

BYLAWS
OF
PACIFIC NORTHWEST SECURITY COORDINATOR,
a Washington nonprofit corporation

Originally adopted on April 22, 1998.
Amendments are listed on page -i-

AMENDMENTS

<u>Article/Section</u>	<u>Effect of Amendment</u>	<u>Date of Amendment</u>
Article 5, Section 5.11 (subparagraphs (a) and (b) amended; new subpara- graph (c) added)	Permits action by Directors at special meetings under certain conditions despite lack of advance notice of action to be taken; provides that notice of a special meeting may be delivered by electronic mail	February 23, 1999
Article 5, Section 5.5	Provides for the Directors= terms of office to continue for up to 30 days after the end of an Annual Meeting under certain conditions; gives the Secretary of the Corporation discretion to notify Signatories of impending expiration of Directors= Terms	March 11, 1999
Article 5, Section 5.8	Changes the default time and location of Annual Meetings (to 10:00 a.m. at the Portland Airport Conference Center); clarifies that there is no separate notice requirement for Annual Meetings for which the default date, time, or place has been modified by Board resolution	March 11, 1999
Article 5, Section 5.9	Permits confirmation of the schedule of regular meetings to be delivered personally or by electronic mail; clarifies that there is no separate notice requirement for regular meetings for which the previously specified date, time, or place has been modified by Board resolution	March 11, 1999
Article 5, Section 5.21	Changes threshold for Board action by written consent from 75% to 100% of the votes held by all Directors in office	March 11, 1999

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BYLAWS
OF
PACIFIC NORTHWEST SECURITY COORDINATOR

ARTICLE 1 DEFINITIONS

1.1 Annual Meeting@ means an annual meeting of the Board of Directors held in accordance with Section 5.8 of these Bylaws.

1.2 Board@ means the Board of Directors of the Corporation.

1.3 Control Area@ means an electrical system bounded by interconnection (tie-line) metering and telemetry that is (1) capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the Western Interconnection and, subject to the provisions of Article 13, (2) operated in accordance with the standards, criteria, guidelines, and operating procedures of the WSCC.

1.4 Control Area Operator@ means a Person that operates a Control Area within the NWPP Subregion.

1.5 Corporation@ means Pacific Northwest Security Coordinator, as incorporated under the laws of the state of Washington and governed by its Articles of Incorporation and these Bylaws.

1.6 Director@ means a member of the Board of Directors of the Corporation.

1.7 Director's Term@ has the meaning set forth in Section 5.5 of these Bylaws.

1.8 FERC@ means the Federal Energy Regulatory Commission or its successor.

1.9 Merchant Function@ means, with respect to any Control Area Operator that has functionally separated its transmission operations from its operations relating to the purchase and sale of electric capacity and energy, any operating division, department, area of direct responsibility, or affiliate that carries out the direct purchase or sale of electric capacity or energy at wholesale or directly to end use customers as bulk sales. Merchant Function@ does not include any Control Area Operator officer or employee who has supervisory responsibility for any operating division, department, area of responsibility, or affiliate that carries out the direct purchase or sale of electric capacity or energy so long as the officer or employee does not engage actively in the direct purchase or sale of electric capacity or energy. In addition, service as an officer or employee of the NWPP shall not constitute employment (whether as an employee, independent contractor, consultant, or agent) by any Merchant Function, irrespective of any services the NWPP may provide to one or more Signatories.

1.10 NERC@ means the North American Electric Reliability Council or its successor.

1.11 Notice of Appointment@ has the meaning set forth in Section 5.4(a) of these Bylaws.

1.12 ANWPP@ means the Northwest Power Pool or its successor.

1.13 ANWPP Subregion@ means the geographical area encompassed by the combined electric systems of the members of the NWPP (and any Person eligible for membership in the NWPP) in the states of Idaho, Montana, Oregon, and Washington, together with portions of northern California, northern Nevada, Utah, Wyoming, and the Canadian provinces of British Columbia and Alberta.

1.14 AOrdinary Vote of Directors@ means either: (1) the vote of not less than two-thirds of votes held by the Directors in attendance at a meeting at which a quorum of the Board is present as provided in Section 5.16 of these Bylaws; or (2) action taken by written consent resolution in accordance with Section 5.21 of these Bylaws.

1.15 APerson@ means any individual, association, municipality, public utility district, federal power marketer, corporation, partnership, limited liability company, or other business organization or governmental body or agency.

1.16 ASecurity Coordination Agreement@ means an agreement between the Corporation and a Control Area Operator under which the Corporation provides security coordination services to the Control Area Operator.

1.17 ASignatory@ means a Control Area Operator that has entered into and remains bound by all the provisions of a Security Coordination Agreement.

1.18 AWestern Interconnection@ means the synchronously operated interconnected electric transmission systems located in the western United States, the Mexican state of Baja California, and the Canadian provinces of British Columbia and Alberta.

1.19 AWSCC@ means the Western Systems Coordinating Council or its successor.

ARTICLE 2 PURPOSE

2.1 Overall Purpose. The purpose of the Corporation is: (1) to provide security coordination services to Pacific Northwest Control Area Operators that enter into appropriate agreements with the Corporation; and (2) to engage in any lawful business relating or incidental to the provision of security coordination services. The security coordination services to be provided by the Corporation shall consist generally of monitoring, analysis, communications, advice, and, when necessary, directives, for the purpose of helping to preserve the reliability of transmission service between and within interconnected electrical systems of Pacific Northwest Control Area Operators that enter into appropriate agreements with the Corporation.

