

GRID WEST BYLAWS
RRG Meeting
June 30, 2004

DEVELOPMENTAL BYLAWS
AND
OPERATIONAL BYLAWS

Approach of Bylaws Work Group

- Draft bylaws that effectively implement the Regional Proposal governance scheme
 - Strike an appropriate balance between regional accountability and independence embodied in the Regional Proposal
 - Establish a proposed governance scheme that will be workable when implemented
 - Meet the “Do No Harm” test—that is, avoid interfering inappropriately with respect to the latitude needed for the initial market design ongoing revisions
 - Satisfy various regional interests

Next Steps

- BPA requires a review period of about three months to assess the proposed governance structure for Grid West in the Developmental and Operational Stages
 - Decision Point #1 rescheduled for October 14, 2004
- Other RRG participants will also undertake review of the proposed governance schemes before Decision Point #1
- Query for today to the RRG: Are the Developmental Bylaws and Operational Bylaws in “good enough” shape to conduct the necessary reviews?

RRG Concept of “Good Enough”

- Agreeing to put out for review means that the RRG is comfortable that bylaws are:
 - Not inconsistent with the Regional Proposal?
 - Sufficiently complete for review?
 - Stable enough for review?
- During the summer BPA will evaluate whether to support Decision Point # 1?

Status of the Developmental Bylaws

- There are some key issues open with decisions deferred until end of September:
 - MTU and TDU Member Class definitions, thresholds, and voting rights
 - Trigger for adoption of the Operational Bylaws
 - Naming the Membership Admission Committee and Membership Dispute Resolution Committee
- In general, the governance framework for the Developmental Stage is well-developed

Developmental Bylaws-*cont'd*

Changes since the June 24th RRG discussion

- New Voting Tables—Exhibit E
- Changes to Conduct Rules for Board of Trustees
 - Clarify Section IV.A
 - Remove exceptions to Affiliate definition because not appropriate here
- Changes to Sunset and Termination Provisions in Article 13
 - Conform Section 13.1 to reflect current proposal
 - Add Section 13.5 to provide for assignment of Grid West debt to an entity designated by creditors upon dissolution

Developmental Bylaws-*cont'd*

Changes since the June 24th RRG discussion

- Added possible language to Section 7.1.1 to make reorganization mandatory if Developmental Board is not seated within 8 months – Needs RRG discussion
- Removed tables in Section 5.14.4 and combined all voting examples in Exhibit E
- Corrected mistake in Section 5.14.1(ii) by reinserting language requiring presence to vote

Developmental Bylaws-*cont'd*

Changes since the June 24th RRG discussion

- Clarified Section 5.5.1 (ii)
- Changed Sections 5.4.4 and 5.4.5 to
 - permit a party to join the Corporation any time after receiving a declaration as to eligibility and class assignment
 - Require Membership Dispute Committee to meet before close of initial application period to consider pending disputes
- Change initial membership window in Section 5.4.3 to 60 days to conform to other timelines for establishing Developmental Board

Developmental Bylaws-*cont'd*

Changes since the June 24th RRG discussion

- Clarify use of “contiguous property” in Section 5.2.3(iii)
- RRG may need to discuss Section 5.2.3
 - if stakeholders suggest compromise resolution regarding class assignment of cogenerators
 - if RRG wants to reconsider limited choice for separate corporate affiliates under 5.2.3

Developmental Bylaws-*cont'd*

Changes since the June 24th RRG discussion

- Conforming Section 5.1.1 to current proposal
- Clarifying change in Section 4.2 re: state participation in Governmental Committee
- Refining the definitions of Large Bundled and Large Unbundled End-Use Consumers (Sections 1.1.20 and 1.1.21)

Developmental Bylaws-*cont'd*

Changes since the June 24th RRG discussion

- **Editorial Changes**

- Correct §§1.1.20(iii) and 1.1.21(iv)
- Correct §5.4.3(ii)
- Correct §5.4.4
- Correct §5.5.1(ii)
- Correct §5.14.4(vi)
- Correct §13.5

Operational Bylaws

Changes since the June 24th RRG discussion

- There are some key issues open with decisions deferred until end of September:
 - MTU and TDU Member Class definitions, thresholds, and voting rights
- Some limited work will continue
 - Evaluation of cost control issues
 - Evaluate excessive process concern (post matrix soon; review later)
 - Special Issues List vote descriptions
- In general, the governance framework for the Operational Stage is well-developed

Operational Bylaws-*cont'd*

Changes since the June 24th RRG discussion

- Revise Article III based on RRG discussion
- Clarify admission process in Section 5.5.1(iii)
- Add revised drafting note before Article VII addressing cost control review
- Clarify Section 10.1.3 (no charge for information on Web site)
- Replace Exhibit A with new tables

Operational Bylaws-*cont'd*

Changes since the June 24th RRG discussion

- **Conforming Changes**
 - Conform §§1.1.22 & 1.1.23
 - Conform §5.2.3(iii)
 - Correct §5.14.1(ii)
 - Conform §6.1.2
- **Editorial Changes**
 - Add definition-§1.1.18
 - Renumber definitions
 - Correct §5.5.1(ii)(b)
 - Add heading-
§§7.12.5-7.12.7, 7.16.1
 - Correct §7.16.3(iii)(b)

Are the bylaws good enough?

Open Issues

- (1) ADR (other than Bylaws)
- (2) Trigger to adopt Operational Bylaws - fall
- (3) MTU/TDU issues - negotiations and drafting when ready
- (4) cost control approach
- (5) review for “excessive” process - fall
- (6) Special Issues List “definitions”
- (7) “lessons learned” from other organizations

- What is for summer and what is for fall?