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Nicholas A. Brown
Senior Vice President & Corporate Secretary

November 1, 2002

Mr. Gene Argo
Mr. Harry Skilton
Mr. David Christiano
Mr. Harry Dawson
Mr. Larry Sur
Mr. Stephen Parr

Mr. Jim Eckelberger
Mr. Quentin Jackson
Mr. John Marschewski
Mr. Tom McDaniel
Mr. Mike Deihl
Mr. Richard Verret

Ms. Trudy Harper
Mr. Richard Spring
Mr. Al Strecker
Mr. J. M. Shafer
Mr. Dick Dixon
Mr. Gary Voigt

Hello!

Enclosed is the agenda and background materials for our upcoming SPP Board of Directors Meeting and Annual Meeting of Members on November 12 & 13, 2002 at the Le Meridien Hotel, New Orleans, Louisiana.

As always, please call with any questions or comments. I look forward to seeing you all again!

Take care,

A handwritten signature in black ink, appearing to read 'Nick', written in a cursive style.

NAB:sb
Enclosures
cc: SPP Membership (via email)

**Southwest Power Pool
BOARD OF DIRECTORS MEETING & ANNUAL MEETING OF MEMBERS
2002 Fall Meeting – Le Meridien Hotel – New Orleans, Louisiana**

- A G E N D A -

TUESDAY, NOVEMBER 12

1:00 – 5:00 p.m. – Board of Directors Meeting

1. Administrative Items..... Al Strecker
2. SPP/MISO Merger Report & Recommendations.....John Marschewski
3. Employee Benefits Working Group Recommendations..... Jim Eckelberger
4. Finance Working Group – 2003 Administrative Budget.....Tom Dunn/Harry Skilton
5. SPP/MAPP RRO Consolidation Recommendations.....David Christiano
6. Nominating Task Force.....David Christiano
7. Executive Session (if needed)

5:30 – 7:00 p.m. - Reception

WEDNESDAY, NOVEMBER 13

7:15 a.m. – Continental Breakfast

8:30 a.m. – Annual Meeting of Members

1. Administrative Items..... Al Strecker
2. President's ReportJohn Marschewski
3. 2002 Organizational Overview/2003 OutlookNick Brown
4. 2002 Operational Overview/2003 Outlook..... Carl Monroe
5. 2002 Financial Overview/2003 Outlook..... Tom Dunn
6. NERC Board of Trustees Report.....John Marschewski
7. Nominating Task Force ReportDavid Christiano

**Southwest Power Pool
BOARD OF DIRECTORS MEETING
Dallas/Ft. Worth Airport Hyatt Hotel
July 16, 2002**

- Summary of Action Items -

1. Approved minutes of the May 7, 2002 Board of Directors meeting as presented.
2. Approved the Employee Benefit Working Group recommendation of funding \$637,022 for the SPP Retirement Plan and \$319,437 for the Retiree Medical Coverage benefit for all SPP employees
3. Reaffirmed November 12 - 13, 2002 as the next scheduled Board of Directors Meeting and Annual Meeting of Members.

**Southwest Power Pool
BOARD OF DIRECTORS MEETING
Dallas/Ft. Worth Airport Hyatt Hotel
July 16, 2002**

Agenda Item 1 – Administrative Items

SPP Chair Mr. Al Strecker called the meeting to order at 9:29 a.m. The following directors were in attendance or represented by proxy:

Mr. Gene Argo, Midwest Energy, Inc.;

Ms. Kim Casey, Dynegy Marketing and Trade;

Mr. John Stephens, proxy for Mr. David Christiano, City Utilities of Springfield, MO;

Mr. Harry Dawson, OK Municipal Power Authority;

Mr. Gene Reeves, proxy for Mr. Michael Deihl, Southwestern Power Administration;

Mr. Dick Dixon, Westar Energy;

Mr. Jim Eckelberger, non-stakeholder director;

Mr. Greg Geisler, proxy for Ms. Trudy Harper, Tenaska Power Services;

Mr. Quentin Jackson, non-stakeholder director;

