

# Report of the Bylaws Work Group

(Follow-up on items discussed  
at October 26-27 RRG meeting)

RRG Meeting

November 18-19, 2004

# Trustee Runoff Elections

Previous Recommendation: before second runoff, MRC must request search firm(s) to provide at least two additional candidates which the MRC may substitute for two existing candidates.

Proposed Bylaw Change: removed requirement from section 7.2.4 of Operational Bylaws. MRC allowed to request additional candidates at any time during nomination and election process.

# Budget Committee

Previous Recommendation: 5 – 8 members at least two of whom must be Trustees and a majority of whom shall be Member representatives; each Member representative shall represent a different Member Class; quorum is a majority of committee members

Proposed Bylaw Change: Committee shall consist of between 3 and 5 Members and either 2 or 3 Trustees. Board shall endeavor to appoint 1, but no more than 1, qualified representative from each Member Class. Quorum is 3 committee members.

# Budget Forecasts

Previous Recommendation: Budget Committee required to prepare annual budget of expenditures and capital commitments and estimated budgets for following two fiscal years.

Proposed Bylaws Change: budgets and forecasted budgets required to contain timing and expected sources of funding.

# Disbanding Standing Committees

Previous Recommendation: Board must maintain Tariff, Operations and Planning Advisory Committees for 4 years after adoption of Operational Bylaws but may disband them thereafter.

Proposed Bylaws Change: before disbanding any of these committees, Board must consider how eliminating the committee would affect Member participation in the formulation of policies, protocols, tariff provisions and any other rules or guidance pertinent to the subject area of the committee.

# Tariff Committee in Developmental Stage

Previous Recommendation: no requirement for a Tariff Committee in Developmental Bylaws.

Proposed Bylaws Change:

- Developmental Board must consider appointing a Tariff Committee and must take into consideration the status of Tariff development, advice of RRG and any other considerations the Board considers relevant.
- In establishing a Tariff Committee, Board must appoint up to 15 representatives of Members and may also appoint Trustees; must endeavor to appoint representatives from each Member Class; and endeavor to appoint individuals qualified in area of transmission terms and conditions and related markets.

# Prohibition on Gifts

Previous Recommendation: continuing restrictions on former Trustees did not include any restriction on gifts.

Bylaws Change: receipt of gifts from any Market Participant or Member and offered as a consequence of service as Trustee is prohibited at any time after service as Trustee, except as may be allowed in applicable conduct rules.

(Developmental and Operational Bylaws, Sec. 7.11.1(iv))

# Special Issues Definitions

1. Authorization to Exercise Backstop Measures: deleted requirement that third party's mitigation be cost-effective (because cost-effectiveness pertinent to allocation of costs to third party beneficiaries) and clarified that special authorization is not required for backstop decisions after special authorization is obtained once. (Operational Bylaws, Sec. 7.16.2(i))
2. Departure from Company Rate approach: various clarifications proposed. (Operational Bylaws, Sec. 7.16.3)
3. Authorization to Convert to Financial Rights: clarified that congestion management system in conjunction with historic contract path or physical injection-withdrawal rights does not need special authorization

# Other Changes

## Developmental Bylaws:

Interim Board: deleted spaces for additional names (Board can add additional Trustees); clarified that Trustees may not receive compensation as a Trustee or as an officer; clarified that Trustee may be an officer; and fully separated all procedural requirements on Interim Board from requirements on Developmental Board to address ambiguities.

# Statement of Limited FERC Jurisdiction

Following statement added to Operational Bylaws  
(Sec. 5.17):

“Membership in the Corporation shall not be construed as a grant of jurisdiction over the Member by any state or federal agency not otherwise having such jurisdiction over the Member by law. The interpretation and enforcement of these Operational Bylaws, including Member rights, shall be resolved exclusively according to the Bylaws Dispute Resolution Provisions of these Operational Bylaws.”