2.2 Coordination with the NWPP. In connection with carrying out its purpose, the Corporation shall seek to use and coordinate with reliability programs established or administered by or through the NWPP to the extent appropriate and practicable.

ARTICLE 3 OFFICES

3.1 Registered Office and Registered Agent. The registered office of the Corporation shall be located in the state of Washington at such place as may be fixed from time to time by the Board of Directors upon filing of such notices as may be required by law. The registered agent shall have a business office identical with such registered office.

3.2 Other Offices. The Corporation may have other offices within or outside the state of Washington at such place or places as the Board of Directors may from time to time determine.

ARTICLE 4 MEMBERS

The Corporation shall have no members.

ARTICLE 5 BOARD OF DIRECTORS

5.1 Number and Powers. The management of all the affairs, property, and interests of the Corporation, including without limitation hiring, firing, supervising, and evaluating the performance of the Corporation's employees, setting corporate budgets and policy, and authorizing all contractual and financial commitments, shall be vested in the Board of Directors. The number of individuals serving on the Board of Directors must be at all times greater than or equal to three. Subject to the foregoing minimum, the number of Directors in office at any time shall be equal to the number of individuals who have been appointed by one or more Signatories to serve as Directors (except when reduced by the death, incapacitation, resignation, or removal of a Director under Section 5.7 of these Bylaws). An individual Director may be appointed by one Signatory, two Signatories, or three Signatories. A Director appointed by one Signatory shall have one vote on all matters submitted to the Board for a vote; a Director appointed by two Signatories shall have two votes; and a Director appointed by three Signatories shall have three votes. On any matter submitted to the Board for a vote, any Director who holds the power to cast more than one vote and who does not abstain must cast all of his or her votes in the same manner. No Director may be appointed by more than three Signatories, nor may the number of Directors exceed the number of Signatories.

(a) Specific Responsibilities of Board. Without limiting the generality of the preceding paragraph concerning general responsibilities and powers for the management of the Corporation:

(1) The Board shall conduct a timely review to evaluate all directives issued by the Corporation's personnel to Control Area Operators in accordance

with applicable provisions of each Security Coordinator Agreement. In conducting any such reviews, the Board shall determine or cause to be determined whether actions directed by the Corporation's personnel were reasonable in preventing serious disruptions of transmission service within the NWPP Subregion or mitigating the extent, duration, or severity of such disruptions. The Board shall also evaluate whether any actions directed or not directed by the Corporation's personnel may have resulted in undue burdens on one or more Control Area Operators as compared to other affected Control Area Operators.

(2) Following any significant electrical disturbance affecting the NWPP Subregion, the Board shall review all actions taken or not taken by the Corporation's personnel in connection with the disturbance.

5.2 Suggested Qualifications for Directors. Because the purpose of the Corporation calls for technical expertise, the Corporation is likely to benefit from having Directors with technical backgrounds. Examples of Director qualifications and experience from which the Corporation might benefit include, without limitation: an electrical engineering degree; experience in power systems operations; knowledge of principles of interconnected power system operation, including the interrelationship of generation and transmission, voltage and frequency, and protection systems; experience conducting engineering analyses such as system state estimation, power flow simulations, real-time security analysis, voltage stability analysis, transient stability analysis, etc.; or membership or experience participating in organizations or forums relating to power system reliability, such as NERC, the WSCC, or the NWPP. The foregoing examples do not constitute required qualifications for Directors; they are intended merely as guidance for Signatories in selecting persons to serve as Directors. Subject to Section 5.3 below and the requirement that a Signatory remain bound by a Security Coordination Agreement, each Signatory shall have sole discretion to determine whom it appoints as a Director of the Corporation.

5.3 Disqualification for Employment by Merchant Function. No person may serve as a Director if that person is employed (as an employee, independent contractor, consultant, or agent) by any Merchant Function. A Director shall resign immediately if during his or her term of office he or she becomes employed (as an employee, independent contractor, consultant, or agent) by any Merchant Function.

5.4 Manner of Appointing Directors. Any Signatory has the right, but not the obligation, to appoint a Director to serve on the Board, subject to the following requirements:

(a) Right To Appoint Directors Subject to Certain Conditions. A Signatory may appoint a Director only if at the time the Director is appointed, the Signatory remains bound by and has not suspended any of its obligations under a Security Coordination Agreement. Appointment of a Director made in accordance with the requirements of these Bylaws is effective when the Signatory appointing the Director has delivered to the

Secretary of the Corporation: (1) a written notice of the name and business address of the person appointed to serve as a Director; (2) a statement confirming that the person so appointed is not employed (as an employee, independent contractor, consultant, or agent) by any Merchant Function; and (3) a consent to serve as a Director of the Corporation, signed by the person so appointed (together, a Notice of Appointment). Any person who has previously held office as a Director of the Corporation may be appointed to serve additional terms.

(b) Appointment of Directors. A Signatory may appoint a Director to serve for any Director's Term at any time after entering into a Security Coordination Agreement by providing a Notice of Appointment to the Secretary of the Corporation.

