

ATTACHMENT C

BYLAWS

OF

RTO WEST

(a Washington nonprofit corporation)

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ARTICLE I

GENERAL PROVISIONS

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

1.1.1 “Affiliate” of a Person means a Person that directly or indirectly through one 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: (i) without limitation, the direct or indirect ownership or control of or power to vote five percent (5%) or more of the outstanding voting securities of a corporation shall be deemed to constitute control of such corporation; provided, however, that in the case of any Person that is a public utility which owns an interest in an Independent Transmission Company and has divested ownership of its electric transmission system, such Person and the Independent Transmission Company shall not be considered Affiliates; (ii) members of any cooperative corporation shall not, merely by virtue of membership in such corporation, be deemed to be Affiliates of each other or of the cooperative corporation; (iii) 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; (iv) separate agencies of a state, a province or of the federal government shall not be considered Affiliates, regardless of any commonality of political control; (v) no tribal utility or tribal commercial enterprise shall be considered an Affiliate of any Tribal Utility Regulatory Authority; and (vi) no crown-owned utility shall be considered an Affiliate of any State or Provincial Energy Authority.

1.1.2 “Ancillary Services” 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 Good Utility Practice.

1.1.3 “Arbitration Procedural Rules” shall have the meaning specified in the RTO West Tariff.

1.1.4 “Articles of Incorporation” means the Articles of Incorporation of the Corporation, as amended from time to time.

1.1.5 “Award” means a decision made by an arbitrator pursuant to the alternative dispute resolution procedures set forth in Exhibit C to these bylaws.

1.1.6 “Board Advisory Committee” shall have the meaning set forth in Section 7.5.

1.1.7 “Board of Trustees” or “RTO West Board of Trustees” means the Board of Trustees of the Corporation, as described in Article VI and elsewhere in these bylaws.

1.1.8 “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.

1.1.9 “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.

1.1.10 “Corporation” means RTO West, a Washington nonprofit corporation formed under the Washington Nonprofit Corporation Act, RCW Chapter 24.03.

1.1.11 “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 USC § 79z-5a(a)(1).

1.1.12 “Federal Rules of Civil Procedure” shall have the meaning specified in the RTO West Tariff.

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

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

1.1.15 “Generation Integration Agreement” means 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.

1.1.16 “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.

1.1.17 “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.

1.1.18 “Independent Power Producer” means any nonutility Generator that is involved in the ownership or operation of one or more electric generating facilities on a merchant plant basis.

1.1.19 “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 FERC.

1.1.20 “Interim Board of Directors” means the Interim Board of Directors as defined in the Corporation’s Articles of Incorporation.

1.1.21 “Large Retail Customer” means a Retail Customer who or which, individually and together with all of its Affiliates, 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.

1.1.22 “Load Integration Agreement” means 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.

1.1.23 “Major Transmitting Utility” means (i) a Transmission Owner which, individually or together with one or more of its Affiliates, owns transmission assets having a net book value greater than or equal to two percent (2%) of the aggregate net book value of the RTO West Transmission System, and (ii) a Canadian transmission owner that is located within the RTO West Geographic Area and which individually or together with one or more of its Affiliates, owns transmission assets having a net book value greater than or equal to two percent (2%) of the aggregate net book value of the RTO West Transmission System.¹

¹ The issue of the participation of Canadian Independent Operators (that is independent owners or operators of transmission throughout a Canadian province) has also been discussed. A Canadian Independent Operator has a clear interest in the policies and tariff of RTO West and a clear interest in

1.1.24 “Market Exchange Operator” means a FERC jurisdictional 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.

1.1.25 “Market Participant” means “market participant” as such term is defined in 18 CFR § 35.34(b)(2), as amended.

1.1.26 “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.

1.1.27 “Member Class” shall have the meaning set forth in Section 4.2.1.

1.1.28 “Member Sub-Class” means a sub-class of Members in any Member Class created pursuant to Section 5.3 for purposes of apportioning the votes within any Member Class in the election of members of the Trustees Selection Committee.

1.1.29 “Nonutility Entity” means 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 (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 (B) entitled to apply to FERC for an order requiring interconnection or transmission services pursuant to sections 210 or 211 of the FPA, or that would be entitled to apply for such an order were it 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 Market Exchange Operator conducting business in such capacity within the RTO West Geographic Area.

1.1.30 “NWPPC” means the Northwest Power Planning Council, or any successor organization.

1.1.31 “Participant” shall have the meaning specified in the [RTO West Tariff](#).

coordinating with RTO West in the development of policy matters which affect transmission operations in Canada. However, the general consensus was that those interests should be addressed contractually in any agreement between RTO West and Canadian Independent Operators for provinces of British Columbia and Alberta and not through its participation as a member in any of the Member Classes of RTO West.

1.1.32 “Participating Jurisdiction” means any state (other than California) or province, all or any portion of which is located within the RTO West Geographic Area.

1.1.33 “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.

1.1.34 “Power Marketer” means 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, and such other wholesale power marketers which are not subject to FERC jurisdiction but which otherwise meet the requirements of this definition and are approved by the Board of Trustees. Such approvals shall be in the sole discretion of the Board of Trustees.

1.1.35 “Qualifying Cogenerator” shall have the meaning set forth in section 3(18)(C) of the FPA, 16 USC § 796(18)(C).

1.1.36 “Qualifying Small Power Producer” shall have the meaning set forth in section 3(17)(D) of the FPA, 16 USC § 796(17)(D).

1.1.37 “RCW” means the Revised Code of Washington, as amended from time to time.

1.1.38 “Record Date” shall have the meaning set forth in Section 4.10.

1.1.39 “Related Person” of an individual means the spouse and dependent children of such individual.

1.1.40 “Retail Customer” means any residential, commercial, agricultural or industrial consumer of electric power (or any governmental or bona fide public interest organization 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) 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.

1.1.41 “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 FERC.

1.1.42 “RTO West Controlled Transmission Facilities” means the portion of the RTO West Transmission System that is under the operational control of the Corporation.

1.1.43 “RTO West Geographic Area” means the geographic area defined by the outer boundaries of the control area operated (or proposed by the Corporation to FERC to be operated) by the Corporation (including any islanded areas within such region that are not within the control area operated by the Corporation), together with any areas within Canada that are 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.

1.1.44 “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.

1.1.45 “RTO West Transmission System” shall have the meaning set forth in each Transmission Operating Agreement.

1.1.46 “RTO West Web Site” means an internet site through which the Corporation makes available to Market Participants transmission system data, system demand data, system conditions, auction data, aggregated market data and other information.

1.1.47 “Scheduling Coordinator” means an entity certified and authorized by RTO West to submit schedules of transmission service and Ancillary Services on RTO West Controlled Transmission Facilities on behalf of eligible customers under the RTO West Tariff.

1.1.48 “Scheduling Coordinator Agreement” means 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.

1.1.49 “Small Retail Customer” means (i) a Retail Customer who or which, individually and together with all of its Affiliates, had, during the immediately preceding calendar year, an aggregate retail electric load within the RTO West Geographic Area less than five (5) aMW, or (ii) any governmental or bona fide public interest organization 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.

1.1.50 “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 Corporation, as a member in the State and Provincial Energy Authorities Class, and (iii) the NWPPC.

1.1.51 “Transmission Customer” means a Person that is eligible for, and that receives, service under any RTO West Tariff.

1.1.52 “Transmission-Dependent Utility” means any investor-owned utility, 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 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.

1.1.53 “Transmission Operating Agreement” means any Transmission Operating Agreement between the Corporation and a Transmission Owner.

1.1.54 “Transmission Owner” 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 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.

1.1.55 “Tribal Utility Regulatory Authority” means any tribal governmental entity 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 as a Tribal Utility Regulatory Authority by the governing council of such tribe.

1.1.56 “Trustee” means a member of the Board of Trustees.

1.1.57 “Trustees Selection Committee” shall mean the committee described in Section 5.1 of these bylaws.

1.1.58 “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 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.

1.1.59 “WRTA” means the Western Regional Transmission Association, or any successor organization.

1.1.60 “WSCC” means the Western Systems Coordinating Council, or any successor organization.

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

The purposes for which the 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 FERC, including, but not limited to the applicable requirements of FERC with respect to RTO characteristics and functions [and to seek to provide sustainable customer benefits](#); 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.

[NOTE: This text will be revised consistent with the changes described in the Articles of Incorporation in the event the decision is made for the Corporation to seek exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code.]

ARTICLE IV

MEMBERS

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

4.1.1 The exclusive right and power to (i) elect members of the Trustees Selection Committee pursuant to Section 5.3; (ii) remove members of the

Trustees Selection Committee without cause pursuant to Section 5.6; (iii) be members of the Board Advisory Committee pursuant to Section 7.5.1; (iv) amend the Articles of Incorporation; (v) amend the bylaw provisions specified in Section 11.3.2; and (vi) approve the dissolution of the Corporation pursuant to Section 4.9.4; and

4.1.2 The nonexclusive right and power to remove members of the Trustees Selection Committee for cause pursuant to Section 5.6.

4.2 Classes of Members.

4.2.1 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.

4.2.2 The Members in each Member Class shall be entitled to such voting rights as are set forth in these bylaws.

4.2.3 Any entity that has been determined, in accordance with the provisions of Section 4.3, 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.