Mr. John Marschewski, Southwest Power Pool, Inc.;

Mr. Gary Roulet, proxy for Mr. J. M. Shafer, Western Farmers Electric Cooperative;

Mr. Harry Skilton, non-stakeholder director;

Mr. Richard Spring, Kansas City Power & Light;

Mr. Al Strecker, OG+E;

Mr. Larry Sur, non-stakeholder director;

Mr. Michael Desselle, proxy for Mr. Richard Verret, American Electric Power; and

Mr. Ricky Bittle, proxy for Mr. Stephen Parr, KS Electric Power Cooperative and

Mr. Gary Voigt, Arkansas Electric Cooperative Corp.

There were 30 persons in attendance representing 16 members; 1 guest and no regulatory agencies were present (Attendance List – Attachment 1). The Secretary received 8 proxy statements (Proxies – Attachment 2). Mr. Strecker referred to the agenda (Agenda – Attachment 3) and asked for any modifications to draft minutes of the May 7, 2002, meeting or a motion for approval (05/07/02 Meeting Minutes – Attachment 4). Mr. Skilton moved that the minutes be approved as presented. Mr. Dawson seconded this motion, which passed unopposed.

Agenda Item 2 – Financial Report

Mr. Tom Dunn presented the Financial Report (Financial Report – Attachment 5). Mr. Dunn highlighted SPP's mid-year financial results in comparison to the 2002 budget. Operating expenses are under budget by \$2.5 million due to lower personnel headcount, scaled back computer maintenance costs, and slowing capital expenditures. The Company is significantly overbudget in one expense category, Outside Services, driven largely by unbudgeted expenditures related to the combination with Midwest ISO. Tariff revenues continue to exceed budget primarily as a result of providing network service for a large customer in Kansas.

Agenda Item 3 – Employee Benefits Working Group Recommendation

Mr. Jim Eckelberger presented the Employee Benefits Working Group recommendation (EBWG Recommendation - Attachment 6). Mr. Eckelberger stated that additional requirements may need to be dealt with at the end of the year but for now the EBWG is recommending the minimum contribution requirements for the SPP Retirement Plan and Retiree Medical Benefit. Mr. Eckelberger moved to approve the following recommendation:

Approve 2002 funding of \$637,022 for the SPP Retirement Plan and \$319,437 for the Retiree Medical Coverage Benefit for all SPP employees.

Mr. Dawson seconded this motion, which passed unopposed. The EBWG requested that the SPP Retirement Plan and the Retiree Medical Coverage Benefit be maintained in the MISO/SPP merger.

Agenda Item 4 – SPP/MAPP Reliability Task Force Report

Mr. Ricky Bittle reported for Mr. Dave Christiano on the Reliability Task Force (Reliability Task Force Report – Attachment 7). Mr. Bittle stated that the joint task force agreed in principle to several ideas that are not consistent with those approved by the SPP Board of Directors prior to the joint effort of SPP and MAPP. Mr. Bittle highlighted some of these differences as:

- Initial committees will include a Reliability Committee and Compliance Working Group, and Board membership broken into six sectors:
 1. Transmission System Operators (three directors)
 2. Generators and Power Marketers (two directors)
 3. Investor Owned Utility (five directors, two of which must be from small utilities)
 4. Cooperative and Public Utility District (two directors)
 5. Municipal and Joint Action Agency (two directors)
 6. Federal Power Marketing Agencies/Canadian Crown Corporations (one director)
- Each sector has same number of votes as directors but cast together by a majority vote of sector members
- MAPP would like the RRO to be separate from the RTO (at-odds with SPP Board adopted principles)
- Funding of the RRO will be charged by a 20% fixed component and 80% variable component based on “net energy for load” (a change would require modification of by-laws)
- Separate dispute resolution procedures for standards compliance issues
- Question of filing with FERC because of the authority to levy penalties
- Specific powers of the Members:
 1. Election and removal of Board Members by votes of specific sectors
 2. Adopt, amend or repeal of the by-laws
 3. Termination of the corporation
 4. Modify the budget with a 2/3 vote

The complete summary of differences is listed in the above attachment. The by-laws are currently being reviewed by the joint task force and will be fine-tuned before requesting Board approval. The next EBWG meeting date is August 6, 2002.

