

Questions & Answers About the Grid West Bylaws for Decision Point 1

INTRODUCTION AND BACKGROUND:

The proposed Developmental and Operational Bylaws for Grid West have been developed through the dedicated efforts of RRG members and the RRG Bylaws Work Group. RRG participants encompass transmission providers, power producers, end users, public power, environmental and other public interest organizations, and state, provincial, and tribal officials from across Idaho, Oregon, Washington, Montana, Utah, Wyoming, Nevada, British Columbia, and Alberta.

Over the past year, this comprehensive cross-section of the region's transmission stakeholders has identified the region's transmission problems and opportunities, building on previous regional efforts to develop potential solutions. The RRG has also worked to create an organizational structure and governance approach to move the region forward.

The Grid West Bylaws provide for an organization that is flexible and focused on regional needs. Grid West's Board of Trustees will be independent of market participants, but accountable to the region. Grid West will provide new avenues to address today's transmission problems while capitalizing on ways to increase operational efficiency over time.

QUESTION 1: *What is "Decision Point 1"?*

ANSWER: Decision Point 1, scheduled for December 9 and 10, 2004, is the first out of four actions that must be taken in order for Grid West to become operational. The other three actions are described in the answer to Question 11 below. At a meeting of the RRG on December 9, RRG members will provide their assessment of the Grid West Bylaws and their views on whether the Developmental Bylaws should be adopted to move forward with further Grid West development. If there is sufficient consensus to move forward, the board of directors of RTO West, an existing Washington nonprofit corporation (who represent the region's major transmission owners), will then vote on December 10 to either adopt or reject the proposed Grid West Developmental Bylaws. If a majority of the RTO West directors votes to adopt the Grid West Developmental Bylaws, RTO West will become Grid West and will operate under the Grid West Developmental Bylaws. In addition, the Grid West Operational Bylaws, which are an attachment to the Developmental Bylaws, will be locked down and may not be amended

until after they are adopted by the Grid West Developmental Board after Decision Point 4.

QUESTION 2: *What is the effect of moving beyond Decision Point 1?*

ANSWER: If Grid West is established at Decision Point 1, the current RTO West directors will become the Interim Board of Grid West and will operate under the Grid West Developmental Bylaws. The Interim Board may vote to allow Seattle City Light to appoint a director. The Interim Board's authority is very limited. It may only oversee (a) the transition to a membership organization, (b) the search for potential independent members of the Developmental Board (seated only after Decision Point 2, which is explained in the answer to Question 11 below), and (c) the continued development of a proposed Grid West operational stage for review at Decision Point 2. Consequently, during the period between Decision Point 1 and Decision Point 2 (expected to occur late spring or early summer, 2005), member applications will be processed, a search firm will seek out potential qualified candidates for the Developmental Board of Trustees, and the technical work to develop Grid West will continue.

QUESTION 3: *How do the Grid West Bylaws provide for regional accountability and member input?*

ANSWER: Accountability to the region requires transparency and responsiveness to stakeholders, as well as conduct consistent with the letter and spirit of the Grid West governance scheme incorporated in its Bylaws and applicable law. Transparency is the foundation on which accountability to stakeholders is built. Responsiveness should be promoted by providing robust procedures for input so that Grid West understands that it is responsible to stakeholders.

The Developmental and the Operational Bylaws for Grid West contain numerous provisions that enable members, regulators, and other regional stakeholders to participate in the Board's decision-making processes. The Grid West Board of Trustees (in both the developmental and operational stages) cannot make major decisions about Grid West activities without first completing a robust consultation process. In some cases this consultation process may trigger provisions that require at least seven Board votes to approve a proposal.

While the Grid West Board must be independent of market participants, it also must receive and consider the views of those the organization serves. Ultimately, accountability of Grid West to the region means that the organization should answer to the region. For

corporate governance structures such as Grid West, this is accomplished through the ability to elect and remove the Trustees charged with managing the organization. If Grid West's members are not satisfied with how the Board performs, Trustees can be replaced as their terms expire. Board members can also be removed from office at any time with a sufficient vote of the Member Representative Committee (or "MRC," which is explained in the answer to Question 8 below).

The Developmental Bylaws require that the members of Grid West vote in favor of adopting the Operational Bylaws for Grid West before Grid West can transition to its operational stage. Members must also vote to approve any proposal for Grid West to engage in planning activities during its developmental stage.