4.3 Qualifications and Admission of Members.

4.3.1 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 paid the requisite initial and subsequent annual membership fees of \$1,000 each year; provided, however, that such fees shall be waived for State or Provincial Energy Authorities and Tribal Utility Regulatory Authorities and provided further that upon their written request, the Board of Trustees may waive or reduce such fees on a non-discriminatory basis for legitimate public-interest participants.

4.3.2 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.

4.3.3 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.

4.3.4 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 4.3.1 and that desires to become a Member, shall so notify the Secretary of the Corporation in writing not less than sixty (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 thirty (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 fifteen (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 fifteen- (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 thirty (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 may require the Corporation to submit such dispute to alternative dispute resolution in accordance with the procedures set forth in Exhibit C hereto.

4.3.5 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 thirty (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.

4.3.6 No Affiliate of any Person that is a Member may be a Member at any time while such Person is a Member.

4.3.7 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.

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

4.4 Meetings of Members.

4.4.1 A meeting of the Members of the Corporation shall be held at least once annually at such date, time and place within 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 9.2 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.

4.4.2 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 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 the RTO West Geographic Area as may be determined by the person or persons calling such meeting.

4.5 Notice of Meetings of Members.

4.5.1 Notice of regularly scheduled and special meetings shall be given to each Member entitled to vote at such meeting not less than ten (10) days (or, in the case of any meeting for the election of one or more members of the Trustees Selection

Committee, not less than twenty (20) days) and not more than fifty (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 U.S. or Canadian mail, with first-class postage thereon prepaid, addressed to the Member at the address provided to the Secretary of the Corporation in accordance with the requirements of these 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.

4.5.2 Public notice of each meeting of the Members, and each meeting of any two or more Member Classes, shall be placed on the RTO West Web Site and posted at the offices of the Corporation at least ten (10) days before such meeting. Public notice of any adjournment and reconvening of any such meeting shall be placed on the RTO West Web Site 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, 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.

4.6 Open Meetings. Except as hereinafter set forth, any member of the public may attend and observe the proceedings of any meeting of the Members, and any meeting of any two or more Member Classes, held pursuant to Section 4.4. 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 6.9.

4.7 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, 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.

4.8 Quorum of Members.

4.8.1 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 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 (or, in the case of any election pursuant to Section 5.3.2(b), not less than one-third of the voting power in the Transmission-Dependent Utilities Class entitled to vote at such meeting) shall be required to be present in person at such meeting.

4.8.2 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 (or, in the case of any election pursuant to Section 5.3.2(b), two-thirds of the voting power in the Transmission-Dependent Utilities Class entitled to vote at such meeting), whether or not constituting a quorum, may adjourn any meeting to another time and place.

4.9 Voting of Members.

4.9.1 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 Members in a specific Member Sub-Class, are entitled to vote on a matter, only the Members in such Member Class (or 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.

4.9.2 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 (or, in the case of any election pursuant to Section 5.3.2(b), of a majority of the voting power of the Members present and entitled to vote in the Transmission-Dependent Utilities 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).

4.9.3 In any matter on which only the Members in a specific Member Class, or only 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 Member Sub-Class, at a duly held meeting of such Member Class or 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).

4.9.4 At least seventy-five percent (75%) 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.

4.10 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 sixty (60) days nor less than thirty (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.

4.11 Termination of or Withdrawal from Membership.

4.11.1 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 4.3.1, the Secretary of the Corporation shall notify such Member by first-class mail, addressed to the Member at the address provided to the Secretary in accordance with the requirements of these bylaws, that the Corporation has 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 forty-five (45) days after the date of deposit of such notice in the U.S. 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 forty-five- (45-) -day period, and the terminated Member shall cease to have any rights whatsoever as a Member of the Corporation. Notwithstanding any such termination of membership, all 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.

4.11.2 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.

4.12 Challenges to Membership or Member Class Qualifications. Any Member in any Member Class may, at any time not less than sixty (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 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.

4.13 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 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

5.1 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:

5.1.1 The exclusive right and power to (i) elect members of the Board of Trustees pursuant to Section 6.3 and (ii) remove any Trustee without cause pursuant to Section 6.6;

5.1.2 The nonexclusive right and power to remove any Trustee for cause pursuant to Section 6.6; and

5.1.3 [The exclusive right and power to elect members of the RTO West Arbitration Committee.](#)

5.2 Number and Grouping of Committee Members.

5.2.1 There shall be thirty (30) members of the Trustees Selection Committee, as specified in Section 5.3.

5.2.2 The members of the Trustees Selection Committee shall be divided into three ~~classes~~-groups of ten (10) members each. As further provided in Section 5.5, 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.

5.3 Election of Committee Members.

5.3.1 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, except as otherwise provided in Section 5.3.2(b); provided, however, that the Members in any Member Class, by the affirmative vote of not less than eighty percent (80%) of the Members in such Member Class, may elect to apportion such Member Class's votes between or among two or more Member Sub-Classes in such Member Class, in which event the Members in such Member Class shall vote by Member Sub-Class, as determined by the Members, and each Member in each Member Sub-Class shall have the same voting rights as every other Member in such Member Sub-Class; provided further that notwithstanding the foregoing provisions of this Section 5.3.1 no Member's voting rights in Section 5.3.2 shall be reduced without its consent. The Members in any Member Class shall be entitled to apportion such Member Class's votes between or among Member Sub-Classes of Members, or to amend or modify any such apportionment of votes, at any time not less than sixty (60) days prior to any meeting of such Members for the election of members of the Trustees Selection Committee.

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

(a) 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.

(b) 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

Members in the Transmission-Dependent Utilities Class shall be entitled to nominate and vote in the election 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. Notwithstanding the foregoing, in the election of such six members of the Trustees Selection Committee, the voting rights of the Members in the Transmission-Dependent Utilities Class shall be as follows:

(i) In the nomination of and voting for two members of the Trustees Selection Committee, the voting power of each Member in the Transmission-Dependent Utilities Class shall be to the ratio of (A) the average energy demand of the loads served by the distribution facilities of such Member to (B) the total average energy demand of the loads served by the distribution facilities of all of the Members of the Transmission-Dependent 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 most recent calendar year ending at least ninety (90) days prior to the date set for the election of members of the Trustees Selection Committee. Such average energy demand shall be certified under oath or affirmation by each Member of the Class to RTO West and to each other Member of the Transmission-Dependent Utilities Class.

(ii) In the nomination of and voting for the remaining four members of the Trustees Selection Committee, each Member in the Transmission-Dependent Utilities Class shall have one vote; ~~provided, however, that those Members comprising 50% or more of the voting power in the Member Sub-Class described in Section 5.3.2(b)(i) shall not be permitted to vote in this Member Sub-Class.~~

(c) Nonutility Entities Class. Six members of the Trustees Selection Committee shall be representatives of, and shall be elected by, Members in the Nonutility Entities Class. The voting rights of the Members in the Nonutility Entities Class shall be as follows:

(i) In the event that there are no Members in the Nonutility Entities Class which are neither Generators nor Power Marketers, then (A) 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 Generators or Power Marketers, and (B) 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.

(ii) In the event that there are any Members in the Nonutility Entities Class which are neither Generators nor Power Marketers, then (A) 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 Generators or Power Marketers, and (B) 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.

(iii) In the event that there are any Members in the Nonutility Entities Class which are neither Generators nor Power Marketers, then (A) 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 Generators or Power Marketers, and (B) 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.

(d) 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:

(i) 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.

(ii) 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. If there are no Large Retail Customers that are also Scheduling Coordinators, then all four Trustee Selection Committee seats shall be retained by representatives of Large Retail Customers. 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.

(e) 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:

(i) 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.

(ii) 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.

(iii) 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.

(f) 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 twenty (20) and not more than fifty (50) days prior to the date of the meeting, in accordance with the provisions of Section 4.5. 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 sixty (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.

(g) The members of the Trustees Selection Committee shall be elected by the affirmative vote, by Member Class (or 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 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 Member Class or Member Sub-Class, as the case may be); provided, however, that in any election of members of the Trustees Selection Committee pursuant to Section 5.3.2(b), such members of the Trustees Selection Committee shall be elected by the affirmative vote of a majority of the voting power (as determined in accordance with the provision of Section 5.3.2(b)) present and entitled to vote in the Transmission-Dependent Utilities Class. In any election of members of the Trustees Selection Committee, each Member in each Member Class (or Member Sub-Class, as the case may be) shall be entitled to vote for any nominee for election as a representative of such Member Class (or Member Sub-Class, as the case may be) on the Trustees Selection Committee; provided, however, that except as is otherwise provided in Section 5.3.2(b)(i), 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 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 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 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 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 Member Sub-Class, as the case may be) in such election. In the event that fewer than the requisite number of nominees receives a majority vote in the applicable Member Class (or 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.

5.4 Procedures in Election of Committee Members.

5.4.1 The thirty (30) members of the first full Trustees Selection Committee shall be elected in accordance with the provisions of Section 5.3. Pursuant to Section 11.8, the Interim Board of Directors shall cause a meeting of the Members to be held, for the purpose of electing the first full Trustees Selection Committee, not later than ninety (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 eighty percent (80%) of the Members in such Member Class, to hold such meeting of the Members.

5.4.2 The Board of Trustees shall develop such procedures as it deems reasonable and necessary to ensure that the Members in each Member Class are aware of their right to participate in the nomination and election of Trustees Selection Committee members.

5.4.3 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.

5.5 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 5.3, the term of office for each Committee member shall (except as provided in Section 5.6) 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 ten (10) of the Committee members, two years for ten (10) of the Committee members, and three years for ten (10) of the Committee members. 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.

