

Cost Control Provisions  
(Operational Bylaws)

1. Section 3.1                      Grid West must take into account cost effectiveness in carrying out its purposes.
  
2. Section 3.2                      Grid West will not own any transmission, distribution or generation facilities and may not operate a power exchange in which participation is mandatory (except to mandate participation by entities that voluntarily agree to allow Grid West to operate their control areas).
  
3. Section 5.1.2                      Members may (i) require the Trustees to designate a particular independent auditor if dissatisfied with the Trustees' selection and (ii) require the Trustees to perform an independent audit within a specified time.
  
4. Section 5.9.1                      The Board of Trustees must annually present financial statements and budgets (for current and next fiscal years) and respond to Members' questions at Members meeting.
  
5. Section 6.1.1                      The Members Representative Committee elects Trustees and may remove them with and without cause.
  
6. Section 6.1.5                      The Members Representative Committee may initiate a management audit (no more frequently than once every four years). The independent auditor is chosen and overseen by a committee comprised of MRC and Board representatives.
  
7. Section 7.12.2                      Standards of care to be considered by Board when making decisions regarding the provision of transmission services include (i) the benefits of the proposed change are likely to be greater than the anticipated burdens and (ii) the proposed change is reasonably designed to minimize or mitigate cost shifts.
  
8. Section 7.12.4                      Requirement for Operational Board to consider and adopt the business plan recommended by Developmental Board or to propose changes to the recommended plan along with an estimate of their cost. Board Advisory Committee reviews and comments on the proposed alternative plan and may submit its own alternative proposal.
  
9. Section 7.15.1                      Trustees' compensation is fixed (i.e., may be changed only through bylaw change) except for inflation increases every five years.

10. Section 7.15.4 A Trustee may not also be an officer or employee of the Grid West or a consultant to Grid West.
11. Section 7.16 To implement proposals on Special Issues List, Board is required to first consult with MRC and Governmental Committee before voting on proposal. MRC must then vote to affirm or reject the proposal. If rejected by MRC, an affirmative vote by a supermajority of Trustees is required to implement the proposal.
12. Section 8.3.2 Board of Trustees Audit Committee is responsible for reviewing the financial controls in the Corporation's business practices.
13. Section 8.4 Standing Budget Committee, with majority representation of Members, develops and proposes annual budget to Board, along with narrative description of estimated costs and revenues for following two years and of expected capital commitments for at least the following three years. After reviewing the Budget Committee's recommendation, the Board must describe any modifications made to recommended budget when it refers its proposed budget to the Board Advisory Committee for review. Budget Committee also reviews and makes recommendations concerning proposed modifications to existing budget.
14. Section 8.5.3 Proposed modifications to the Corporation's rates and revenue requirements must be made available to the Board Advisory Committee for review and comment.
- Proposed budgets of the Corporation must be made available to the Board Advisory Committee for review and comment. If proposed budget materially exceeds the expenses for the prior audited fiscal year, the proposal must include potential budget reductions and financial controls. The Board must endeavor to make proposed budgets available to the Board Advisory Committee and the Governmental Committee at least 90 days prior to any final action by the Board.
15. Section 8.7 Member advisory committees established to encourage and facilitate application of Member expertise in development of Grid West policies, products and prices. Requires initial establishment of Tariff, Operations and Planning advisory committees.

16. Section 10.2.3

Annual report includes specific descriptions of actual performance results in terms of cost management and other performance targets adopted by the Board.

Quarterly report includes a comparison to the budget adopted by the Board of Trustees and a status report on accomplishing the performance targets adopted by the Board.