Agenda Item 5 – SPP Tariff Report

Mr. Nick Brown presented a year-to-date report of the SPP Tariff (Tariff Report – Attachment 8). He explained that the significant difference in SPP revenue was due to Westar taking network service after the 2002 budget was prepared. Mr. Brown also addressed the EL02-86 order on May 31, 2002 concerning Section 2.2 and rollover rights. He listed the results as being:

- Greater utilization of transmission loading relief procedures
- Inability to accurately plan the transmission network
- No more service greater than 1 year
- Gaming opportunities

The physical realities are that transmission capacity diminishes over time due to factors including:

- Loop flows from other systems
- Effect of new generation in and out of footprint
- Changes in network topology
- Changes in market conditions

SPP filed seeking rehearing on June 27, 2002. Mr. Brown encouraged members to support this action even though the 30-day time period for intervention has lapsed.

Agenda Item 6 – SPP/MISO Integration Report

Mr. Brown addressed SPP/MISO Integration (Merger Update – Attachment 9). Organization charts have been completed and staffing announced, the Accenture project is completed, and Mark Griffin from MISO is leading the merger integration project that includes Kevin Perry of SPP. Members were asked to sign a Conditional Withdrawal document as well as a Membership Agreement for NewCo by July 5, 2002. Mr. Brown listed actions to date of jurisdictional owners, non-jurisdictional owners, and non-owners. FERC has ordered the NewCo to file a comprehensive tariff by November 1, 2002, which will be done. Should transmission owners not reach an agreement by November 1, 2002 the filing will be made with consensus items, noting disagreements, and staff will make a recommendation of dissented issues.

Agenda Item 7 – Operations Report

Mr. Carl Monroe presented the Operations Report (Operations Report – Attachment 10). Mr. Monroe showed charts comparing operation statistics from when SPP became a security coordinator in 1997 to present day highlighting transmission loading relief (TLR) and total MW curtailed. Mr. Monroe also showed TLR activity for 2002 and comparisons between MISO and SPP's scheduling. Mr. Monroe confirmed that Order EL02-86 concerning Section 2.2 of the Tariff would greatly affect TLR's.

Agenda Item 8 – Joint and Common Market Report

Mr. Monroe then presented an update on the Joint and Common Wholesale Energy Market (Joint and Common Market – Attachment 11). Mr. Monroe touched on overall benefits, functional areas, actions to date, transitional markets, implementation plan, and seams coordination. This is to be done in 3 phases with a timetable of:

- Phase 1 – by 12/15/03

SPP Board of Directors
July 16, 2002

- Phase 2 – mid 2003 completing late 2004
- Phase 3 – end of 2005 implementation date

Ed Krapels of ESAI performed an impact analysis of a common market that resulted in the following conclusions:

- Lower energy prices for region as a whole
- Smaller spreads in forward-spot and bid-ask
- Smaller “market model risk”
- No major shifts in energy cost curves for MISO-SPP or PJM

Mr. Dick Dixon referred to a letter sent to Mr. Jim Torgerson (MISO) on behalf of the transmission owners expressing opposition to the phase in implementation of the Day-2 market (Transmission Owner’s Letter – Attachment 12). Mr. Grant Wilkerson addressed possible seams risks and stated that transmission owners prefer to have a “big bang” method with implementation all at once (Wilkerson Comments – Attachment 13). Mr. Torgerson said that the “big bang” approach will be looked at in a July 17 meeting at MISO and invited anyone to participate.

Agenda Item 9 – NERC Report

Mr. John Marschewski presented the NERC Report (NERC Highlights – Attachment 14). Mr. Marschewski referred to highlights of the NERC Board of Trustees and the NERC Stakeholders Committee Meeting.

Adjournment

Mr. Strecker announced that the next scheduled Board of Directors Meeting and Annual Meeting of Members was November 12 – 13, 2002. With no further business, Mr. Strecker adjourned the meeting at 12:38, and thanked everyone for their participation.