If Grid West enters its operational stage, there are detailed provisions in the Grid West Operational Bylaws to make sure that the Board of Trustees is constantly receiving and considering input from all of its member classes. A summary of these provisions in the Operational Bylaws is included as Attachment A to these Questions & Answers.

QUESTION 4: *How do the Grid West Bylaws balance independence and regional accountability?*

ANSWER: Grid West's governance structure balances independence and regional accountability. The Bylaws define rules to prevent personal and financial conflicts of interest. Trustees are not able to look back through the election process to identify specific entities or interests to which they must be loyal. Trustees must look after the interests of the corporation as a whole and the transmission facilities they manage. At the same time, the bylaws define strong consultation mechanisms, open meetings, and member access to Trustees. The result is a transparent decision-making process. Trustees are ultimately accountable to the Members Representative Committees that elects and removes Trustees.

The true test of Grid West will come not from what is written, but from the people we choose to run the organization. The people that make up Grid West must create the culture that reflects the spirit of the region. Grid West's Board of Trustees must earnestly listen to the region and communicate, but the Board must also know when to take action, take action decisively, and support its decisions. The combination of written Bylaws and organizational culture will provide regional accountability without overriding the fundamental independence of the Trustees and the decision-making process.

The Bylaws direct the Grid West's Board of Trustees to focus on:

- addressing the region's transmission problems and opportunities,
- adding value to the region and to provide the vision and follow-through to realize the benefits, and
- taking pragmatic, thoughtful steps to evolve the manner in which the region's transmission assets are managed.

The provisions in the Grid West Developmental and Operational Bylaws that foster Board independence are summarized in Attachment B to these Questions & Answers.

QUESTION 5: *How do the Grid West Bylaws provide for cost control?*

ANSWER: During its developmental stage, Grid West is dependent on participating utility organizations (known as the "filing utilities") to provide funding. Grid West will have to operate within the limitations of its funding agreement with the filing utilities. (If the filing utilities are willing to proceed at Decision Point 2, they will commit to irrevocable funding of Grid West, including the development of a tariff and transmission agreements, for 24 months during the developmental stage so that filing utilities' ability to withdraw funding will not be seen as a potential means of undue influence.)

If Grid West enters its operational stage, there are detailed provisions in the Grid West Operational Bylaws to make sure that Grid West: (a) develops its budgets through a member-driven process and (b) remains focused on operating cost-effectively. A summary of these provisions in the Operational Bylaws is included as Attachment C to these Questions & Answers.

QUESTION 6: *Who can become members of Grid West and what are the member classes?*

ANSWER: Entities within or engaging in electric power transactions with the area encompassed by Grid West can become members of Grid West if they qualify for one of Grid West's five members classes. (There is also an annual membership fee of \$1,000 that all members except regulatory bodies and energy agencies must pay.) The five member classes in Grid West are: (a) Major Transmitting Utilities, (b) Transmission-Dependent Utilities, (c) Generators, Power Marketers, Large Generating End-Use Consumers, and Others, (d) End-Use Consumers, and (e) State and Provincial Energy Authority/Tribes/Certain Public Interest Groups.

QUESTION 7: *How is voting power allocated among the various member classes under the Grid West Bylaws?*

ANSWER: The voting power within Grid West is structured so that, in general, each of the five member classes in Grid West (described in the answer to Question 6 above) has the same voting power as the other member classes. The one exception to this general rule is the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups member class, which has seven votes' worth of voting power, rather than six votes' worth that all the other member classes have.

The Grid West Bylaws balance the ability to influence the outcome of member votes across the member classes, even if the number of members *within* the various classes differs. For example, a class with 20 members would have the same overall voting power as a class with 75 members.

To illustrate: Assume there are only two classes. The 20-member class has six votes' worth of voting power and the 75-member class has six votes' worth of voting power. Assume further that on a particular question, the 20-member class has 10 members in favor and ten members opposed. The 75-member class has 50 votes in favor and 25 votes opposed. Under these assumptions, the end result would be that half the voting power of the 20-member class (equal to three votes' worth) has voted yes and half the voting power (equal to three votes' worth) has voted no. In the 75-member class, two-thirds of the voting power (equal to four votes' worth) has voted yes and one-third of the voting power (equal to two votes' worth) has voted no. There are further illustrations of how the vote weighting and tabulation works (for all five member classes) in tables attached to the Developmental and Operational Bylaws.