(c) Appointment of Replacements for Directors Who Resign, Become Incapacitated, Die, or Are Removed Under Section 5.7. If, during his or her term of office a Director resigns, becomes incapacitated, dies, or is removed in accordance with Section 5.7 below, the Signatory that appointed that Director may, but is not obligated to, appoint a replacement Director to serve the remainder of the term of office of the Director who resigned, became incapacitated, died, or was removed, by providing a Notice of Appointment to the Secretary of the Corporation. If the Director who resigned, became incapacitated, died, or was removed was appointed by more than one Signatory, each Signatory that appointed that Director may appoint a replacement under this Section 5.4(c), and the Signatories entitled to appoint replacement Directors need not select the same individual.

5.5 Term of Office for Directors.

(a) Basic Term of Office. Except when a carry-over period is triggered in accordance with Section 5.5(c) below, the term of office for a Director (a Director's Term) shall be: (1) for Directors appointed during an Annual Meeting, from the conclusion of that Annual Meeting until the conclusion of the next Annual Meeting; or (2) for Directors appointed at any time other than during an Annual Meeting, from the date on which the Director is appointed until the conclusion of the next Annual Meeting. A Director's Term may extend beyond the conclusion of the Annual Meeting following the Director's appointment only as provided in Section 5.5(c) below, regardless of how much time the Director has served between the date of the Director's appointment and the date of the next Annual Meeting.

(b) Notice of Expiration of Term. For the convenience of Signatories that may wish to appoint Directors to the Board, the Secretary of the Corporation shall have the discretion to deliver notices of expiration of Directors' Terms at least 10 calendar days before each Annual Meeting. Notices of expiration of Directors' Terms, if sent, shall be delivered to appropriate representatives of each Signatory that has the right, as of the date the notice is sent, to appoint (or reappoint) a Director to the Board. A notice of expiration

of Directors=Terms may be delivered personally, by facsimile transmission, by nationally recognized courier service, or by electronic mail. Notice of expiration of Directors=Terms is not required under these Bylaws. Failure to provide notice of expiration of Directors=Terms shall have no consequences whatsoever other than the triggering of ~~ACarry-over@terms~~ specified in Section 5.5(c) below, provided that all of the conditions specified in Section 5.5(c) have been satisfied.

(c) ~~ACarry-Over@Terms~~. To facilitate continuity in the governance of the Corporation and to limit the potential for inadvertent vacancies on the Board, any Director in office at the beginning of an Annual Meeting may continue to serve for one (but only one) 30-day period, measured from the conclusion of the Annual Meeting, if all of the following conditions are satisfied:

(1) the Secretary of the Corporation did not deliver to the Signatory that appointed the Director, at least 10 calendar days before the Annual Meeting, notice of expiration of the Director=s Term as described in Section 5.5(b) above; and

(2) the Signatory that appointed the Director has not delivered to the Secretary of the Corporation either (i) a Notice of Appointment reappointing the Director for the Director=s Term beginning at the conclusion of the Annual Meeting or (ii) a Notice of Appointment for a different person to serve as a Director for the Director=s Term beginning at the conclusion of the Annual Meeting; and

(3) the Signatory that appointed the Director has not delivered to the Secretary of the Corporation a notice that the Signatory declines to appoint a Director to serve for the Director=s Term beginning at the conclusion of the Annual Meeting; and

(4) the Signatory that appointed the Director continues to have the right, under the terms of these Bylaws and the Security Coordination Agreement, to appoint a Director to serve on the Board.

(d) ~~End of ACarry-Over@Terms~~. Any Director=s ~~ACarry-over@term~~ triggered at the conclusion of an Annual Meeting in accordance with Section 5.5(c) above shall end automatically upon the earliest to occur of any of the following:

(1) the expiration of the 30-day period measured from the conclusion of the Annual Meeting; or

(2) the Signatory that appointed the Director delivers to the Secretary of the Corporation either (i) a Notice of Appointment reappointing the Director for

the Director's Term running until the conclusion of the next Annual Meeting or
(ii) a Notice of Appointment for a different person to serve as a Director for the
Director's Term running until the conclusion of the next Annual Meeting; or

(3) the Signatory that appointed the Director delivers to the Secretary of
the Corporation a notice that the Signatory declines to appoint a Director to serve
for the Director's Term running until the conclusion of the next Annual Meeting;
or

(4) the Signatory that appointed the Director no longer has the right, under
the terms of these Bylaws or the Security Coordination Agreement, to appoint a
Director to serve on the Board.

5.6 Automatic Director Removal Upon Termination or Suspension of Appointing Signatory's Security Coordination Agreement.

(a) Termination of Security Coordination Agreement. If, during a Director's
Term, a Signatory that has appointed a Director terminates its Security Coordination
Agreement, the Director appointed by that Signatory shall be automatically removed from
office as of the effective date of the Security Coordination Agreement's termination. The
Signatory shall not thereafter have the right to appoint a replacement Director or to
appoint a Director for any future Director's Term until the Signatory has entered into a
new Security Coordination Agreement.

(b) Suspension of Certain Security Coordination Agreement Obligations. If,
during a Director's Term, a Signatory that has appointed a Director voluntarily suspends
all or any part of its obligations under its Security Coordination Agreement to take action
at the direction of the Corporation in the manner contemplated by the Security
Coordination Agreement, the Director appointed by that Signatory shall be automatically
removed from office as of the effective date of the suspension. The Signatory shall not
thereafter have the right to appoint a replacement Director or to appoint a Director for any
future Director's Term until all of the Signatory's obligations to take action at the
direction of the Corporation in the manner contemplated by the Security Coordination
Agreement are reinstated. To the extent that the Security Coordination Agreement
provides a process by which a Signatory may limit the Corporation's right to direct the
Signatory to take action in particular circumstances, no Signatory that invokes such a
limitation shall be deemed to have suspended its obligations to take action at the direction
of the Corporation for purposes of Section 5.6(b) of these Bylaws, and the
implementation of any such limitation shall not result in automatic removal of any
Director.