5.6 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 Member Sub-Class, as the case may be) at a duly held meeting of the Members of such Member Class (or Member Sub-Class, as the case may be). The Trustees Selection Committee may remove any Committee member at any time, but only for cause, if at least twenty (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 5.3. A Committee member so elected shall serve for the unexpired term of his or her predecessor. For purposes of this Section 5.6, "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.

5.7 Meetings of the Trustees Selection Committee.

5.7.1 The Trustees Selection Committee shall meet at least once during each fiscal year at such date (not, however, later than one hundred eighty (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 within the RTO West Geographic Area 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.

5.7.2 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 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 Chairperson of the Committee or by any ten (10) Committee members.

5.7.3 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 5.9). Participation in a meeting pursuant to this Subsection shall constitute presence in person at such meeting.

5.7.4 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.

5.7.5 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 5.9), and each written consent of the Trustees Selection Committee or any subcommittee thereof, by posting the same on the RTO West Web Site and at the offices of the Corporation, or by any other reasonable means, within fourteen (14) days after the date on which the meeting was held or the consent was last signed.

5.8 Notice of Committee Meetings.

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

5.8.2 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 5.9) shall be placed on the RTO West Web Site and posted at the offices of the Corporation at least fifteen (15) days prior to the meeting (or the earliest date practicable thereafter) if notice of such meeting has been delivered to the Committee members by

first-class mail, and at least ten (10) days prior to the meeting (or the 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 Web Site 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 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 5.8.2 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.

5.9 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 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 subcommittee thereof shall therefore be entitled to hold closed sessions 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.

5.10 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.

5.11 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.

5.12 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 Committee members then in office shall be the act of the 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 Member Class or Member Sub-Class (as the case may be), Members of the Trustees Selection Committee shall endeavor to select individuals for the Corporations' Board of Trustees who will best accomplish the purposes of RTO West as set forth in Article III.

5.13 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 subcommittees, each consisting of seven or more Committee Members, to serve at the pleasure of the Trustees Selection Committee. Appointments to such subcommittees shall be made annually by a two-thirds vote of the Committee members then in office. Each subcommittee shall have such authority of the Trustees Selection Committee as is delegated by resolution of the Committee, except that no subcommittee, regardless of the Committee resolution, may elect, appoint or remove any member of such subcommittee, any member of the Trustees Selection Committee or any Trustee.

5.14 RTO West Arbitration ADR Committee. The ~~Board of Trustees Selection Committee~~ shall ~~appoint an advisory~~ elect the members of a committee called the ADR RTO West Arbitration Committee, which will monitor and oversee compliance with the provisions of Section 11.6 (Alternative Dispute Resolution). The RTO West Arbitration Committee shall monitor and oversee compliance with the provisions of Section 11.6

(Alternative Dispute Resolution), as well as carry out any other functions designated for it in Section 11.6 or in any other RTO West documents. The RTO West Arbitration Committee shall consist of three members, each of whom shall serve three-year terms (except for initial terms that may be modified as needed to stagger members' terms). The terms of the RTO West Arbitration Committee members shall be staggered, with the initial members' terms (one to be one year, one to be two years, and one to be three years) determined by lot. After electing three initial members, the Trustee Selection Committee shall elect one member of the RTO West Arbitration Committee each year to fill the position of the member whose term is expiring. The Trustees Selection Committee shall endeavor, over the course of continuing RTO West Arbitration Committee terms, to provide for representation on the RTO West Arbitration Committee that is balanced and reflects the Member Classes and stakeholder interests affected by RTO West activities.

ARTICLE VI

BOARD OF TRUSTEES

6.1 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. 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 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.

6.2 Number, Classification and Qualifications of Trustees.

6.2.1 There shall be nine members of the Board of Trustees, as specified in Section 6.3; provided, however, that the Interim Board of Directors shall, as provided in the Articles of Incorporation and Section 6.4.1, have not more than nine nor less than three members.

6.2.2 The members of the Board of Trustees shall be divided into three classes of three members each. As further provided in Section 6.5, 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.

6.2.3 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.

6.2.4 In any election of Trustees, not less than two-thirds of the nominees for election as a Trustee shall be required to have substantial experience as a member of the board of directors or as a chief executive officer, president, chief operating officer, chief financial officer, chief information officer, executive vice president or senior vice president, or a position of equivalent responsibility, of at least one publicly or privately held for-profit or not-for-profit corporation, or government entity having revenues or an operating budget greater than or equal to five percent (5%) of the gross book value of the assets operated by the RTO.

6.3 Election of Board of Trustees.

6.3.1 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.

6.3.2 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 of the following executive search firms to identify qualified Board candidates satisfying the requirements of these bylaws: (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 6.3.2 or (5) any other executive search firm added to this list by the first full or any subsequent Board of Trustees; provided, however, that 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 develop a slate of qualified candidates (including any incumbent Trustees that are standing for re-election) 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) which shall consist of the number of candidates specified by the Trustee Selection Committee (with the minimum to be equal to and the maximum to be twice the number of vacancies to be filled in such election); provided, however, that for purposes of the election of the first full Board of Trustees, such executive search firm or firms shall be required to assemble a slate of 15 qualified candidates a slate of qualified candidates whose number shall be as specified by the Trustees Selection Committee, provided that the slate shall consist of no less than nine and no more than fifteen (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 a Trustee. The executive search firm shall also be instructed to obtain appropriate disclosures by

candidates (covering themselves and Related Persons to such candidates) regarding financial interests 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 candidates with respect to other family relations of the candidates. Such disclosures of qualified candidates shall be made available on a confidential basis to the Trustees 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.

6.3.3 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 5.8. Not less than ten (10) days prior to the meeting date, the Secretary of the Corporation shall, subject to the confidentiality provisions of Section 5.9 and Section 9.4, 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.

6.3.4 The members of the Board of Trustees shall be elected by the affirmative vote of not less than twenty-four (24) of the thirty (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 twenty-four (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 twenty-four (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.

6.4 Procedures in Election of Trustees.

6.4.1 The Interim Board of 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.

6.4.2 The nine members of the first full Board of Trustees shall be elected in accordance with the provisions of Section 6.3. The Interim Board of Directors shall schedule a meeting of the Trustees Selection Committee, to be held not later than thirty (30) days after the election of the first full Trustees Selection Committee pursuant to Section 5.4, for the purpose of electing the first full Board of Trustees.

6.4.3 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.

6.5 Term of Office of Trustees. The members of the Interim Board of 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 6.4.2, the term of office for each Trustee shall (except as provided in Section 6.6) 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.

6.6 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 twenty-four (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 twenty (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 6.3. A Trustee so elected shall serve for the unexpired term of his or her predecessor. For purposes of this Section 6.6, “for cause” shall include, without limitation, a 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 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 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 7.5.6.

6.7 Meetings of the Board of Trustees.

6.7.1 The Board of Trustees shall meet at least six times each fiscal year at such dates, times and places within the RTO West 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.

6.7.2 In addition to the regular meetings of the Board of Trustees, additional regularly scheduled or special meetings shall be held at such times as shall from time to time be fixed by the Chairperson of the Board of Trustees. Special meetings of the Board of Trustees for any purpose or purposes may be called at any time by the President of the Corporation or by any three Trustees.

6.7.3 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 6.9). Participation in a meeting pursuant to this Subsection shall constitute presence in person at such meeting.

6.7.4 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.

6.7.5 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 6.9), and each written consent of the Board of Trustees or any committee thereof, by posting the same on the RTO West Web Site and at the offices of the Corporation, or by any other reasonable means, within fifteen (15) days after the date on which the meeting was held or the consent was last signed.

6.8 Notice of Board of Trustees Meetings.

6.8.1 Notice of regularly scheduled and special meetings shall be given to the Trustees not less than ten (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.

6.8.2 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 6.9) shall be placed on the RTO West Web Site and posted at the offices of the Corporation at least ten (10) days prior to the meeting (or the soonest date practicable thereafter) if notice of such meeting has been delivered to the Trustees by first-class mail and at least five 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 Web Site 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 7.5.3 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 6.8.2 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.

6.9 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. Subject to such procedural restrictions as may be reasonably imposed by the Board of Trustees, Members shall have the right to address the Board of Trustees at all regular or special meetings of the Board. 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, 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 7.5.3. 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.

6.10 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.

6.11 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.

6.12 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.

6.13 Individuals Who Are Prohibited from Serving as Trustees.

6.13.1 Prohibited Individuals. Except as set forth in Section 6.13.2, 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):

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

Coordinator (or any Affiliate of any of such Persons); provided, however, that such individual (or 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

(b) is connected as an owner, director, officer, employee, partner, principal or in any similar capacity to a Market Participant, Member or Scheduling Coordinator (or any Affiliate of any of such Persons).

6.13.2 Exceptions.

(a) An individual shall not be deemed to be in violation of the restrictions set forth in Section 6.13.1 and shall not be prohibited from serving as Trustee merely because such individual (or any Related Person of such individual):

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

(ii) continues his or her pre-existing participation in a qualified defined benefits pension plan or health benefits plan of a Market Participant, Member 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.

(b) Notwithstanding the provisions of Section 6.13.1, a Trustee (or any Related Person of such Trustee) 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 Trustee's initial election to the Board of Trustees, and (ii) petition (or the Corporation, on behalf of any such individual (or Related Person of any such individual), may petition) FERC for (A) an exception to the foregoing prohibition on holding any such financial interest or (B) 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.