It is helpful to understand that there are two kinds of voting power in Grid West: (a) the power to vote on "yes and no" kinds of questions (such as whether to amend the Grid West Bylaws), and (b) the power to elect MRC members. These two different kinds of voting power are described in different parts of the Grid West Developmental and Operational Bylaws. The power to vote on "yes and no" kinds of questions is covered in Article V of the Developmental and Operational Bylaws. The power to elect MRC members is covered in Article VI of the Developmental and Operational Bylaws.

QUESTION 8: *What is the Member Representative Committee (“MRC”) and what is its role?*

ANSWER: The Members Representative Committee (“MRC”) is a committee of either 30 or 31 representatives of the member classes. Generally, each member class may elect six representatives to the MRC. The exception is that if there are five states with voting membership in Grid West, their member class will have seven representatives on the MRC. In member classes with sub-classes, each member sub-class elects a specified portion of that class’ representatives.

During Grid West’s developmental stage, the MRC’s role is largely limited to nominating, electing, and possibly removing, members of the developmental Board of Trustees. The MRC may also fill any vacancies on the dispute resolution committee. In the operational stage, the MRC retains the responsibility for nominating, electing and possibly removing Trustees and it elects members of the arbitration committee.

In addition its role is expanded significantly to include consultation, review and approval of “Special Issues.” The Board of Trustees needs to consult with and obtain approval of its exercise of authority relating to Special Issues. Thus, unless a Board proposal to take action on a Special Issue is approved by the affirmative vote of at least 16 representatives on the MRC (or is within the scope of a prior authorization), the proposal is remanded to the Board for further consideration. If the Board wishes to pursue the proposal after remand, it must obtain the affirmative vote of at least seven Trustees. (The board is composed of nine Trustees.) Moreover, after a remand by the MRC, the Board may not implement any proposal that obtains the necessary supermajority Board vote until at least 30 days after the second vote.

The Special Issues List includes:

- Authorization for Grid West to exercise backstop measures with respect to chronic, significant, commercial congestion,
- Departure from using the “Company Rate approach,”
- Authorization to issue financial rights,
- Authorization for Grid West’s market monitor to impose penalties or actively intervene in markets, and
- Authorization to change a transmission owner’s loss methodology

QUESTION 9: *What is the Board Advisory Committee and what is its role?*

ANSWER: During Grid West's operational stage, the Board Advisory Committee will provide a forum for members and their affiliates to develop proposals for Grid West activities, as well as consult with and provide input to the Board of Trustees on Board proposals, such as tariff provisions, reliability or operating standards. Each member of the corporation may appoint up to three members to the Board Advisory Committee. For example, a utility member could appoint one member from its transmission function and another from its merchant function. A state member could appoint representatives from its public service commission, governor's office, and energy office. A Large Bundled End-User Member could appoint a member from its affiliated co-generator.

The Board Advisory Committee can refer matters to Grid West staff for study and investigation or provide input and advice to the Board through work groups that develop position papers on issues. The Board must seek and consider the Committee's advice before acting on tariff, rates, amendments to transmission agreements, transmission system planning matters, measures related to market power or price mitigation, or budget adoption or modification.

QUESTION 10: *What are the other major milestones in the Grid West development process?*

ANSWER: The other major milestones are Decision Points 2, 3, and 4.

QUESTION 11: *What are Decision Points 2, 3, and 4?*

ANSWER: Decision Point 2 (expected to occur late spring or early summer, 2005) is a second determination by the RRG members about whether to proceed with further development of Grid West and the operational stage. Based on an assessment of the components of the proposed operational stage and a preliminary risk/rewards study, RRG members will provide their views on whether to continue moving forward by seating an independent, five-member developmental Board of Trustees which would have the authority to negotiate agreements with transmission owners for the use of their facilities and develop proposed transmission tariffs for the operational stage. If sufficient consensus exists to move forward, the Grid West members will proceed to elect their Membership Representatives Committee representatives who will, in turn, elect the developmental Board of Trustees.