(c) Directors Appointed by Multiple Signatories. With respect to Directors
appointed by more than one Signatory, the provisions of Section 5.6(a) above shall apply

whenever any one of the Signatories that appointed the Director terminates its Security Coordination Agreement, and the provisions of Section 5.6(b) shall apply whenever any one of the Signatories that appointed the Director suspends its obligations under its Security Coordination Agreement in the manner contemplated by Section 5.6(b). To the extent that any other Signatories that appointed the same Director remain bound by all of the provisions of their Security Coordination Agreements, however, those Signatories shall have the right, but not the obligation, to reappoint the affected Director (or another Director) at any time following his or her automatic removal from office under Section 5.6(a) or 5.6(b) above. Whenever a Director appointed by more than one Signatory is automatically removed from office in accordance with the provisions Section 5.6(a) or 5.6(b) above, the Secretary of the Corporation shall promptly notify each Signatory that appointed the Director (other than the Signatory that terminated or suspended its Security Coordination Agreement).

5.7 Limited Power of Certain Signatories to Remove and Replace Their Appointed Directors. If: (1) a Signatory that appoints a Director in accordance with these Bylaws is subject to any legal status or obligation that requires that any person appointed by that Signatory to serve as a member of a corporate governing body be employed by or otherwise affiliated with the Signatory in a particular capacity; and (2) the Signatory includes a statement to that effect in its Notice of Appointment with respect to any Director it appoints to the Board; and (3) during the term of office of any Director appointed by that Signatory, the relationship to the Signatory on which that Director's appointment was based terminates or is significantly altered, the Signatory shall have the right to remove the Director and appoint a replacement to serve the remainder of the removed Director's term of office. Any Director subject to removal under this Section 5.7 who has been appointed by more than one Signatory may be removed by the unilateral action of any one of the Signatories that appointed the Director.

5.8 Annual Meetings. Unless otherwise provided in a resolution of the Board of Directors, the Board of Directors shall hold an Annual Meeting at 10:00 a.m., local time, on February 15 (or, if February 15 falls on a weekend or a United States or Canadian national holiday, the next business day) at the Portland Airport Conference Center in Portland, Oregon. No notice of the Annual Meeting (other than as provided by the terms of this Section 5.8) shall be required for any Annual Meeting held on the date, and at time and place, specified in this Section 5.8. If by resolution the Board modifies one or more of the date, time, or place of an Annual Meeting, the adoption of the resolution shall serve for all purposes as notice of the date, time, and place of the Annual Meeting, and no other notice of the Annual Meeting shall be required. The Secretary of the Corporation or other appropriate officer, may, in his or her discretion, provide a separate notice or other reminder of an Annual Meeting to the Directors for their convenience, but under no circumstances shall the lack of any such separate notice or reminder impair the validity of an Annual Meeting or any action of the Directors taken at an Annual Meeting.

5.9 Regular Meetings. At each Annual Meeting, the Board of Directors shall set a schedule of regular meetings (including the date, time, and place of each regular meeting) of the Board of Directors to be held during the period between the current Annual Meeting and the next Annual Meeting. The schedule of regular meetings shall be recorded in the minutes of the Corporation. In addition, promptly following each Annual Meeting, the Secretary of the Corporation shall deliver to each Director personally, by nationally recognized courier service, by facsimile transmission, or by electronic mail, a copy of the schedule of regular meetings. Thereafter, no additional notice of any regular meeting of the Board shall be required for any regular meeting held on the date, and at the time and place, specified in the schedule of regular meetings adopted by the Board at an Annual Meeting. If by resolution the Board subsequently sets a different date, time, or place for any regular meeting, the adoption of the resolution shall serve for all purposes as notice of the date, time, and place of the applicable regular meeting, and no other notice of the regular meeting shall be required. The Secretary of the Corporation or other appropriate officer, may, in his or her discretion, provide an additional notice or other reminder of any regular meeting to the Directors for their convenience, but under no circumstances shall the lack of any such additional notice or reminder impair the validity of any regular meeting or any action of the Directors taken at a regular meeting.

5.10 Special Meetings. Special meetings of the Board of Directors may be called at any time by the President or upon written request presented to the Secretary of the Corporation by any two individuals holding office as Directors. Any special meeting shall be held at a reasonable time and place specified in the notice of special meeting as designated by the President or the Directors calling the special meeting.

5.11 Notice of and Limitations on Actions Taken at Special Meetings.

(a) Notice of Special Meeting. Written notice of any special meeting of the Board of Directors shall be delivered to each Director at least ten days, and not more than thirty days, before the date of the meeting. Such notice shall be delivered either personally, by facsimile transmission, by nationally recognized courier service, or by electronic mail, as directed by the President or the Directors calling the meeting. If sent by facsimile transmission, such notice shall be deemed to be delivered as of the date sent. If sent through a nationally recognized courier service, such notice shall be deemed to be delivered three days after dispatch, with delivery charges prepaid, to the Director at his or her address as it appears on the books of the Corporation. If sent by electronic mail, such notice shall be deemed to be delivered 24 hours after transmission, provided that the sender has not received notice of nondelivery within the 24-hour period. Any notice of a special meeting shall specify in detail the matters to be addressed at the meeting and shall include copies of the exact text of any resolution submitted in advance to the Secretary by an officer or Director of the Corporation for adoption at the special meeting.