6.14 Continuing Restrictions on Ex-Trustees.

6.14.1 Except as set forth in Section 6.14.2, during the period of one hundred eighty (180) consecutive days following the date on which an individual ceases to be a Trustee:

(a) neither such individual nor any Related Person of such individual may have or acquire a direct or indirect financial interest in a Market Participant, Member or Scheduling Coordinator (or any Affiliate of any of such Persons); provided, however, that such individual (or 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 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);

(b) neither such individual nor any Related Person of such individual:

(i) may be or become connected as an owner, director, officer, employee, partner, principal or in any similar capacity to a Market Participant, Member or Scheduling Coordinator (or any Affiliate of any of such Persons); or

(ii) receive in such person's individual capacity an amount in excess of 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 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).

(c) 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 of income or other benefits for purposes of this restriction.

6.14.2 Exceptions. An individual shall not be deemed to be in violation of the restrictions set forth in Section 6.14.1 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 Participant, Member 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.

6.15 Standard of Care.

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

6.15.2 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:

(a) the Board Advisory Committee or any other advisory committee established by the Board of Trustees pursuant to Section 7.2 of these bylaws;

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

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

(d) a committee of the Board of Trustees upon which the Trustee does not serve, duly designated in accordance with a provision in the Articles of Incorporation or these bylaws, 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.

6.15.3 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.

6.15.4 The Board of Trustees shall develop and implement policies, designed to ensure independence from Market Participants, regarding the ownership of securities of suppliers of the Corporation or of other financial interest relating to 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 6.15.4 and to determine whether the officers and employees of the Corporation are in compliance with the Code of Conduct established pursuant to Section 8.14. Each Trustee, officer and other employee of the Corporation as may be designated pursuant to policies established by the Board of Trustees shall file an annual compliance affidavit with 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 6.15.4. 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 by the same in strict confidence.

6.16 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.

6.17 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.

6.18 Compensation.

6.18.1 Trustees (with the exception of the members of the Interim Board of 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; provided, however, that the total compensation for each Trustee pursuant to this Section 6.18 shall not exceed \$120,000 in any calendar year. 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 6.18 to modify 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.

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

ARTICLE VII

COMMITTEES OF THE BOARD OF TRUSTEES; BOARD ADVISORY COMMITTEE

7.1 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 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:

7.1.1 Elect, appoint or remove any member of such committee, any Trustee or any officer of the Corporation;

7.1.2 Appoint any other committees of the Board of Trustees or the members of any such committees;

7.1.3 Fix compensation of Trustees for serving on the Board of Trustees or any committee;

7.1.4 Amend, alter or repeal these bylaws, or adopt new bylaws, or amend the Articles of Incorporation;

7.1.5 Amend, alter or repeal any resolution of the Board of Trustees;

7.1.6 Adopt a plan of merger or consolidation;

7.1.7 Authorize the sale, lease, exchange, mortgage or pledge of all or substantially all of the property or the assets of the Corporation; or

7.1.8 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.

7.2 Audit Committee.

7.2.1 There shall be an Audit Committee of the Board of Trustees consisting of three or more Trustees elected by the Board of Trustees.

7.2.2 The Audit Committee shall have no powers of the Board of Trustees but shall serve in an advisory capacity by reviewing (i) the Corporation's annual independent financial audit and preparing a report for the Board of Trustees, (ii) the Corporation's program for compliance with laws and regulations, and (iii) the financial controls in the business practices of the Corporation. In addition, the Audit Committee shall monitor compliance with the 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.

7.3 Human Resources Committee.

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

7.3.2 The Human Resources Committee 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.

7.4 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.

~~1.5 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 11.6 (Alternative Dispute Resolution).~~

7.5 Board Advisory Committee.

7.5.1 The Corporation shall have a Board Advisory Committee to provide advice to the Board of Trustees on Board decisions and 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 and participation in the Board Advisory Committee.

7.5.2 The Board Advisory Committee shall advise the Board of Trustees on additions and revisions to the Corporation's rules and protocols, tariffs, reliability and operating standards, other technical matters, and other matters of concern to members of the Board Advisory Committee. The Board Advisory Committee may advise the Board of Trustees concerning any other issues relating to the Corporation, and may consider issues referred for the 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 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.

7.5.3 Except in the case of emergency as declared by the Board of Trustees, the Board Advisory Committee shall have the opportunity to advise the Board of Trustees concerning the following matters prior to any final action thereon by the Board of Trustees: (i) any proposed amendment or modification to the RTO West Tariff (including any proposed amendment or modification to the Corporation's rates or revenue requirements); (ii) any proposed amendment or modification to the forms of the Transmission Operating Agreement, Generation Integration Agreement, Load Integration Agreement or Scheduling Coordinator Agreement; (iii) RTO Transmission System planning matters; ~~and~~ (iv) the annual budget of the Corporation (including potential budget reductions and financial controls when a proposed budget materially exceeds the expenses for the prior audited fiscal year); and (v) any proposed measures to implement market power or price mitigation. Such opportunity shall be afforded through notice to the Board Advisory Committee of any such proposed action not less than thirty (30) days prior to any final action thereon by the Board of Trustees; provided, however, that the Board of Trustees shall endeavor to provide the annual budget to the Board Advisory Committee at least ninety (90) days prior to any final action thereon by the Board of Trustees. Notice of all matters on which the Board Advisory Committee shall have the opportunity to advise the board of Trustees pursuant to this Section 7.5.3 shall be posted

on the RTO West Web Site [and sent, not less than thirty \(30\) days before any final action, to each member of the public who has requested notice of Member meetings under Section 4.5.2](#), for the purpose of allowing public comment and advice by the Board Advisory Committee. All public comments shall be provided to the Board Advisory Committee.

7.5.4 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.

7.5.5 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 accompanied by the name of each Committee member who or which supports the advice provided in such paper.

7.5.6 The Board Advisory Committee shall select a Chairperson and a ViceChairperson 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, advance notice of which shall be provided to other members of the Board Advisory Committee to afford them an opportunity to attend.

7.5.7 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).

7.5.8 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.

7.5.9 Notwithstanding any provision of this Section 7.5, the existence of the Board Advisory Committee, and any action or failure to act by the Board Advisory Committee or any member thereof, shall not prevent any Member from appearing before, or being heard on any matter before, the Board of Trustees.

7.6 Meetings. Regular and special meetings of committees of the Board of Trustees and 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 6.7.3-6.7.5, 6.8-6.12 and 6.17 concerning meetings of the Board of Trustees; provided, however, that the provisions of Section 6.12 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 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 applicable advisory committee. Minutes of each meeting of any committee (with the exception of closed sessions held pursuant to Section 6.9) 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

8.1 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.

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

8.3 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.

8.4 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.

8.5 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.

8.6 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.

8.7 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 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.

8.8 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.

8.9 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.

8.10 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.

8.11 Compensation; Prohibition Against Loans.

8.11.1 Compensation of the officers shall be determined by the Board of Trustees; provided, however, that the Board of Trustees shall ~~link-condition~~ payment of a substantial portion of compensation for officers, managers, and ~~for~~ such other employees of the Corporation as the Board of Trustees shall deem appropriate, to successful implementation of cost management and other performance goals of the Corporation.

8.11.2 The Corporation shall not make any loan of money or property to or guarantee the obligation of any officer or Related Person; 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.

8.12 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.

8.13 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.

8.14 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 such 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

9.1 Records Available for Inspection.

9.1.1 The Corporation shall keep or cause to be kept at its principal office in the state of Washington the following records:

- (a) 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.
- (b) A copy of these bylaws, as amended, duly certified by the Secretary of the Corporation.
- (c) A record of Members, including the name, address and Member Class of each Member.
- (d) Correct and adequate records of accounts and finances.
- (e) A record of officers' and directors' names and addresses.

(f) Minutes of all meetings of the Members and of all meetings of the Board of Trustees and each committee thereof (other than closed sessions held pursuant to the applicable provisions of these bylaws).

(g) The records kept pursuant to this Section 9.1 shall be open at any reasonable time to inspection by any Member. Such records may be written, or electronic if capable of being converted to writing.

9.2 Annual Report.

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

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

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

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

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

(e) 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 persons' interest in the transaction and, where practicable, the amount of such interest; and

(f) 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.

9.2.2 Such financial statements shall be accompanied by a report thereon of independent accountants.

9.2.3 [The annual report shall also include specific descriptions of actual performance results in terms of RTO cost management and other performance targets adopted by the Board.](#)

9.2.4 A report including the financial statements [and performance results](#) prescribed above shall be furnished annually to all Trustees and Members and be made available to the general public.

9.3 Quarterly Report. As soon as reasonably practicable after the close of each quarter, quarterly financial statements of the Corporation shall be prepared in accordance with generally accepted accounting principles and requirements of FERC. [The quarterly financial reports will include a thorough comparison to the budget adopted by the Board of Trustees. In addition, the quarterly report will include a status report on accomplishing the performance targets adopted by the Board of Trustees.](#) A report of all such quarterly financial statements shall be furnished to all Trustees and Members, and made available to the general public, reasonably promptly after the completion of such financial statements.

9.4 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; 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 Web Site, minutes of public meetings of the Board of Trustees, and nonconfidential business records of the Corporation.

9.5 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

10.1 Definitions. As used in this Article X:

10.1.1 “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.

10.1.2 “Corporation” means this Corporation, and any domestic or foreign predecessor entity which, in a merger or other transaction, ceased to exist.

10.1.3 “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.

10.1.4 “Expenses” include attorneys’ fees.