Nicholas A. Brown, Corporate Secretary

Southwest Power Pool, Inc.
BOARD OF DIRECTORS MEETING
November 12, 2002

Staff Recommendation on SPP-MISO Consolidation

Background

SPP and MISO staffs, at the direction of their respective Boards of Directors, have been pursuing a merger of the two companies. A history of this merger process is presented below.

August 13, 2001	Original Term Sheet presented to and approved by SPP Board of Directors
October 17, 2001	Business case for the merger approved by SPP Board of Directors
February 19, 2002	SPP Board of Directors approved final documents to effect merger and passed Resolution directing Officers to execute Purchase and Assumption Agreement
February 20, 2002	SPP Members approved final documents to effect merger
February 21, 2002	MISO Board of Directors approved final documents to effect merger
March 4, 2002	Executed Purchase and Assumption Agreement
March 29, 2002	FERC filing of the merger documents
May 30, 2002	FERC approval of merger documents and instruction to file combined tariff by November 1, 2002
June 4, 2002	Staffing for Resulting Company announced
June 7, 2002	Issued Conditional Withdrawal Agreement and Membership documents for execution by SPP Members
July 1, 2002	MISO makes compliance filing for required revisions to their governing documents
October 11, 2002	FERC Order denying request for rehearing on merger documents
November 1, 2002	Combined tariff to be filed

Analysis

The Purchase and Assumption Agreement outlines the requirements for closing the merger, including one item that has yet to be accomplished - that SPP members representing at least 174,000 GWh join the Resulting Company. The Agreement also contains a date of December 31, 2002, by which all requirements must be met, or either party may terminate the Agreement. The membership condition will not be met to allow closing by December 31, 2002. Thus, without modification of the Agreement, either party may terminate the Agreement following this date. It is considered the intent of all parties that this merger should be completed. The benefits as originally defined are still available: lower administrative fees, advantages of a larger market/footprint, and efficiencies of combining efforts rather than operating separately. SPP Transmission Owners have expressed a desire to await the outcome of the combined tariff filing of November 1 before executing the documentation necessary to join the Resulting Company. As such, it is desirable to extend the date for discretionary termination.

Recommendation

The SPP Staff recommends that the SPP Board of Directors approve the attached resolution to extend the merger optional termination deadline to March 30, 2003.

(The MISO Board of Directors will consider a similar resolution at their next scheduled meeting on November 21.)

**RESOLUTION OF
THE BOARD OF DIRECTORS OF
SOUTHWEST POWER POOL, INC.**

WHEREAS, Southwest Power Pool, Inc. ("SPP") and Midwest Independent Transmission System Operator, Inc. ("MISO") have, at the direction of their respective Boards of Directors, entered into a Purchase and Assumption Agreement (the "Purchase Agreement") effective March 4, 2002 which provides for the Company to convey to MISO substantially all of the assets of the Company and for MISO to assume substantially all of the liabilities of the Company, excluding certain assets and liabilities relating to the Company's NERC-related reliability council functions; and

WHEREAS, SPP's members have approved the transactions contemplated by the Purchase Agreement; and

WHEREAS, Section 8.5(c) of the Purchase Agreement allows for the termination of the merger at any time prior to the Closing by either MISO or SPP in writing if the Closing shall not have occurred by December 31, 2002, unless the action or inaction of the party seeking to terminate was the cause of or resulted in the failure to close the transactions contemplated by this Agreement; and

WHEREAS, it has been determined that the Closing will not occur before December 31, 2002;

NOW, THEREFORE, it is hereby:

RESOLVED, that the Board of Directors of SPP agrees to extend the termination date for the Purchase and Assumption agreement to March 30, 2003. All other terms and conditions of the Purchase Agreement remain unchanged, except to the extent that any provision relates to or is determined by a closing date in 2002 in which case the extended date will apply.

APPROVED as of November 12, 2002.