Decision Point 3 is a decision of the developmental Board of Trustees. Within 12 months of the Board's seating, it must offer agreements to the transmission owners for use of their facilities. If the Board does not make this offer within this time period, it must propose dissolution of Grid West to the members.

Decision Point 4 is a decision by the Grid West members about whether to move to the operational stage, which would enable Grid West to offer services. At the point when (a) at least two investor-owned utility transmission owners have proposed acceptance of Grid West's offer of a transmission agreement by filing, or proposing to file the agreement with the appropriate regulatory authority and (b) the Bonneville Power Administration has proposed to accept Grid West's offer of a transmission agreement by including it in a proposal for public review and comment before issuing a Record of Decision, the developmental Board of Trustees will conduct a vote of the Grid West members on whether to move forward. The Board can move forward and adopt the Operational Bylaws only if at least a majority of the voting power of the members votes affirmatively to do so. If the members fail to approve moving forward, the Board of Trustees must reorganize Grid West into a non-membership, nonprofit corporation controlled by the members of the Major Transmitting Utilities class of Grid West.

QUESTION 12: *If the Grid West Operational Bylaws are adopted, what effect does it have on the Grid West Developmental Bylaws?*

ANSWER: If the Grid West Operational Bylaws are adopted, they will completely supersede the Developmental Bylaws. As soon as the Operational Bylaws go into effect, the Developmental Bylaws have no further force.

ATTACHMENT A

Accountability of Grid West to its Members (Operational Bylaws)

Introduction

It is important to keep in mind the different relationships entities have with Grid West. Each relationship has different rights.

1. This document outlines the rights a member of Grid West has to participate in the corporate governance decisions of Grid West. Grid West is organized as a non-profit member corporation. Membership rights are defined in Grid West's articles of incorporation and bylaws.
2. An entity is also able to purchase services from Grid West under Grid West's tariff. The tariff will define the relationship between Grid West as a service provider and the entity as a service customer, including rights to dispute resolution for tariff disputes.
3. An entity that owns transmission is able to sign a Transmission Agreement with Grid West. The Transmission Agreement will define the terms and conditions upon which Grid West may use the transmission owners' facilities.
4. To the extent Grid West is offering services subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC), entities affected by Grid West have certain rights afforded by the Federal Power Act and FERC regulations.

Membership in Grid West

This document explains the manner in which Grid West is accountable to the interests of its Members.

Entities Eligible for Membership in Grid West

Any Person may become a "member" of Grid West if the Person (1) is a Major Transmitting Utility; Transmission-Dependent Utility; Generators, Power Marketers, Large Generating End-Use Consumers, and Others; End-Use Consumer; State or Provincial Energy Authority; Tribe; or Certain Public Interest Group and (2) pays a \$1,000 annual membership fee. [Section 5.3.2] The annual membership fee may be waived for certain applicants for membership. [Section 5.3.2]

Rights of a Member to Participate in Grid West Governance Decisions

1. Members provide guidance to Board of Trustees through:
 - a. Advisory votes initiated by Board [*Sections 5.15 and 8.5.3*], including mandatory advisory votes where the Corporation's budget exceeds certain projections [*Section 5.15.2*]
 - b. Resolutions initiated and approved by Members [*Section 5.1.3*]
 - c. Proposals and position papers from individual Members or groups of Members [*Sections 8.5.5 and 8.5.9*]
 - d. Recommendations by Member advisory committees [*Section 8.2 and 8.5.3*]
 - e. Members may recommend candidates for board advisory committees [*Sections 5.9.3 and 8.2.2*]
 - f. Review of significant board proposals (tariff modifications, budgets, Special Issues List etc.) by Member advisory committees and Board Advisory Committee. [*Section 7.16.7(ii) and 8.5.3*]
 - g. Express concern about and require a greater Board vote to approve a proposal Members consider to be a major change in scope [*Section 17.7*]
 - h. Development of proposed Grid West annual budget, estimated budgets for two successive years and estimates of capital commitments for fourth and fifth out-years, and recommendations on proposed budget modifications, by Budget Committee (a majority of whose members are Member representatives). [*Section 8.4.1 and 8.4.2(iv)*]
 - i. Participation in Trustees' meetings (which must occur at least six (6) times per year) and board committee meetings [*Sections 5.1.3, 7.6 and 8.8*]. Receive notice of Trustee and advisory committee meetings, agendas for Trustee and advisory committee meetings. [*Sections 7.5.2 and 8.8*]. Minutes from Board of Trustee meetings and their committees will be posted on the Grid West website. [*Section 5.4.6*]
 - j. Interaction with Trustees at annual Members' meeting at which the Trustees and officers must (i) present annual financial statements and copies of the Grid West budgets for current and following fiscal years; (ii) describe Grid West's progress on carrying out its purposes; (iii) discuss other significant matters affecting the Corporation; and (iv) respond to any questions of the Members. [*Section 5.9.1*]