10.1.5 “Indemnitee” means an individual made a party to a proceeding because the individual is or was a Trustee, Officer, Employee or Agent of the Corporation, and who possesses indemnification rights pursuant to the Articles of Incorporation, these bylaws or other corporate action. “Indemnitee” shall also include the heirs, executors, and other successors in interest of such individuals.

10.1.6 “Liability” means the obligation to pay a judgment, a settlement, a penalty, a fine (including an excise tax assessed with respect to an employee benefit plan) or reasonable expenses incurred with respect to a proceeding.

10.1.7 “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.

10.1.8 “Party” includes an individual who was, is or is threatened to be named a defendant or respondent in a Proceeding.

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

10.1.10 “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 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. “Trustee” includes, unless the context requires otherwise, the estate or personal representative of a Trustee.

10.2 Indemnification Rights of Trustees and Officers. The Corporation shall indemnify its Trustees and Officers to the full extent permitted by applicable law as then in effect against liability arising out of a Proceeding to which such individual was made a party because the individual is or was a Trustee or Officer of the Corporation. The

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

10.3 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.

10.4 Procedure for Seeking Indemnification and/or Advancement of Expenses.

10.4.1 Notification and Defense of Claim.

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

(b) With respect to any such proceeding as to which Indemnitee has so notified the Corporation:

(i) The Corporation will be entitled to participate therein at its own expense; and

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

(c) After notice from the Corporation to Indemnitee of its election to assume the defense, the Corporation will not be liable to Indemnitee under this Article X for any legal or other expenses subsequently incurred by Indemnitee in connection with such defense. However, Indemnitee shall continue to have the right to employ its counsel in such proceeding, at Indemnitee's expense; and if:

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

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

(iii) 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.

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

10.4.2 Information To Be Submitted and Method of Determination and Authorization of Indemnification.

(a) For the purpose of pursuing rights to indemnification under this Article X, 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 constitute an "Indemnification Statement").

(b) Submission of an Indemnification Statement to the Board shall create a presumption that Indemnitee is entitled to indemnification hereunder, and the Corporation shall, within sixty (60) days thereafter, make the payments requested in the Indemnification Statement to or for the benefit of Indemnitee, unless: (1) within such sixty- (60-) day period it shall be determined by the Corporation that Indemnitee is not entitled to indemnification under this Article X; (2) such vote shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption); and (3) Indemnitee shall receive notice in writing of such determination, which notice shall disclose with particularity the evidence upon which the determination is based.

(c) 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.

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

10.4.3 Special Procedure Regarding Advance for Expenses.

(a) 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:

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

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

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

10.4.4 Settlement. The Corporation is not liable to indemnify Indemnitee for any amounts paid in settlement of any proceeding without the Corporation's written consent. The Corporation shall not settle any proceeding in any manner 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.

10.5 Contract and Related Rights.

10.5.1 Contract Rights. The right of an Indemnitee to indemnification and advancement of expenses is a contract right upon which Indemnitee shall be presumed to have relied in determining to serve or to continue to serve in his or her capacity with the Corporation. Such right shall continue as long as Indemnitee shall be subject to any possible proceeding. Any amendment to or repeal of this Article X 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.

10.5.2 Optional Insurance, Contracts and Funding. The Corporation may:

(a) 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;

(b) Enter into contracts with any Indemnitee in furtherance of this Article X and consistent with applicable law; and

(c) 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 X.

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

10.5.4 Right of Indemnitee To Bring Suit. If (i) a claim under this Article X for indemnification is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation or (ii) a claim under this Article X for advancement of expenses is not paid in full by the Corporation within twenty (20) days after a written claim has been received by the Corporation, then Indemnitee may, but need not, at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. To the extent successful in whole or in part, Indemnitee shall be entitled to also be paid the expense (to be proportionately prorated if Indemnitee is only partially successful) of prosecuting such claim.

10.5.5 Neither: (i) the failure of the Corporation (including its Board of Trustees or independent legal counsel) to have made a determination prior to the commencement of such proceeding that indemnification or reimbursement or advancement of expenses to Indemnitee is proper in the circumstances nor (ii) an actual determination by the Corporation (including its Board of Trustees or independent legal counsel) that Indemnitee is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the proceeding or create a presumption that Indemnitee is not so entitled.

10.6 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:

10.6.1 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.

10.6.2 Lack of Good Faith. Instituted by Indemnitee to enforce or interpret Article X, 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.

10.6.3 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.

10.6.4 Prohibited by Law. If the Corporation is prohibited by 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

11.1 Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

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

11.3 Amendment of Bylaws.

11.3.1 These bylaws and the exhibits hereto (with the exception of the provisions listed in Section 11.3.2) 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 thirty (30) days’ notice of any vote on amending these bylaws.

11.3.2 The provisions of Article III relating to the powers of the Corporation, the provisions of Sections 4.1-4.9 and Section 5.3 relating to the qualifications and rights of Members, the provisions of Section 6.2 relating to the qualifications of nominees to the Board of Trustees, the provisions of Section 7.5 relating to the Board Advisory Committee, the provisions of Article IX relating to the records of the Corporation, the provisions of Section 11.3.1 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 5.3 relating to the qualifications and voting rights of Members of any 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 Member Sub-Class at a duly held meeting of the Members in such Member Sub-Class. All Members must receive at least thirty (30) days’ notice of any vote on any proposed amendment of any of such provisions.

11.4 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 U.S. or Canadian mail, with first-class postage thereon prepaid. Notices delivered in person shall be effective upon delivery, and notices sent by facsimile or electronic mail shall be effective upon completion of successful transmission. Any Person may change the address to which notices should be sent by giving notice of such change to the Secretary of the Corporation in accordance with the requirements of this Section 11.4.

11.5 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.

11.6 Alternative Dispute Resolution.

11.6.1 Disagreements arising under these bylaws shall be resolved in accordance with the alternative dispute resolution process described in Exhibit C.

11.6.2 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, [with the objective to achieve a consistent dispute resolution process governing all of the Corporation's activities, contracts \(including charter documents\) and agreements.](#)

11.6.3 [The Corporation shall endeavor to include in any RTO West Tariff \(and to make all terms of any RTO West Tariff subject to\) an alternative dispute resolution process consistent with the provisions in Exhibit C.](#)

11.7 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 in accordance with the Articles of Incorporation.

11.8 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 6.3 and taken office, any action required by these bylaws to be taken by the Board of Trustees under or in connection with Section 4.4 or Sections 6.3 and 6.4 shall, and any action permitted by these bylaws to be taken by the Board of Trustees under or in connection with Section 4.4 or Sections 6.3 and 6.4, may be taken by the Interim Board of Directors

of the Corporation. Until such time as the members of the first full Board of Trustees have been elected, taken office and 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 4.4 or Sections 6.3 and 6.4 shall, and any action permitted by these bylaws to be taken by the Secretary of the Corporation under or in connection with Section 4.4 or Sections 6.3 and 6.4 may, be taken by an interim Secretary of the Corporation appointed by the Interim Board of Directors. In addition, the Interim Board of Directors is authorized to hire and contract for such other interim personnel to perform organizational tasks, conduct studies and perform such other activities as the Interim Board of Directors determines are appropriate to prepare the Corporation to assume operational control of Transmission Facilities in the RTO West Geographical Region; provided, however, that such tasks, studies and activities shall be performed so as not to prejudice the independent decision-making authority or options available to the full independent RTO Board of Trustees, provided, however, that notice of the hiring of any such interim secretary or other personnel and the purpose therefore shall be promptly posted on the RTO West Web Site.

EXHIBIT A

EMPLOYEES CODE OF CONDUCT

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

I. DEFINITIONS. For purposes of this Code of Conduct, the following terms and definitions shall apply:

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 this Code of Conduct, in determining whether one Person controls another Person: (i) without limitation, the direct or indirect ownership or control of or power to vote five percent (5%) or more of the outstanding voting securities of a corporation shall be deemed to constitute control of such corporation; provided, however, that in the case of any Person that owns an interest in an Independent Transmission Company, such Person and the Independent Transmission Company shall not be considered Affiliates; (ii) members of any cooperative corporation shall not, merely by virtue of membership in such corporation, be deemed to be Affiliates of each other or of the cooperative corporation; (iii) 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; (iv) separate agencies of a state or of the federal government shall not be considered Affiliates, regardless of any commonality of political control; (v) 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 (vi) 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 thereto.

E. “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 FERC, 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.

I. “Related Person” of an individual means the spouse and dependent children of such individual.

J. “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 for-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 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 their 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, Corporate Personnel 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, nor any Related Person of any Corporate Personnel, may act as a marketer or broker in connection with any power or energy sale or purchase.

2. No Corporate Personnel, nor any Related Person of any 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, nor any Related Person of such Corporate Personnel, may be connected as an owner, a director, any

officer, an employee, an attorney, a partner or a principal of, or a substantially full-time consultant or contractor to, any Market Participant.

4. No Corporate Personnel, nor any Related Person of any Corporate Personnel 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 (i) hold such a financial interest for a period not to exceed six months following their becoming Corporate Personnel and (ii) petition (or the Corporation, on behalf of any such individual, may petition) FERC for (a) an exception to the foregoing prohibition on holding any such financial interest or (b) 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 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 Any Related Person of any 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) FERC for (a) an exception to the foregoing prohibition on holding any such financial interest or (b) an extension of time to dispose of any such financial interest (in either case, however, 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 FERC may grant if 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):

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

(ii) continues his or her pre-existing participation in a qualified defined benefits pension plan or health benefit 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 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 nondiscriminatory basis.