Chair

ATTEST:

Secretary

Southwest Power Pool

**EMPLOYEE BENEFITS WORKING GROUP
Recommendation to the Board of Directors
November 12, 2002**

Merit Increase

Background

The staff of Southwest Power Pool, Inc. ("SPP") has jointly worked with the staff of Midwest Independent Transmission System Operator, Inc. ("MISO") developing a 2003 budget for the combined entity. The officers of the combined entity support an average merit increase for the company equivalent to four (4%) of total salaries.

Analysis

SPP management reviewed the merit increase for the employees of the new company and agreed the average merit increase for SPP employees should also be four percent. This action will maintain a competitive compensation structure for SPP employees and allow the salaries to merge into the salary structure of the new company with a minimum of adjustment when the merger is completed. The financial impact of a four percent merit increase for the Staff in 2003 is \$328,000. In 2002 the approved merit increase was 4.5%. The Employee Benefits Working Group (EBWG) supported the merit increase in an October 30 email distribution.

Recommendation

The EBWG recommends the SPP Board of Directors approval of a four percent salary adjustment for SPP staff.

Approved: Employee Benefits Working Group October 30, 2002

Action Requested: Approve Recommendation

Southwest Power Pool, Inc.
FINANCE WORKING GROUP
Recommendation to the Board of Directors
November 12, 2002

2003 BUDGET

Background

The Finance Working Group met on October 31, 2002, chaired by Harry Skilton and consisting of Dick Dixon, Gene Argo, Jim Eckelberger and John Marchewski, via telephone conference to review the SPP 2003 proposed budget. The Finance Working Group recommends approval of the 2002 budget of as follows:

- Operating \$22,256,281
- Capital \$1,071,400
- Debt Service \$5,625,000

The recommended 2003 budget is approximately equal to SPP's 2002 budget. The Executive Summary details significant assumptions used in developing the budget and items included in the budget. Included in the debt service category of the 2003 budget is money to fund the first installment on SPP's \$25 million debt issue, which is due in March 2004. SPP proposes collecting funds for this payment monthly beginning in April 2003.

Recommendation

The Finance Working Group recommends the approval of the 2003 SPP Administrative Budget as presented.

Approved: Finance Working Group October 31, 2002

Action Requested: Approve Recommendation

**2002 PROPOSED ADMINISTRATIVE BUDGET
EXECUTIVE SUMMARY**

The combination of Southwest Power Pool, Inc. ("SPP") and Midwest Independent Transmission System Operator, Inc. ("MISO") has not progressed to the point that closing the transaction is certain during SPP's 2002 fiscal year. Therefore, SPP has developed the following proposed budget for the 2003 fiscal year. This budget was developed utilizing the following assumptions:

- Combination of MISO and SPP does not occur during 2003;
- Companies continue to work towards a combination;
- SPP will not move forward in the development of energy markets. However, estimated costs for moving forward are included for reference but are not a part of the proposed budget;
- Many working group meetings formerly facilitated by SPP will be facilitated by MISO as part of its ongoing operations and the integration efforts of the two companies. SPP staff and members will remain active participants in these meetings. SPP will not budget funds to facilitate any portion of these meetings (with the exception of the Single Market Design Forum meetings).

Cash outflows in 2003 for operating expenses are estimated at \$22.2 million, capital expenditures are \$1.1 million, and debt service expenses are \$5.6million. SPP's 2002 budget included \$23.2 million, \$5 million, and \$1.9 million respectively for these items. Three primary revenue sources will fund 2003 expenditures, as follows:

Tariff Income	\$16,100,000
Member Assessments	\$12,112,681
Miscellaneous Income	\$740,000

Market operations will be developed by Midwest Independent Transmission System Operators, Inc. during 2003. SPP membership will participate in the funding of market related costs following completion of the SPP / MISO transaction and implementation of the markets. Development costs for market operations by SPP as a stand-alone organization would include:

Personnel	\$1,700,000
Congestion Management	\$5,000,000
Outsourced Market Operations	\$3,560,000
Legal and Regulatory Services	\$1,000,000

The above Market Operations costs are not included in SPP's 2003 budget but are provided as a point of reference.