(b) Limitations on Actions Taken at a Special Meeting. Except when one of the conditions specified in Section 5.11 (c) below has been satisfied, the Board may not vote

or act upon any matter at a special meeting unless the notice of special meeting duly delivered to the Directors in accordance with Section 5.11(a) above included the exact text of the resolution by which such vote or action is proposed to be taken. Except when one of the conditions specified in Section 5.11(c) below has been satisfied, the Board may act upon a matter or resolution that was not included in the notice of a special meeting only:

- (1) at another special meeting following proper notice as required under Section 5.11(a) above; or
- (2) at the next Annual Meeting or regular meeting of the Board; or
- (3) by written consent in accordance with Section 5.21 of these Bylaws.

(c) When Action at a Special Meeting Is Permitted Without Advance Notice.

Despite the limitations imposed upon Board action at a special meeting under Section 5.11(b) above, the Board may, at any special meeting, act upon any matter or resolution (or modification to a proposed resolution) that was not included in the notice of the special meeting, and may conduct any other business properly brought before the Board, if either:

- (1) all the Directors in office at the time the special meeting is held are present at the special meeting (in person or as permitted under Section 5.18 of these Bylaws); or
- (2) there is a quorum (as defined in Section 5.16 of these Bylaws) present at the special meeting (in person or as permitted under Section 5.18 of these Bylaws) and every Director who is unable to attend the special meeting delivers to the Secretary of the Corporation (before or after the special meeting) a written waiver of the restrictions contained in Section 5.11(b). Any written waiver of the restrictions contained in Section 5.11(b) must specify the date of the special meeting for which the waiver is granted and must be signed by the Director(s) granting the waiver.

5.12 Emergency Meetings. If the President determines that there is an emergency requiring Board action before an Annual Meeting, regular meeting, or special meeting can be held, the President may call an emergency meeting of the Board on not less than four hours= notice. If the President calls an emergency meeting, the President shall do (or cause the appropriate officers, Directors, or employees of the Corporation to do) both of the following:

(a) make good faith efforts to contact every Director directly by telephone (including attempting to reach the Director at home if the Director cannot be reached at his or her business number); and

(b) inform each Director who can be contacted by telephone of the nature of the emergency and the date, time, and place of the emergency meeting (or if the meeting is to be held by telephone conference, the manner in which the Director may join the conference call) and follow with a facsimile transmission to every Director containing the same information.

5.13 Waiver of Notice. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except when a Director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. A waiver of notice signed by the Director or Directors, whether before or after the time stated for the meeting, shall be equivalent to the receiving of notice.

5.14 Limitation on Scope of Board Authority. The Board of Directors shall have no power whatsoever, whether by resolution, amendment of the Corporation's Articles of Incorporation or these Bylaws, or otherwise, to cause any party (including without limitation any Signatory) other than the Corporation to take any action, expend or contribute any funds, or provide any resources (including without limitation any electric capacity or energy) unless the other party has specifically agreed to do so in a Security Coordination Agreement or other separate written agreement.

5.15 Voting by Proxy. There shall be no voting of Directors by proxy.

5.16 Quorum. The presence of Directors holding not less than a majority of the votes held by all Directors then in office shall be necessary and sufficient at all meetings to constitute a quorum for the transaction of business.

5.17 Vote Necessary for Board Action. Except where the Corporation's Articles of Incorporation or these Bylaws require a greater vote, action taken by the Board of Directors shall require the affirmative vote of not less than two-thirds of the votes held by the Directors in attendance at a meeting at which a quorum is present.

5.18 Participation by Telephone Conference, Etc. Directors may participate in a meeting of the Board by means of a conference telephone or similar communications equipment that enables all persons participating in the meeting to hear each other at the same time, and participation by such means shall constitute presence in person at the meeting.

5.19 Participation by Delegates. A Director who is unable to attend a meeting of the Board may designate a delegate to attend the meeting in his or her behalf, subject to the following conditions: (1) the delegate must not be employed (as an employee, independent

contractor, consultant, or agent) by any Merchant Function; (2) the Director must provide to the delegate, and the delegate must bring to the meeting he or she is designated to attend, a written authorization for the delegate to attend the meeting in the Director's behalf; (3) the delegate shall not be counted for purposes of determining whether a quorum is present at the meeting; (4) the delegate may not vote; and (5) the Director on whose behalf the delegate attends the meeting shall not be deemed to have assented to or participated in any action taken by the Board at the meeting. A duly authorized delegate may participate in discussion of any matter that comes before the Board.

5.20 Preference for Action Through Meetings. Although Directors may take action by written consent as provided in Section 5.21 below, to the extent feasible without undue burden or delay, the Board shall make good faith efforts to act through meetings so that the Board has an opportunity to discuss and deliberate upon each matter before acting upon it. To the extent that action by written consent is taken following an Annual Meeting, regular meeting, or special meeting during which the Directors discussed the matter with respect to which action is to be taken, the provisions of this Section 5.20 shall be deemed to have been satisfied.

