after a person has ceased to be an Interim Director of this corporation and may inure to the benefit of the heirs, executors, and administrators of such a person.

4. Advancement of Expenses to Interim Directors. To the fullest extent not prohibited by law, this corporation will pay for or reimburse the reasonable expenses incurred by an Interim Director who is a party to a proceeding described in Section 3 of this Article XII in advance of the final disposition of the proceeding.

5. Interim Directors' Discretion To Indemnify Employees and Agents. To the fullest extent not prohibited by law, this corporation may, at the discretion of this corporation's Interim Board indemnify any employee or agent made a party to a proceeding because the person is or was an officer, employee, or agent of this corporation against any liability incurred in connection with that proceeding; provided, however, that the Interim Directors shall not authorize indemnification of any employee or agent from or on account of acts or omissions finally adjudged to be intentional misconduct or a knowing violation of law, or in violation of RCW 23B.08.310, or from or on account of any transaction with respect to which it was finally adjudged that such employee or agent received a benefit in money, property, or services to which such person was not legally entitled.

6. Definitions of Certain Terms. As used in this Article XII, the terms "corporation," "director," "expenses," "liability," "party," and "proceeding" have the meanings given to them in RCW 23B.08.500 as in effect on the date these First Restated Articles of Incorporation are filed.

7. Insurance, Contracts and Funding. This corporation, acting through its Board of Trustees, may purchase and maintain insurance on behalf of the Board of Trustees, officers, employees and agents of the corporation as provided in the bylaws. In addition, this corporation, acting through its Interim Board may purchase and maintain insurance on behalf of an individual to cover liability asserted against or incurred by the individual who is or was an Interim Director, officer, employee, or agent of this corporation, or who, while an Interim Director, officer, employee, or agent of this corporation, is or was serving at the request of this corporation as a director, trustee, officer, partner, employee, or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise whether or not this corporation would have the power to indemnify such persons against such expense, liability or loss under the Washington Business Corporation Act, as applied to nonprofit corporations. This corporation may, without further action of the directors, enter into contracts with any Interim Director or officer of this corporation in furtherance of the provisions of this Article and may 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.

8. Nonexclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article and the bylaws shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, bylaws, agreement, vote of members, if any, or disinterested Interim Directors or Trustees or otherwise.

9. Effect of Amendment or Repeal. No amendment or repeal of this Article shall apply to or have any effect on any right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

ARTICLE XIII

INCORPORATOR

The name and address of the incorporator of this corporation are as follows:

Sarah Dennison-Leonard
Krogh & Leonard
506 SW 6th Avenue
Suite 750
Portland, OR 97204-1533

DATED: _____

*[signatures of Interim Board of
Directors to follow here]*

[NOTE: IN THE EVENT THE CORPORATION SEEKS STATUS AS A 501(c)(3) ENTITY THE FOLLOWING PROVISIONS WILL BE INCLUDED IN THE ARTICLES OF INCORPORATION:

A. The specific purposes of this corporation are:

1. To serve as an RTO for the RTO West Geographic Area (areas in which Bonneville Power Administration and/or Western Area Power Administration historically have owned, operated or assisted in coordinating the planning and operation of electric transmission facilities) in accordance with the applicable requirements of the Federal Energy Regulatory Commission (“FERC”), including but not limited to the applicable requirements of FERC with respect to RTO characteristics and functions; provided, however, that the corporation will not (i) own any transmission or distribution facilities, (ii) own any interest in generation facilities or the output thereof (except as necessary to meet its obligations as a provider of last resort for Ancillary Services), or (iii) operate, or have any financial interest in, a power exchange; and
2. To apply to the Washington Secretary of State annually for designation as a “public benefit nonprofit corporation” under RCW 24.03.490 et seq; and
3. Provided, however that the purposes for which the corporation is formed shall at all times be consistent with Section 501(c)(3) of the Internal

Revenue Code of 1986, as it may be amended from time to time (the “Code”).

- B. This corporation is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Code.
- C. Notwithstanding any other provision of these articles, this corporation shall not carry on any activities not permitted to be carried on (i) by an organization exempt from federal income tax under Section 501(c)(3) of the Code or (ii) by an organization contributions to which are deductible under Section 170(c)(2) of the Code.
- D. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and this corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.
- E. The property of this corporation is irrevocably dedicated to charitable purposes, and no part of the net income or assets of this corporation shall ever inure to the benefit of any Trustee, officer or member thereof or to the benefit of any private person, except that this corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its charitable purposes.
- F. Upon the dissolution or winding up of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation, shall be distributed (i) to a nonprofit fund, foundation, or corporation which has established its tax-exempt status under section 501(c)(3) of the Code, or (ii) to a federal, state or local government or governmental agency for a public purpose.
- G. This corporation shall have the power to do all lawful acts or things necessary, appropriate, or desirable to carry out in furtherance of its purposes described in Article III which are consistent with the Washington Nonprofit Corporation Act and Section 501(c)(3) of the Code.]