2. If discretion is exercised 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 nondiscriminatory 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 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 §§ 37.1-37.4, as amended, or any successor law thereto, relating to Standards of Conduct for Public Utilities.

2. Neither the Corporation nor its officers or employees shall at any time use nonpublic 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 (i) entertainment such as food, refreshments and entertainment in the course of a luncheon, theater event, sports event or social event, and (ii) noncash 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 shall not use their position, authority or influence with the Corporation for the purpose of affecting the result of an election or a nomination for a party 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 Corporation's 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 of the Corporation.

E. Employee Movement. Notices shall be posted on the RTO West Web Site of any Corporate Personnel engaged in transmission and/or reliability functions who retires, resigns, is terminated or is transferred. The posted information shall include the name of such Corporate Personnel, the title of such Corporate Personnel while performing service for RTO West, and the effective date of the retirement, resignation, termination or transfer.

1. If RTO West hires an employee who worked for a Market Participant during the twelve- (12-) month period prior to the hiring, notice of such hiring will be posted on the RTO West Web Site. The posted information shall include the name of the employee, the identity of the Market Participant, the title of the employee while performing service for the Market Participant and the effective date of the hiring.

2. RTO West will exercise due diligence to ensure that if a Market Participant hires an employee who worked for RTO West during the twelve- (12-) month period prior to the hiring, notice of such hiring will be posted on the RTO West Web Site. The posted information shall

include, to the full extent available, the name of the employee, the title of the employee while performing service for RTO West, the identity of the Market Participant and the effective date of the hiring.

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 directly or indirectly involved 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 and definitions shall apply:

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 this Code of Conduct, in determining whether one Person controls another Person: (i) without limitation, the direct or indirect ownership or control of or power to vote five percent (5%) or more of the outstanding voting securities of a corporation shall be deemed to constitute control of such corporation; provided, however, that in the case of any Person that owns an interest in an Independent Transmission Company, such Person and the Independent Transmission Company shall not be considered Affiliates; (ii) members of any cooperative corporation shall not, merely by virtue of membership in such corporation, be deemed to be Affiliates of each other or of the cooperative corporation; (iii) 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; (iv) separate agencies of a state or of the federal government shall not be considered Affiliates, regardless of any commonality of political control; (v) 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 (vi) 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 thereto.

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 FERC, which company has divested its electric transmission system.

D. "Market Entity" means any Market Participant, Member or Scheduling Coordinator, or any Affiliate of any Market Participant, Member or Scheduling Coordinator.

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.

H. “Related Person” of an individual means 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 for-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 the Trustee's judgment or conduct in carrying out his or her 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 §§ 37.1-37.4, as amended, or any successor law thereto, 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 act as a marketer or broker in connection with a power or energy sale or purchase.

3. Except to the extent necessary to carry out the Corporation's functions, no Trustee, nor any Related Person of any Trustee, may purchase electricity (except for ordinary personal or unrelated business purposes) or sell electricity.

4. No Trustee, nor any Related Person of any Trustee, may be connected as an owner, a director, an officer, an employee, an attorney, a partner or a principal of, or a substantially full-time consultant or contractor to, any Market Entity.

5. No Trustee, nor 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).

6. Notwithstanding the provisions of Section 4 above, a Trustee (or any Related Person of a Trustee) who holds a financial interest in a Market Entity may (i) hold such a financial interest for a period not to exceed six months following such Trustee's election, and (ii) petition (or the Corporation, on behalf of any such individual, may petition) FERC for (a) an exception to the foregoing prohibition on holding any such financial interest or (b) 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.

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):

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

(ii) continues his or her pre-existing participation in a qualified defined benefit pension plan or health benefit 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.

8. 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.

9. 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 (i) entertainment such as food, refreshments and entertainment in the course of a luncheon, theater event, sports event or social event and (ii) 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.

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

11. 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 of the Corporation.

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 to proceed with the transaction. If the transaction is sufficiently material to require action by the Board of Trustees 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. 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

C1. Dispute Resolution.

C1.1 Applicability.

C1.1.1 General Applicability. The provisions of this Section C1 (the “RTO West bylaws Dispute Resolution Provisions”) shall apply to all disputes that arise under these bylaws (as outlined in Section 11.6 of these bylaws) and any contracts and agreements to which the Corporation is a party (as outlined in Section 11.6.2 of these bylaws), (hereinafter, collectively, these “Bylaws or RTO West Contracts”), except as limited by law (including the rights of any party to file a complaint with FERC under the relevant provisions of the FPA).

C1.1.2 Injunctive Relief. Where a court so determines, use of the procedures under the RTO West Bylaws Dispute Resolution Provisions shall not be a condition precedent to a court action for injunctive relief.

C1.2 Initiation of Arbitration.

C1.2.1 Demand for Arbitration. A Party¹ may initiate arbitration by serving its demand for arbitration on the other disputing Parties and the RTO West Arbitration Committee, which shall publish notice of the demand on the RTO West Web Site and by any other method the RTO West Arbitration Committee specifies.

C1.2.2 Statement of Claim. Absent an agreement, the Party(ies) shall, within fifteen (15) days after serving an arbitration demand under Section C1.2.1, serve a written statement of claim to each other disputing Party and the RTO West Arbitration Committee, which shall initiate the process specified in the RTO West Bylaws Dispute Resolution Provisions. The Parties may agree to delay the commencement of arbitration to attempt to resolve their dispute through good-faith negotiations or mediation or for any other reason. The statement of claim shall set forth in reasonable detail (i) each claim, (ii) the relief sought, (iii) a summary of the grounds for such relief and the basis for each claim, and (iv) the Parties to the dispute. Each other Party to the dispute shall deliver its response (including identification of any additional necessary Parties) within fifteen (15) days following receipt of the initial statement of claim or such longer period as the Parties agree or the RTO West Arbitration Committee may permit following an application by the responding Party. If any responding Party wishes to submit a counterclaim with its response to the initial statement of claim, the responding Party shall

¹ “Party” and “Parties” definitions to be developed.

include the counterclaim in its response. Where a responding Party includes a counterclaim the initiating Party may respond to that counterclaim within fifteen (15) days following receipt of the counterclaim. Any Party named in a statement of claim that does not respond to the claim within the period specified in this Section C1.2.2 shall be deemed to have denied each claim against it. RTO West shall publish the statements of claim, the responses and any counterclaims on the RTO West Web Site and by any other method the RTO West Arbitration Committee specifies.

C1.3 Arbitration Process.

C1.3.1 Selection of Arbitrator.

C1.3.1.1 Selection of a Single Arbitrator. Within ten (10) days following submission of responding Parties' responses and counterclaims, the Parties shall select an arbitrator familiar with and knowledgeable about electric utility matters, including electric transmission and bulk power issues and related regulatory requirements. If the Parties cannot agree upon an arbitrator, or do not agree on a means of selecting an arbitrator that differs from that set forth in this Section C1.3.1, the Parties shall take turns striking names from a list of ten (10) qualified individuals supplied by the RTO West Arbitration Committee from its standing list, 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 (or, if a Party objects to the arbitrator serving on the basis of a disclosure under Section C1.3.2.1 within five (5) days of that disclosure), the individual last stricken from the list shall be designated and the process repeated until an individual is selected who is able and willing to serve. If a Party issuing or named in a statement of claim served under Section C1.2.2 does not participate in the selection of an arbitrator within the time period specified under this Section C1.3.1.1, the remaining Parties have the right to select the arbitrator without that Party.

C1.3.1.2 Party Option to Obtain Three Arbitrator Panel. As an alternative to selecting one arbitrator under Section C1.3.1.1, any Party may elect to constitute a three- (3-) member arbitration panel, and the other Party or Parties shall cooperate in the selection of the panel, subject to the following conditions:

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

(b) Each arbitrator shall be subject to the requirements of Section C1.3.2.

(c) Unless otherwise agreed by the Parties, the three arbitrators shall be selected in the following manner: (i) the RTO West Arbitration Committee shall provide to the Parties a list of fifteen (15) qualified individuals from its standing list; (ii) the Parties shall take turns striking names from the list, with a Party chosen by lot first striking a name; and (iii) the three (3) remaining names not stricken shall constitute the arbitration panel.

(d) The arbitration panel shall decide all matters by majority vote.

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

C1.3.1.3 Communication with Candidates to Serve as Arbitrator. No Party and no one acting on behalf of any Party shall communicate on any matter relating to the dispute, including selection of an arbitrator, with any potential arbitrator identified on the list provided by the RTO West Arbitration Committee, except that RTO West staff, under the direction of the RTO West Arbitration Committee, may communicate with potential arbitrators concerning arrangements for an arbitration.

C1.3.1.4 Arbitrator’s Jurisdiction. The arbitrator shall have the power to determine whether a dispute is subject to arbitration pursuant to the RTO West Bylaws Dispute Resolution Provisions.

C1.3.2 Disclosures Required of Arbitrators.

C1.3.2.1 Initial Disclosure Obligation. The selected arbitrator shall be required to disclose to the Parties any direct financial or personal interest in the outcome of the arbitration. The arbitrator shall be required to disclose to the Parties any additional interests, relationships, facts or circumstances including:

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

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

(c) any family or personal relationship if they are likely to affect the arbitrator’s impartiality or might reasonably create an

appearance of bias. All arbitrators shall make a reasonable effort to inform themselves of any interests or relationships described above.