5.21 Action by Directors Without a Meeting.

(a) Manner and Effect of Taking Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a written consent setting forth the action to be taken is signed by all of the Directors then in office and delivered to the Secretary of the Corporation for filing with the minutes of the Corporation. Such action shall be effective as of the date specified in the written consent, or, if no effective date is specified, on the date the last Director signs the written consent. Such consent shall have the same effect as any action properly taken at a meeting of the Board of Directors.

(b) Procedural Requirements for Taking Action Without a Meeting. Any person who proposes that the Board take action by written consent as provided under Section 5.21 of these Bylaws shall deliver a copy of the proposed written consent to the Secretary of the Corporation for distribution to the Directors, so that all Directors have notice of any action proposed to be taken by written consent before the action is taken. No one other than the Secretary of the Corporation shall send any proposed written consent to any Director for signature. The Secretary shall deliver to each Director then in office a copy of each proposed written consent he or she receives, together with any explanatory information provided to the Secretary in connection with the proposed action.

5.22 Registering Dissent. A Director who is present at a meeting of the Board of Directors at which action on a corporate matter is taken shall be presumed to have assented to such action unless the Director files a written dissent or abstention to such action with the person acting as the secretary of the meeting before the adjournment thereof, or shall forward such dissent by facsimile transmission or nationally recognized courier service to the Secretary of the

Corporation immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a Director who voted in favor of such action. No Director who fails to sign a written consent shall be deemed to have assented to the action taken by the written consent.

5.23 Board Committees. The Board of Directors may appoint, from time to time, from its own number, standing or temporary committees consisting each of no fewer than two individual Directors. Such committees may be vested with such powers as the Board may determine by resolution passed by an Ordinary Vote of Directors. No such committee shall have the authority of the Board of Directors in reference to amending, altering, or repealing these Bylaws; electing, appointing, or removing any member of any such committee or any officer of the Corporation; amending the Corporation's Articles of Incorporation; adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, or exchange of all or substantially all of the property and assets of the Corporation other than in the ordinary course of business; authorizing the voluntary dissolution of the Corporation or adopting a plan for the distribution of the assets of the Corporation; or amending, altering, or repealing any resolution or written consent of the Board other than a resolution or written consent adopted by such committee. All committees so appointed shall keep regular minutes of the transactions of their meetings and shall cause them to be recorded in books kept for that purpose in the office of the Corporation. The designation of any such committee and the delegation of authority thereto shall not relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

5.24 Other Committees. Nothing in these Bylaws prohibits or limits the discretion of the Board to request that persons who are not Directors form and participate in technical work groups or other committees to provide information and nonbinding recommendations to the Board to assist it in performing its duties under these Bylaws.

5.25 Remuneration. Directors shall receive no compensation from the Corporation for serving in their capacities as Directors, nor any reimbursement for expenses incurred to attend meetings or otherwise carry out their duties as Directors.

5.26 Directors' Rights To Inspect Corporation's Books and Records. Every Director shall have the right, during regular business hours and upon reasonable notice, to inspect the books and records of the Corporation (including without limitation these Bylaws, the Corporation's Articles of Incorporation, minutes of any meeting of the Board or any committee of the Board, any written consent, and any financial or accounting records) for any proper purpose.

5.27 Directors=Fiduciary Duties and Standards of Conduct.

(a) Each Director is subject to a duty of loyalty to the Corporation and a duty of care in the performance of his or her duties as Director. Each Director's duty of loyalty to the Corporation includes, without limitation: (1) the obligation to refrain from entering in any transaction with the Corporation, or causing the Corporation to enter into any transaction, from which the Director will personally receive any benefit in money, property, or services to which the Director is not legally entitled; and (2) the obligation to keep confidential any nonpublic information or data belonging to the Corporation.

(b) Each Director shall use reasonable care to recognize and attempt to avoid personal conflicts of interests, such as taking any action that would be inconsistent or adverse to the activities of the Corporation, or that confers an unfair advantage or preferential treatment upon the Director or any family members or friends of the Director.

(c) Each Director shall refrain from voting, or attempting to influence the vote of other Directors, on any matter that comes before the Board of Directors if the Director reasonably believes that his or her participation in the matter is likely to result in actions that are illegal or otherwise in conflict with the Director's duties to the Corporation (including without limitation the duties described in Sections 5.27(a) and (b) above).

5.28 Resignation of Directors. Any Director may resign at any time by delivering written notice to the President or the Secretary at the registered office of the Corporation, or by giving oral or written notice at any meeting of the Board. Any such resignation shall take effect upon delivery unless the notice of resignation specifies a later effective date. Unless the notice of resignation specifies otherwise, acceptance of a Director's resignation shall not be necessary to make it effective.

5.29 Loans To Directors. The Corporation shall not make loans to any Director.

ARTICLE 6 OFFICERS

6.1 Designations/Term. The officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer, and such Assistant Secretaries and Assistant Treasurers as the Board may designate. An officer need not be a Director. Each officer shall be elected by an Ordinary Vote of Directors and shall serve for the term of office specified by the Directors in the action electing the officer and until his or her successor is elected and qualified. Any two or more offices may be held by the same person except the offices of President and Secretary. No officer may at any time be employed (as an employee, independent contractor, consultant, or agent) by any Merchant Function.

