

PROPOSED DEVELOPMENTAL ARTICLES

April 28, 2004

RESTATED ARTICLES OF INCORPORATION

OF

GRID WEST

(A Washington nonprofit corporation)

Pursuant to RCW 24.03.183, the undersigned hereby restate the articles of incorporation of Grid West, as follows:

1. NAME. The name of this corporation is Grid West, a Washington non-profit corporation.
2. DURATION. The duration of this corporation is perpetual.
3. DEFINITIONS. As used in these articles of incorporation, the following terms are defined as follows:
 - a. "Affiliate" shall have the meaning set forth in the Developmental Bylaws.
 - b. "Developmental Board of Trustees" or "Developmental Board" means the Board of Trustees of the Corporation (other than the Interim Board of Trustees) during the time the Developmental Bylaws are in effect and, subject to the Operational Bylaws, which may continue to serve until the Operational Board is elected.
 - c. "Developmental Bylaws" means the bylaws, which govern the activities of the Developmental Board of Trustees, as may be amended pursuant to the Developmental Bylaws.
 - d. "Developmental Stage" means the period of time in that the Developmental Bylaws are in effect.
 - e. "Geographic Area" means the portions of the provinces of Alberta and British Columbia and the states of Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming that are electrically within the Western Interconnection, together with any additional geographic territory within the state of California that is encompassed by the control areas of PacifiCorp and Sierra Pacific Power Company as of the effective date of these Developmental Bylaws.

f. “Interim Board of Trustees” means the Interim Board of Trustees as defined in the Developmental Bylaws.

g. “Major Transmitting Utility” means (i) a transmission owner that, individually or together with one or more of its Affiliates, owns transmission assets having a net book value greater than or equal to \$160 million (U.S.) and (ii) a transmission owner that owns transmission assets having a net book value less than \$160 million (U.S.) but greater than or equal to \$50 million (U.S.) and is a signatory to a funding agreement described in the Developmental Bylaws.

h. “Member” means any Person that has become a Member of the Corporation under and in accordance with the provisions of the Developmental Bylaws, and that has not resigned or been terminated from membership in the Corporation.

i. “Member Class” shall have the meaning set forth in the Developmental Bylaws.

j. “Operational Board of Trustees” or “Operational Board” means the board of Trustees elected pursuant to the Operational Bylaws.

k. “Operational Bylaws” means the unadopted bylaws attached as an exhibit to the Developmental Bylaws for the Operational Stage.

l. “Operational Stage” means the period of time that the Operational Bylaws are in effect.

m. “Person” shall have the meaning set forth in the Developmental Bylaws.

n. “Regional Proposal” means the proposal as described in the following documents prepared for that certain regional stakeholder body known as the Regional Representative Group and posted on the website for that body and attached as exhibits to the Developmental Bylaws: “Narrative Description of RRG Platform Group Regional Proposal,” dated December 24, 2003; and “Development Staging Table,” dated December 8, 2003.

o. “Transmission Agreements” means the agreements initially offered by the Developmental Board to transmission owners and operators which, when effective, will allow the Corporation to perform services described in the Regional Proposal.

4. PURPOSE AND LIMITATIONS.

a. The purposes of the Corporation during its Developmental Stage are (i) to develop and negotiate Transmission Agreements with transmission owners and operators within the Geographic Area, consistent with the Regional Proposal; (ii) develop tariff provisions describing services and related protocols for the Operational Stage of the Corporation that are consistent with the Regional Proposal; (iii) in that development and

negotiation, to promote and foster regional stakeholder input and to consider such matters as economic efficiency and fairness, cost-effectiveness, risks and rewards, fuel diversity and sustainability, and environmental effects; (iv) to secure execution of Transmission Agreements by transmission owners and operators in the Geographic Area to commence the Operational Stage of the Corporation; and (v) to take such other actions as are necessary and appropriate to accomplish the foregoing, provided, however, that the Corporation during its Developmental Stage shall be subject to the limitations set forth in sub-Section b, below.

b. Notwithstanding any other provision of these articles of incorporation, the Corporation during the Developmental Stage shall have no authority to do any of the following:

(i) Own, control or operate any electric utility facilities subject to the jurisdiction of any state, provincial or federal utilities regulatory commission.

(ii) Purchase, sell, transmit, deliver or participate in any market or transactions with respect to electric energy or ancillary services except as it may purchase retail service for its own account and consumption.

(iii) Provide any utility service, including transmission of electricity or electricity sales or service, or control activities affecting utility service.