2. Members nominate, elect and remove class or subclass representatives to the Members Representative Committee (MRC). [Sections 6.3 and 6.6] Members may propose candidates for election as Trustees. [Section 7.2.2] When voting on matters coming before the MRC, each MRC member takes into consideration the interests of the Member Class, the interests of the Members that appointed or elected the representatives, the purposes of Grid West and thereafter make a decision that each MRC member believes in his or her discretion is appropriate. [Section 6.12]. MRC has the following rights and responsibilities:
 - a. Elect and remove Trustees, [Sections 7.2 and 7.3]
 - b. Consult with Trustees and vote to accept or reject Trustees' proposals on Special Issues List, [Section 7.16.7]
 - c. Initiate a management audit of Grid West, [Section 6.1.3]
 - d. Select members of the Membership Dispute Resolution Committee (which resolves all disputes over membership applications, Member qualifications and Member class assignments), [Section 5.4.3]
 - e. Select members of the Arbitration Committee (which processes arbitrations and maintains a standing list of arbitrators). [Section 6.14]
3. Members approve amendments to Operational Bylaws and Articles of Incorporation proposed by Trustees. [Section 12.5.2; Articles of Incorporation]
4. Members vote on and approve amendments to Operational Bylaws proposed by a Member but rejected by Trustees. [Section 12.5.3]
5. Members may submit disputes over whether the bylaws have been complied with to alternative dispute resolution. [Section 13.2.1]
6. Members may require Trustees to (i) designate a particular independent auditor if dissatisfied with the Trustees' selection or (ii) perform an independent audit within a specified time. [Section 5.1.2]
7. Members may submit names of proposed candidates for election as Trustees. [Section 7.2.2]
8. Members monitor Trustees' and committees' actions through the open meeting/sunshine requirement [Section 7.4] and meeting minutes which must be posted on Grid West website [Section 7.4.6] and made available at Grid West office. [Section 10.1]
9. Members monitor Grid West financial health and Trustees' success in controlling costs and meeting other performance standards by reviewing Grid West's

records of accounts and finances available at Grid West office [*Section 10.1*] and annual and quarterly reports delivered to Members by Trustees. [*Section 10.2.3*]

10. State and provincial energy agencies and commissions (Members and non-Members) have separate consultation track through the Governmental Committee. [*Section 8.6*] Trustees must also formally consult with Governmental Committee prior to voting on a proposal on the Special Issues List. [*Section 7.16.7*]
11. Members approve any proposed merger or disposition of significant assets. [*Section 12.4.5*]
12. Members approve dissolution of Grid West as proposed by Trustees [*Section 12.4.2*]. Members also have a right to vote on a proposed dissolution required to be submitted by Trustees to Members upon rejection by Members of (i) a Federal Energy Regulatory Commission (FERC)-ordered change to Articles of Incorporation or bylaws or (ii) a Trustees' decision following a FERC order or rule to treat a provision of the Articles of Incorporation or bylaws as preempted or otherwise inoperative. [*Section 12.4.3*]

ATTACHMENT B

Grid West Bylaws Provisions Advancing Board Independence

The ability of the Grid West Board to act in the best interests of the region has been identified as a key consideration in the development of Grid West. The independence of the Board from the influence of any particular group of market participants is an important part of that ability.