C1.3.2.2 Ongoing Disclosure Obligations. The obligation to make disclosure in accordance with Section C1.3.2.1 is a continuing duty. If, after initiation of an arbitration under the RTO West Bylaws Dispute Resolution Provisions, the arbitrator must make a disclosure in accordance with Section C1.3.2.1, the arbitrator shall, at the time of disclosure, determine whether the information disclosed is grounds to disqualify the arbitrator from continuing with the arbitration. If the arbitrator determines that he or she is disqualified from continuing with the arbitration, the Parties shall select a new arbitrator in accordance with Section C1.3.1.

C1.3.3 Arbitration Procedures.

C1.3.3.1 Procedural Rules. The RTO West Arbitration Committee shall adopt Arbitration Procedural Rules consistent with the RTO West Bylaws Dispute Resolution Provisions. The RTO West Arbitration Committee may modify the Arbitration Procedural Rules from time to time. In any case where there is a conflict between the Arbitration Procedural Rules and the RTO West Bylaws Dispute Resolution Provisions, the RTO West Bylaws Dispute Resolution Provisions shall govern. The arbitrator shall conduct the arbitration in accordance with the RTO West Bylaws Dispute Resolution Provisions and the Arbitration Procedural Rules, except as provided in Section C1.3.4.

C1.3.3.2 Communication with Arbitrator. Except by agreement of or in the presence of all Parties, no Party or Participant and no one acting on behalf of any Party or Participant shall communicate with the arbitrator concerning the arbitration outside of scheduled proceedings. Unless the Parties agree otherwise or the arbitrator so directs, any written or electronic communication from any Party or Participant to the arbitrator shall also be sent to all other Parties and Participants and to the RTO West Arbitration Committee.

C1.3.4 Modification of Arbitration Procedures. The Parties may, by agreement of all the Parties, modify the application of the Arbitration Procedural Rules for purposes of their specific dispute. Except where the terms of the RTO West Bylaws Dispute Resolution Provisions specifically provide otherwise, the Parties may not agree to modify any of the provisions set forth in the RTO West Bylaws Dispute Resolution Provisions.

C1.3.5 Rights Relating to Intervention.

C1.3.5.1 Time for Intervention. RTO West, any Canadian grid operating entity, or any Eligible Customer not named as a Party in a statement of claim initiating an arbitration as provided in Section C1.2.2 or in a counterclaim submitted in response thereto may apply to intervene in the arbitration as a Party or

Participant within thirty (30) days from publication of the statement of claim. Any Member that is not an Eligible Customer and is not named as a Party in a statement of claim initiating an arbitration as provided in Section C1.2.2 or in a counterclaim submitted in response thereto may apply to intervene in the arbitration as a Participant within thirty (30) days from publication of the statement of claim. Late intervention may be permitted in the arbitrator's discretion for good cause shown. Any intervening Party or Participant must (i) accept the record as established prior to the intervention, including any procedural or substantive rulings or orders, (ii) proceed in accordance with any established schedule, and (iii) pay a share of the costs of arbitration as determined by the arbitrator taking into account, among other things, the differing procedural rights of Parties and Participants and the stage of the arbitration when intervention is sought. In addition, any late-intervening Party or Participant must not cause a conflict of interest for the arbitrator objectionable to any existing Party.

C1.3.5.2 Application and Order. An application to intervene shall be served on the parties and the RTO West Arbitration Committee. Any such application shall state whether intervention is sought as a Party or a Participant and shall demonstrate the applicant's satisfaction of the criteria stated in Section C1.3.5.4 below. Any objection by a Party to the intervention request must be filed with the arbitrator, if an arbitrator has been selected, and served upon the applicant, the Parties and the RTO West Arbitration Committee, within ten (10) days of service of the application. Promptly upon selection of the arbitrator pursuant to Section C1.3.1, the arbitrator will issue an order determining whether, based upon the criteria established by Section C1.3.5.4 below, any applicant that has timely filed an application pursuant to Section C1.3.5.1 may intervene in the arbitration.

C1.3.5.3 Intervenor Status and Rights of an Intervening Party. The arbitrator, in an order responding to an application to intervene, shall, upon the requisite showing as established by Section C1.3.5.4 below, grant Party status to RTO West, a Canadian grid operating entity, or an Eligible Customer with full rights and responsibilities in relation to all other Parties, provided that the arbitrator may condition Party status as necessary to assure that the rights of other Parties are not unduly prejudiced or that the arbitration is not unduly delayed. Alternatively, the arbitrator's order responding to an application to intervene may grant Participant status to RTO West, a Canadian grid operating entity, an Eligible Customer, or a Member upon the requisite showing as established by Section C1.3.5.4 below. If intervention is granted to an applicant as a Participant only, the arbitrator's order shall contain any limitations on participation additional to those stated in Section C1.3.5.5 below. The arbitrator shall deny all other applications for intervention.

C1.3.5.4 Requisite Showing. Subject to the provisions of Sections C1.3.5.1 and C1.3.5.3,

(A) RTO West, a Canadian grid operating entity, or an Eligible Customer shall be permitted to intervene as a Party upon a showing that:

(i) the applicant has an interest relating to the property or the transaction that is the subject of the arbitration;

(ii) the applicant is so situated that the disposition of the matter subject to arbitration may as a practical matter impair or impede the applicant's ability to protect that interest; and

(iii) no existing Party adequately represents the applicant's interest; and

(B) any person eligible to apply for Party status that does not satisfy the requirements of subsection (A) above or any Member that is not an Eligible Customer shall be permitted to intervene as a Participant upon a showing that it has a commercial or other material interest in the issues raised or outcome of the proceeding.

C1.3.5.5 Participants' Rights. Subject to further limitations imposed by the arbitrator as may be required to assure that the rights of Parties or other Participants are not unduly prejudiced or that the arbitration is not unduly delayed, and except as provided in Section C1.3.5.6 below, Participants' rights to participate in the arbitration shall be only as specified in this Section C1.3.5.5. Participants:

(a) must be timely served by the Parties with copies of all pleadings;

(b) have the right to file written post-hearing comments; and

(c) may attend hearings conducted by the arbitrator, but shall not otherwise participate in the hearings except as provided in Section C1.3.5.6 below.

Participants must serve their comments upon each Party and Participant according to a procedural schedule to be established by the arbitrator, which shall include a reasonable opportunity for Parties to respond to comments filed by Participants. Participants' comments may be considered by the arbitrator in reaching decision on any issue; provided, however, that comments shall not constitute evidence in the proceeding except to the extent they contain information that, in the arbitrator's opinion, is within the scope of judicial notice.

C1.3.5.6 Additional Participants' Rights. For good cause shown, the arbitrator may allow one or more of the Participants, or designated groups of Participants with common interests to: (i) file expert testimony on one or more specifically identified discrete issues; (ii) cross-examine one or more witnesses on such issue(s); (iii) submit briefs on such issue(s); and (iv) participate in oral argument on such

issue(s). Any such expert testimony or testimony obtained by cross-examination shall be treated as evidence on the same basis as the Parties' testimony. As used in this Section C1.3.5.6, "good cause" means that

(a) the Participant(s) has made a showing that its interests are likely to be adversely affected by the resolution of an issue in a manner advocated by a Party;

(b) no Party's interest is reasonably aligned with the Participant(s) interest;

(c) the Participant(s) will present evidence or argument helpful to the determination of an issue;

(d) the Participant(s) agrees to pay an increased share of the arbitration costs as mutually agreed by the Participant(s) and Parties or as determined by the arbitrator at the conclusion of the arbitration; and

(e) the Participant(s)' additional participation will not expand the scope of or unduly delay the proceedings.

C1.3.6 Timetable. Promptly after the appointment of the arbitrator, the arbitrator shall set a date for the issuance of the arbitration decision, which shall be no later than six (6) months (or such later date as the Parties and the arbitrator may agree) from the date of the appointment of the arbitrator, with other dates, including the dates for an evidentiary hearing or other final submissions of evidence, set in light of this date. The Parties may, by agreement, modify any dates set by the arbitrator (other than the maximum time allowed for issuance of the arbitration decision). The arbitrator shall not change the date for the evidentiary hearing or other final submissions of evidence absent extraordinary circumstances. The arbitrator shall have the power to impose sanctions, including imposition of costs and dismissal of the proceeding, for dilatory tactics or undue delay in completing the arbitration proceedings.

C1.3.7 Discovery Procedures. The Arbitration Procedural Rules shall include adequate provision for the discovery of relevant facts, including the taking of testimony under oath, production of documents and other things, the presentation of evidence, the taking of samples, conducting of tests, and inspection of land and tangible items. The nature and extent of such discovery shall take into account (i) the complexity of the dispute, (ii) the extent to which facts are disputed, (iii) the extent to which the credibility of witnesses is relevant to a resolution, (iv) the need to provide fair access to information by all Parties where information has been obtained under statutory right by one or more Parties from another Party or Parties outside the discovery process, and (v) the amount in controversy. The forms and methods for taking such discovery shall be as described in the Federal Rules of Civil Procedure, except as modified by agreement of the Parties.

C1.3.8 Confidentiality. The Arbitration Procedural Rules shall provide a means for protecting confidential information disclosed in the course of an arbitration under the RTO West Bylaws Dispute Resolution Provisions. Any information determined to be confidential in the course of an arbitration shall not be included in any published or publicly available summary or copy of the arbitration award.