6.2 President. The President shall preside at all meetings of the Board of Directors. If the President is unavailable, a Vice President may preside in the President's place, and if no Vice

President is available, the Secretary of the Corporation may so preside. In addition, the President shall have general supervision of the affairs of the Corporation, including management of day-to-day operations and general oversight and supervision of all employees of the Corporation. The President shall also perform such other duties as are incident to the office or are properly required of the President by the Board of Directors.

6.3 Vice Presidents. Each Vice President shall perform the duties of the President in cases of the President's absence, unavailability, or disability. In addition, each Vice President shall have such powers and discharge such duties as may be assigned to him or her from time to time by the Board of Directors.

6.4 Secretary and Assistant Secretaries. The Secretary shall issue notices for all meetings of the Board of Directors, shall keep minutes of all meetings, shall have charge of the corporate books, and shall make such reports and perform such other duties as are incident to the office, or are properly required of the Secretary by the Board of Directors. In addition, the Secretary shall perform the duties of any Vice President in cases of the Vice President's absence, unavailability, or disability. The Assistant Secretary, or Assistant Secretaries, if any, shall perform all of the duties of the Secretary in cases of the Secretary's absence, unavailability, or disability and at other times may perform such duties as are directed by the President or the Board of Directors.

6.5 Treasurer and Assistant Treasurers. The Treasurer shall have the custody of all monies and securities of the Corporation and shall keep books of account in accordance with generally accepted accounting principles. The Treasurer shall disburse the funds of the Corporation in payment of the just demands against the Corporation or as may be ordered by the Board of Directors (taking proper vouchers for such disbursements) and shall render to the Board of Directors from time to time as may be required, an account of all transactions undertaken as Treasurer and of the financial condition of the Corporation. The Treasurer shall perform such other duties as are incident to the office or are properly required by the Board of Directors. The Assistant Treasurer, or Assistant Treasurers, if any, shall perform all of the duties of the Treasurer in cases of the Treasurer's absence, unavailability, or disability, and at other times may perform such other duties as are directed by the President or the Board of Directors.

6.6 Delegation. If any officer of the Corporation is absent or unable to act and no other person is authorized to act in such officer's place by the provisions of these Bylaws, the Board of Directors may from time to time delegate the powers or duties of such officer to any other officer or any Director or any other person it may select.

6.7 Vacancies. Vacancies in any office arising from any reason may be filled by the Board of Directors at any Annual Meeting, regular meeting, or special meeting of the Board or by written consent as provided in Section 5.21 of these Bylaws.

6.8 Other Officers. The Board of Directors may appoint such other officers as it shall deem necessary or expedient, who shall hold their offices for such terms and shall exercise such

powers and perform such duties as shall be determined from time to time by the Board of Directors.

6.9 Loans to Officers. The Corporation shall not make loans to any officer.

6.10 Resignation of Officers. Any officer may resign at any time by delivering written notice to the President, the Secretary, or the Board, or by giving oral or written notice at any meeting of the Board. Any such resignation shall take effect upon delivery unless the notice of resignation specifies a later effective date. Unless the notice of resignation specifies otherwise, acceptance of an officer's resignation shall not be necessary to make it effective.

6.11 Removal. Any officer elected or appointed by the Board of Directors may be removed at any time, with or without cause, by an Ordinary Vote of Directors, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

ARTICLE 7 DEPOSITORIES

The monies of the Corporation shall be deposited in the name of the Corporation in such bank or banks or trust company or trust companies as the Board of Directors shall designate, and shall be drawn from such accounts only by check or other order for payment of money signed by such persons, and in such manner, as may be determined by resolution of the Board of Directors.

ARTICLE 8 FERC FILINGS

The Corporation shall not file any Security Coordination Agreement, or any amendment thereof, or any other agreement or practice with FERC unless required to do so by statute or by rule, regulation, or order of FERC or another governmental authority having jurisdiction in the matter. If the Corporation is required to file any Security Coordination Agreement, or any amendment thereof, or any other agreement or practice with FERC, the Corporation shall first seek the consent of each Signatory that may be affected by the filing and shall notify each affected Signatory by delivering (by facsimile transmission or by nationally recognized courier service) a copy of the filing at least three business days before it is mailed or otherwise submitted to FERC.

ARTICLE 9 INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS

9.1 Director Liability. Directors of the Corporation shall be liable only for the following: (1) acts or omissions that involve intentional misconduct by the Director; (2) knowing violation of law by the Director; and (3) any transaction from which the Director personally receives a benefit in money, property, or services to which the Director is not legally entitled.

9.2 Indemnification.

(a) Right to Indemnification. Without limiting the authority for indemnification as set forth in the Washington Nonprofit Corporation Act, each person who was or is made a party or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, or any appeal relating thereto (hereinafter a Aproceeding@), by reason of the fact that he or she is or was a Director, officer, employee or agent of the Corporation or, that being or having been such a Director, officer, employee or agent of the Corporation, he or she is or was serving at the request of the Corporation as a Director, Trustee, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (hereinafter an Aindemnitee@), whether the basis of a proceeding is alleged action in an official capacity as such a Director, Trustee, officer, employee or agent or in any other capacity while serving as such a Director, Trustee, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the full extent permitted by applicable law as then in effect, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such indemnitee in connection therewith, and such indemnification shall continue as to an indemnitee who has ceased to be a Director, Trustee, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators; *provided, however*, that no indemnification shall be provided to any such indemnitee if the Corporation is prohibited by the provisions of the Washington Nonprofit Corporation Act or other applicable law as then in effect from paying such indemnification; and *provided, further*, that except as provided in Section 9.2(b) of this Article 9 with respect to proceedings seeking to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if a proceeding (or part thereof) was authorized or ratified by the Board of Directors. The right to indemnification conferred in this Section 9.2(a) shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition (hereinafter an Aadvancement of expenses@). Any advancement of expenses shall be made only upon delivery to the Corporation of an undertaking (hereinafter an Aundertaking@), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Section 9.2(a) and (1) upon delivery to the Corporation of a written affirmation (hereinafter an Aaffirmation@) by the indemnitee of his or her good faith belief that such indemnitee has met the standard of conduct necessary for indemnification by the Corporation pursuant to Section 9.1 of this Article 9 or (2) upon such determination (hereinafter a Adetermination@) as may be permitted or required by the Washington Nonprofit Corporation Act or other applicable law.