Protecting Board Independence

The following provisions protect the Board's independence from any particular group in the region during both the Developmental and Operational Stages:

1. Candidates for Board positions are identified by an independent search firm, although Members may submit individuals for consideration. [*Section 7.1.13 in Developmental Bylaws, Section 7.2.1 in Operational Bylaws*]
2. Board members must have no financial or business relationship with a Member or other Market Participant. [*Section 7.10 in the Developmental and Operational Bylaws*]
3. Former Board members are subject to restrictions on financial or business relationship with a Member or other Market Participant. [*Section 7.11 in the Developmental and Operational Bylaws*]
4. Existing and former Board members are prohibited from receiving gifts in consideration of their service from a Member or other Market Participant. [*Section 7.13 in the Developmental and Operational Bylaws*]
5. The election of a Board member requires 20 out of the total of 31 MRC votes. This reduces the ability of any one Member class or interest group to veto a candidate for the Board. [*Section 7.2.7 in Developmental Bylaws, Section 7.2.4 in Operational Bylaws*]
6. Removal of a Board member requires a supermajority of MRC members (20) or of the Board (2/3), again ensuring that a Board member cannot be removed by a single Member Class or interest group. [*Section 7.3 in the Developmental and Operational Bylaws*]
7. The Board retains ultimate decision-making authority, after satisfying requirements for Member consultation, and subject to any "supermajority" voting requirements.
8. If the filing utilities are willing to proceed at Decision Point 2, they will commit to irrevocable funding of Grid West, including the development of the tariff and the transmission agreements, for 24 months during the developmental stage.

ATTACHMENT C

Grid West Cost Control Provisions (Operational Bylaws)

Budget Controls

1. Standing Budget Committee, with majority representation of Members, annually develops and proposes to the Board (i) a budget of expenditures and capital commitments, including estimated timing and expected sources of funding, for the next fiscal year; (ii) budget forecasts of expenditures and capital commitments for following two fiscal years, including estimated timing and expected sources of funding; and (iii) a forecast of capital needs in the 4th and 5th out years, including estimated timing and possible sources of funding. Budget Committee also reviews and makes recommendations concerning proposed modifications to existing budget. [*Section 8.4*]
2. Proposed Board action on the recommended budgets 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. [*Section 8.5.3*]
3. Prior to voting on a proposed annual budget referred to the Board Advisory Committee that exceeds by more than 15% the lower of the previous budget forecasts for that fiscal year with respect to either expenditures or capital commitments, the Board of Trustees is required to conduct, and consider the results of, a Member advisory vote. An affirmative vote of at least 7 of the 9 Trustees is required to adopt the proposed expenditures or capital commitments (or both) exceeding previous forecasts by more than 15%. [*Sections 5.15.2 and 7.9.2*]

Other Controls

1. Grid West must take into account cost effectiveness in carrying out its purposes. [*Section 3.1*]
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). [*Section 3.2*]
3. 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. [*Section 5.1.2*]

4. The Board of Trustees must annually present (i) Grid West's financial statements and (ii) adopted annual and forecasted budgets to the Members at one of Members' bi-annual meetings, and respond to any Members' questions. [*Section 5.9.1*]
5. The Members Representative Committee elects Trustees and may remove them with and without cause. [*Sections 7.2 and 7.3*]
6. 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. [*Section 6.1.3*]
7. 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. [*Section 7.12.2*]
8. Requirement for Operational Board to develop a strategic plan for at least three (3) years and to consider and either (i) adopt the business plan recommended by Developmental Board for cost-effective provision of services during first two years of Operational Stage or (ii) 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. [*Section 7.12.5*]
9. Trustees' compensation is fixed (*i.e.*, may be changed only through bylaw change) except for inflation increases every five years. [*Sections 7.15.1 and 7.15.2*]
10. A Trustee may not also be an officer or employee of Grid West or a consultant to Grid West. [*Section 7.15.4*]
11. Before initiating a proposal to invoke authorization under Special Issues procedure to issue financial transmission rights, the Board must cause a study to be performed, and made available to the public, of the net qualitative and quantitative benefits of issuing financial transmission rights. [*Section 7.16.9*]
12. Board of Trustees Audit Committee is responsible for reviewing the financial controls in Grid West's business practices. [*Section 8.3.2*]
14. Proposed modifications to Grid West's rates and revenue requirements must be made available to the Board Advisory Committee for review and comment. [*Section 8.5.3*]

15. 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. [*Sections 8.2 and 8.5*]

16. Grid West's annual report must include specific descriptions of actual performance results in terms of cost management and other performance targets adopted by the Board. Grid West's quarterly report must include a comparison to the budget adopted by the Board of Trustees and a status report on accomplishing the performance targets adopted by the Board. [*Section 10.2.3*]