C1.3.9 Summary Disposition. The Arbitration Procedural Rules shall provide a means for summary disposition of an arbitration proceeding under the RTO West Bylaws Dispute Resolution Provisions. The arbitrator may grant summary disposition of the proceeding, in whole or in part, if there is no genuine issue of fact material to the decision. Any uncontroverted fact established through summary disposition shall be deemed established for the remainder of the proceeding. Any grant of summary disposition under this Section C1.3.9 is subject to appeal pursuant to Section C1.5 after the final award in the proceeding has been issued.

C1.3.10 Evidentiary Hearing. The Arbitration Procedural Rules shall provide for an evidentiary hearing with respect to matters not resolved through summary disposition under Section C1.3.9 above, unless all Parties consent to the resolution of the matter on the basis of a written record. Hearing rules shall include provision for the cross-examination of witnesses.

C1.3.11 Evidence. The Arbitration Procedural Rules shall include provisions addressing submission and admissibility of evidence. The arbitrator shall compile and certify a complete evidentiary record of the arbitration, which, upon completion, shall be available to any Party at that Party's request.

20.4 Awards, Remedies and Enforcement.

C1.4.1 Award.

C1.4.1.1 Award Based on Arbitrator's Decision. Except as provided below with respect to "baseball" style arbitration, the arbitrator shall issue written reasons for the award, including findings of fact and conclusions of law. The arbitration award shall be based on (i) the evidence in the record, (ii) the terms of these bylaws or RTO West Contracts, (iii) applicable U.S. federal law, regulations, treaties and agreements, and any relevant FERC decisions or then-applicable FERC standards or policies, (iv) other applicable law and (v) consideration of relevant awards in previous arbitration proceedings. The arbitrator may, but need not, treat previous awards under this Section C1.4.1.1 as determinative. The arbitrator's award shall be published and maintained, in searchable form, on the RTO West Web Site and by any other method the RTO West Arbitration Committee specifies. The RTO West Office of General Counsel shall maintain a copy of the complete award and written explanation.

C1.4.1.2 Award Based on “Baseball” Style Arbitration. In arbitration conducted “baseball” style, the arbitrator shall issue written reasons for adopting one of the awards proposed by the Parties. The arbitrator’s choice among the proposed awards shall be based on (i) the evidence in the record, (ii) the terms of these bylaws or RTO West Contracts, (iii) applicable U.S. federal law, regulations, treaties and agreements and any relevant FERC decisions or then-applicable FERC standards and policies, (iv) other applicable law, and (v) consideration of relevant awards in previous arbitration proceedings. If the arbitrator concludes that none of the proposed awards are consistent with the factors enumerated in (i) through (v) above, or address all of the issues in dispute, the arbitrator shall specify how each proposed award is deficient and direct that the Parties submit new proposed awards that cure the identified deficiencies. A summary of the disputed matter and the arbitrator’s award shall be published on the RTO West Web Site and by any other method the RTO West Arbitration Committee specifies. An award under this Section C1.4.1.2 shall not be considered and may not be cited in any other proceeding.

C1.4.1.3 Panel Decision by Majority Vote. Where a panel of arbitrators is appointed pursuant to Section 12.3.1.2, a majority of the arbitrators must agree on the decision.

C1.4.2 Remedies.

C1.4.2.1 Arbitrator’s Discretion. The arbitrator shall have discretion to grant the relief sought by a Party, or determine such other remedy as is appropriate, unless the Parties agree to conduct the arbitration “baseball” style. Except as limited by law, the arbitrator shall have the authority to award any remedy or relief available from FERC or any court of competent jurisdiction. Where these bylaws or RTO West Contracts leave any matter to be agreed between the Parties at some future time and provide that in the absence of agreement the matter shall be resolved in accordance with the RTO West Bylaws Dispute Resolution Provisions, the arbitrator shall have authority to decide upon the terms of the agreement that, in the arbitrator’s opinion, it is reasonable that the Parties should reach, having regard to the other terms of these bylaws or RTO West Contracts and the arbitrator’s opinion as to what is fair and reasonable in all the circumstances.

C1.4.2.2 “Baseball” Arbitration. If the Parties agree to conduct the arbitration “baseball” style, the Parties shall submit to the arbitrator and exchange with each other their last best offers in the form of the award they consider the arbitrator should make, not less than seven (7) days in advance of the date fixed for the hearing, or such other date as the arbitrator may decide. If a Party fails to submit its last best offer in accordance with this Section C1.4.2.2, that Party shall be deemed to have accepted the offer proposed by the other Party. Except as provided in Section C1.4.1.2, the arbitrator shall be limited to awarding only one of the proposed offers and may not determine an alternative or compromise remedy.

C1.4.3 Costs. Except as otherwise provided in Sections C1.3.1.2, C1.3.5.1, and C1.3.6 the costs of the time, expenses, and other charges of the arbitrator shall be borne by the Parties to the dispute, with each Party on an arbitrated issue bearing its pro-rata share of such costs, and each Party to an arbitration proceeding bearing its own costs and fees. If the arbitrator determines that a demand for arbitration or response to a demand for arbitration was made in bad faith, the arbitrator shall have discretion to award the costs of the time, expenses, and other charges of the arbitrator to the prevailing Party. Participants' obligations to share in costs of any arbitration under the RTO West Bylaws Dispute Resolution Provisions shall be as determined by the arbitrator in accordance with Sections C1.3.5.1 and C1.3.5.6.

C1.4.4 Compliance. Unless the arbitrator's decision is appealed under Section C1.5, the disputing Parties shall, upon receipt of the decision, immediately take whatever action is required to comply with the award to the extent the award does not require regulatory action. An award that is not appealed shall be deemed to have the same force and effect as an order entered by FERC or any court of competent jurisdiction.

C1.4.5 Enforcement. Following the expiration of the time for appeal of an award pursuant to Section C1.5.3, any Party may apply to FERC or any court of competent jurisdiction for entry and enforcement of judgment based on the award. Parties to arbitration under the RTO West Bylaws Dispute Resolution Provisions shall be deemed to have consented that judgment upon the arbitration award may be entered in any federal or state court having jurisdiction.

C1.5 Appeal of Award.

C1.5.1 Basis for Appeal. A Party may apply to FERC to hear an appeal of an arbitration award upon the grounds that: (i) the arbitrator's decision is contrary to applicable law or regulation (including the FPA or FERC's then-applicable standards or policies); (ii) the arbitrator's decision is not supported by the findings or is otherwise arbitrary and capricious; (iii) the arbitrator failed to afford one or more Parties to the dispute an opportunity for a fair and meaningful hearing; (iv) the arbitrator engaged in material misconduct in connection with the arbitration; (v) the arbitrator exceeded the authority conferred upon him or her under the RTO West Bylaws Dispute Resolution Provisions or as otherwise established by agreement of all the Parties; or (vi) the arbitrator's decision is contrary to the provisions of Section C1.4.1. Where there is concurrent jurisdiction between a court of competent jurisdiction and FERC, the Party shall appeal to FERC. Where FERC does not have jurisdiction, a Party may appeal to a court of competent jurisdiction on any grounds provided by law. A Participant may appeal the arbitrator's findings with respect to issues on which the Participant was allowed to present evidence pursuant to Section C1.3.5.6.

C1.5.2 Appellate Record. The arbitration process set forth in the RTO West Bylaws Dispute Resolution Provisions contemplates that FERC or the court of

competent jurisdiction should afford substantial deference to the factual findings of the arbitrator. No Party shall seek to expand the record before FERC or the court of competent jurisdiction beyond that assembled by the arbitrator, except (i) by making reference to legal authority that did not exist at the time of the arbitrator's decision, or (ii) if such Party contends the decision was based upon or affected by fraud, collusion, corruption, misconduct or misrepresentation.

C1.5.3 Procedures for Appeals. Appeals shall, unless otherwise ordered by FERC or the court of competent jurisdiction, conform to the procedural limitations set forth in this Section C1.5.3.

C1.5.3.1 Notice. If a Party or Participant to an arbitration desires to appeal an award, it shall provide notice of appeal to the RTO West Board of Directors, all Parties and Participants, and the arbitrator within fourteen (14) days following the date of the award. The appealing Party or Participant must likewise provide notice to the RTO West Arbitration Committee, which shall publish notice of the appeal on the RTO West Web Site and by other method the RTO West Arbitration Committee specifies. Within ten (10) days of the filing of the notice of appeal, the appealing Party or Participant must file an appropriate application, petition or motion with FERC to trigger review under the FPA or with a court of competent jurisdiction. Such filing shall state that the subject matter has been the subject of an arbitration under the RTO West Bylaws Dispute Resolution Provisions.

C1.5.3.2 Evidentiary Record. Within thirty (30) days of filing the notice of appeal (or such period as FERC or the court of competent jurisdiction may specify) the appellant shall file the complete evidentiary record of the arbitration and a copy of the award with FERC or with the court of competent jurisdiction. The appellant shall serve copies of a description of all materials included in the certified evidentiary record.

C1.5.4 Award Implementation. Implementation of the award shall be deemed stayed pending an appeal unless and until, at the request of a Party, FERC or the court of competent jurisdiction to which an appeal has been filed issues an order dissolving, shortening, or extending such stay.

C1.5.5 Judicial Review of FERC Orders. FERC orders resulting from appeals shall be subject to judicial review pursuant to the FPA.

C1.6 Exclusion of Liability. Neither the RTO West Arbitration Committee nor any arbitrator shall be liable to any party for any act or omission in connection with any arbitration conducted under the RTO West Bylaws Dispute Resolution Provisions.