(iv) Make any filing with any state, provincial or federal utilities regulatory commission provided however that nothing herein shall limit any Member from making any regulatory filing.

(v) Upon election of the Developmental Board of Trustees, spend or borrow beyond the approved limits in the funding agreement entered into by the Corporation and two or more Major Transmitting Utilities to fund the Corporation's activities following the election of the Developmental Board of Trustees.

(vi) Adopt the Operational Bylaws, except as provided in the Developmental Bylaws.

(vii) Amend the Operational Bylaws.

5. TRUSTEE LIABILITY. No member of the Interim Board of Trustees and no member of the Developmental Board of Trustees will be personally liable to the corporation for monetary damages for conduct as a trustee, unless such conduct (a) involves intentional misconduct or knowing violation of law by the trustee, (b) is in violation of RCW 23B.08.310, or (c) involves any transaction from which the trustee will personally receive a benefit in money, property or services to which the trustee is not legally entitled. If the Washington Business Corporation Act, as applied to nonprofit corporations, is amended to authorize corporate action further eliminating or limiting the personal liability of directors and trustees, then the liability of a trustee will be deemed

eliminated or limited to the fullest extent permitted by the Washington Business Corporation Act as so amended. Any repeal or modification of this Section "Trustee Liability" will not adversely affect any right or protection of any trustee of this corporation existing at the time of such repeal or modification for or with respect to an act or omission of the Trustee that occurred before the repeal or modification.

6. MEMBERS. The corporation will have Members, whose rights, responsibilities, classifications, and eligibility will, subject to any applicable requirements of the Washington Nonprofit Corporation Act, be as defined in the Developmental Bylaws.

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

8. DISSOLUTION. Upon dissolution of the corporation, its net assets shall be distributed between Avista Corporation, Bonneville Power Administration, British Columbia Transmission Company, Idaho Power Company, Nevada Power Company, Northwestern Energy, PacifiCorp, Portland General Electric, Puget Sound Energy, Inc., and Sierra Pacific Power Company; provided that, (i) Nevada Power Company and Sierra Pacific Power Company shall be considered a single entity; and (ii) the value of the assets distributed to each entity named above shall be a percentage of the value of all assets distributed substantially equal to the percentage of the total funding of the Developmental Stage contributed by that entity. [ADD ANY ADDITIONAL FILING UTILITIES OR MTU FUNDING MEMBERS.]

9. AMENDMENT.

a. Except to the extent specifically provided otherwise in subsection 2 below, these articles of incorporation may be amended only by both (i) a unanimous affirmative vote of all members of the Developmental Board of Trustees in office at the time the vote to amend is taken, and (ii) a vote in which not less than 80% of the Members in every Member Class with voting rights has voted to approve the applicable amendment(s). The Member voting requirement of this sub-Section will be satisfied only if (i) the percentage of affirmative votes cast by the Member in any Member Class is equal to or greater than 80 percent of the Members that belong to the Member Class with voting rights at the time the vote to amend is taken, and (ii) every one of the corporation's Member Classes, on a separately tabulated bases, has met the 80 percent threshold.

b. The Developmental Board of Trustees may, without any vote or approval of the corporation's Members whatsoever, amend the corporation's articles of incorporation as necessary and appropriate to implement the Operational Stage of the corporation if, within the time period specified in the Developmental Bylaws, the Bonneville Power Administration and at least two contiguous investor-owned transmission owners or operations in the Geographic Area execute Transmission Agreements with the corporation.

10. CERTIFICATION. The undersigned hereby certify that these restated articles of incorporation correctly set forth without change the provisions of the articles of incorporation as amended and that the restated articles of incorporation supersede the original articles of incorporation and all amendments thereto.

DATED this ____ day of _____, 200_.

By _____
_____, President
(Print Name)

By _____
_____, Secretary
(Print Name)

CONSENT TO SERVE AS REGISTERED AGENT

C T Corporation Systems hereby consents to serve as Registered Agent, in the State of Washington, for Grid West. It understands that as agent for the corporation, it will be its responsibility to receive service of process in the name of the corporation; to forward all mail to the corporation, and to immediately notify the office of the Secretary of State in the event of its resignation or of any change in the registered office address of the corporation for which it is agent.

DATED this ____ day of _____, 200_.

Registered Agent,

By _____

(Print Name and Title)
C T Corporation Systems
520 Pike Street, Suite 2610
Seattle, Washington 98101