Significant budgeted expenditures include the following:

2002 PROPOSED ADMINISTRATIVE BUDGET EXECUTIVE SUMMARY

Category 1 - SALARY/EMPLOYEE BENEFITS

- Existing staff at SPP is 111 employees as of October 2002. Staff is recommending five new full time employees to support system infrastructure and security (2), generation interconnection studies and transient/dynamic stability studies (2), and compliance monitoring (1). Six month gross salaries for these five positions are estimated at \$140,000.
- The Employee Benefits Working Group developed an incentive and retention program for SPP Staff in 2001. Payments are scheduled to occur November 2003 or one year from the date the "follow-on" organization receives RTO recognition from FERC. \$513,000 payout in November 2003.
- Welfare benefits are estimated at 17% of annual salary and includes items such as group health care insurance, group life insurance, employee assistance programs, dental insurance, etc. Total expenses for 2003 are estimated at \$1,496,000.
- Funding for retirement plans includes matching contributions to employee 401(k) plans at 4.5% of salary and required funding for SPP's defined benefit pension plan. Total funding of \$1,033,000 is expected.

In summary, total employee expenses in 2003 are expected to total \$13.2 million versus a 2002 budget of \$14 million.

Category 2 - EMPLOYEE TRAVEL EXPENSES

Travel expenses continue to grow on a year over year basis. Causes include additional meeting requirements for the staff, changes in the economics of the airline industry (frequency of flights, costs, options), and timing of travel. SPP has investigated alternatives to commercial airline travel and has implemented video teleconference capabilities in order to curtail the requirement of physical face to face meetings. That said, travel expenses for 2003 are budgeted at \$836,000; an increase over 2002's budget of \$594,000, yet below our estimate of final 2002 travel expenses of

Category 3 - ADMINISTRATIVE

Staff anticipates a significant increase in corporate insurance premiums, without any changes in coverage levels. SPP has been advised by its insurance broker to expect a 30%+ increase in excess liability coverage provided by AEGIS.

2002 PROPOSED ADMINISTRATIVE BUDGET EXECUTIVE SUMMARY

Category 4 - NERC ASSESSMENT

SPP's share of of NERC's 2003 budget is \$742,000.

Category 5 - SPP/NERC MEETINGS

SPP will continue to host monthly Single Market Design Forum meetings on a quarterly rotation amongst PJM and MISO. Expenditures for these forums average \$9,000/quarter.

Category 6 - COMMUNICATIONS

Expenditures for SPP's frame relay network (SPPNET) will top \$1 million during 2003 primarily as a result of full implementation of a redundant network. Recent financial difficulties with SPP's primary provider have increased the priority for installing a secondary frame network. The critical importance of maintaining a functioning communication link among and between the SPP membership justifies this expenditure.

Category 7 - CAPITAL / OPERATING LEASES AND MAINTENANCE

The first scheduled \$5 million principal payment on SPP's \$25 million bond issue will be due in March 2004. Therefore, SPP will begin accumulating funds for this payment beginning in April 2003.

Category 8 – CAPITAL EXPENDITURES

The SPP Security Working Group authorized the development of an emergency backup site in 2000. Other, more time sensitive projects, have served to delay full development of the site. Expenditures to fully complete the project are included in this budget.

Category 9 - OUTSIDE SERVICES

SPP has negotiated termination of the outsourced commercial operations contract with Accenture. Accenture will continue to support the customer service portal at a cost of \$120,000 per month.

11/13/2001

**2002 PROPOSED ADMINISTRATIVE BUDGET
EXECUTIVE SUMMARY**

Category 10 - MISCELLANEOUS INCOME

SPP provides security coordination and reliability services to AEP as dictated by FERC as a condition in the merger of AEP and CSW. SPP is compensated for direct costs associated with providing this service (staff in Hilliard Ohio) as well as time for engineering support. Staff expects this service to terminate effective May 1, 2003.

Category 11 - TARIFF INCOME

Budgeted income from tariff operations approximates 2002 actual revenues.

Category 12 - ASSESSMENTS

Strong tariff revenues and conscious expense control are expected to limit assessments of members to 42% of total expenditures (operating, capital and debt service).