(b) Right of Indemnitee to Bring Suit. If a claim under Section 9.2(a) of this Article is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part, in any such suit or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall also be entitled to be paid the expense of prosecuting or defending such suit. The indemnitee shall be presumed to be entitled to indemnification under this Article 9 upon submission of a written claim (and, in an action brought to enforce a claim for an advancement of expenses, where the required undertaking and affirmation or determination has been tendered to or made by the Corporation) and thereafter the Corporation shall have the burden of proof to overcome the presumption that the indemnitee is so entitled. Neither the failure of the Corporation (including the Board of Directors or independent legal counsel) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances nor an actual determination by the Corporation (including the Board of Directors or independent legal counsel) that the indemnitee is not entitled to indemnification shall be a defense to the suit or create a presumption that the indemnitee is not so entitled.

9.3 Directors= and Officers= Insurance. The Corporation, acting through its officers and Board of Directors, shall have the power and authority to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status, whether or not the Corporation would have the power to indemnify such person against such liability under the terms of this Article 9.

ARTICLE 10 BOOKS AND RECORDS

The Corporation shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, current Articles of Incorporation and Bylaws, correct and complete books and records of accounts and finances, minutes of the proceedings of its Board of Directors and any committees; and shall keep a record of its Directors and officers, giving the names and addresses.

ARTICLE 11 DISSOLUTION

11.1 Automatic Dissolution. Except as otherwise provided in the Corporation's Articles of Incorporation, the Corporation shall dissolve automatically if at any time the number of individuals serving as Directors has decreased to fewer than three and remained continuously at fewer than three for a period of three months. Any remaining Director or Directors in office at the time of automatic dissolution as provided in this Section 11.1 shall have the power to do all things necessary and proper to carry out the winding up of the Corporation's affairs in connection with automatic dissolution.

11.2 Voluntary Dissolution. The Corporation may dissolve voluntarily if Directors holding not less than 75% of the votes held by all Directors then in office vote to authorize the dissolution.

ARTICLE 12 AMENDMENTS

12.1 Amendments Requiring Unanimous Vote. None of Section 5.7 (Limited Power of Certain Signatories to Remove and Replace Their Appointed Directors), Section 5.11 (Notice of and Limitations on Actions Taken at Special Meetings), Section 5.14 (Limitation on Scope of Board's Authority), or this Section 12.1 may be amended, altered, repealed, or removed from these Bylaws other than by the unanimous vote of all Directors then in office.

12.2 Amendments Not Requiring Unanimous Vote. Except as otherwise provided in Section 12.1 above, the Board of Directors shall have power to make, alter, amend, and repeal these Bylaws by a vote of Directors holding not less than 75% of the votes held by all Directors then in office.

ARTICLE 13 LIMITED PURPOSE OF CERTAIN REFERENCES

Any references to NERC or the WSCC in these Bylaws, or to any definitions, standards, criteria, guidelines, policies, or operating procedures used or promulgated by NERC or the WSCC, are for convenience only. Neither the Corporation nor any other party shall be deemed to accept, endorse, or be bound by any definitions, standards, criteria, guidelines, policies, or operating procedures of NERC or the WSCC by virtue of reference to them in these Bylaws.

ARTICLE 14 PROVISIONS CONTAINED IN ARTICLES OF INCORPORATION

The provisions of Section 2.1 (concerning purpose), Article 9 (concerning indemnification), Article 11 (concerning dissolution), and Article 12 (concerning amendments) of these Bylaws are repetitions of provisions contained in the Articles of Incorporation and are included in these Bylaws for the convenience of the reader only. None of Section 2.1, Article 9, Article 11, or Article 12 of these Bylaws may be altered, amended, or repealed in any manner except by the alteration, amendment, or repeal of the corresponding provision of the Articles of

Incorporation in accordance with the applicable procedures set forth in the Articles of Incorporation. Whenever any provision in the Articles of Incorporation that is repeated in these Bylaws is altered, amended, or repealed, the corresponding provision in these Bylaws shall be deemed to be automatically altered, amended, or repealed, as the case may be, and the Secretary of the Corporation shall promptly update the text of the Bylaws contained in the books and records of the Corporation as necessary to reflect any such action.

Adopted by resolution of the Corporation's Board of Directors on April 22, 1998.

Amended by unanimous written consent of the Corporation's Board of Directors on February 23, 1999.

Further amended by action of the Corporation's Board of Directors at a regular meeting on March 11, 1999

/s/ CHRISTINE M. ELLIOTT
Christine M. Elliott, Secretary