2003 Budget Forecast

All Categories

Category	Description of Category	Actuals	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	2002 Actual
		2000	2,774,480	3,402,872	2,550,338	2,841,517	11,569,207	
		2001	3,910,387	4,722,125	4,859,648	4,129,866	17,622,026	
		2002	6,122,407	7,878,683	5,734,020	6,087,173	25,822,283	
(1)	Salaries/Benefits		3,140,083	3,166,771	3,182,208	3,697,825	13,186,887	10,981,853
(2)	Travel Expenses		208,395	208,895	208,395	210,095	835,780	827,552
(3)	Administrative		543,825	256,225	76,225	64,225	940,500	740,801
(4)	NERC Assessment		185,600	185,600	185,600	185,600	742,400	831,940
(5)	SPP/NERC Meetings		38,380	34,470	35,195	35,605	143,650	124,493
(6)	Communications		398,480	379,980	376,980	376,980	1,532,420	899,126
(7)	Capital/Operating Leases and Maint.		1,418,576	1,954,076	1,918,576	1,901,076	7,192,304	3,491,416
(8)	Capital Expenditures		723,025	260,125	45,125	43,125	1,071,400	1,673,833
(9)	Outside Services		963,585	790,585	776,585	776,585	3,307,340	8,635,561
(10)	Miscellaneous Income		305,000	185,000	125,000	125,000	740,000	2,384,292
	Net Expenses		7,314,949	7,051,727	6,679,889	7,166,116	28,212,681	25,822,283
(11)	Tariff Income		3,600,000	3,900,000	4,800,000	3,800,000	16,100,000	15,209,903
(12)	Assessments		3,714,949	3,151,727	1,879,889	3,366,116	12,112,681	10,612,380
	Net Income		7,314,949	7,051,727	6,679,889	7,166,116	28,212,681	25,822,283
	Income Applied to:		Current	Accumulative				
	1998 Carryover of		\$897,517	\$897,517				
	1999 Carryover of		\$4,108,680	\$5,006,197				
	2000 Carryover of		\$4,755,435	\$9,761,632				
	2001 Carryover of		\$6,000,957	\$15,762,589				
	2002 Carryover of		\$5,447,923	\$21,210,512				
	2003 Shortfall of		\$6,470,145	\$27,680,657				

Southwest Power Pool

Board of Directors Summary

Category	2002 Actual vs 2002 Budget			2003 Budget vs 2002 Actual			2003 Budget vs 2002 Budget			
	2002 Present Estimate	2002 Budget	Change	2003 Budget	2002 Present Estimate	Change	2003 Budget	2002 Budget	Change	Percent
1 Salaries / Benefits										
Salaries	7,878,764	10,122,670	2,243,906	9,338,804	7,878,764	1,460,040	9,338,804	10,122,670	783,866	(8%)
Payroll Taxes	577,641	618,745	41,104	692,527	577,641	114,886	692,527	618,745	73,782	12%
Benefits	2,319,149	2,900,520	581,371	2,818,557	2,319,149	499,408	2,818,557	2,900,520	81,963	(3%)
Relocation/Training	206,299	378,000	171,701	337,000	206,299	130,701	337,000	378,000	41,000	(11%)
Subtotal	10,981,853	14,019,935	3,038,082	13,186,887	10,981,853	2,205,035	13,186,887	14,019,935	833,048	(6%)
2 Employee Travel Expenses	827,552	593,520	234,032	835,780	827,552	8,228	835,780	593,520	242,260	41%
3 Administrative	740,801	726,400	14,401	940,500	740,801	199,699	940,500	726,400	214,100	29%
4 NERC Assessment	831,940	900,000	68,060	742,400	831,940	89,540	742,400	900,000	157,600	(18%)
5 SPP/NERC Meetings	124,493	231,600	107,107	143,650	124,493	19,157	143,650	231,600	87,950	(38%)
6 Communications	899,126	1,396,230	497,104	1,532,420	899,126	633,294	1,532,420	1,396,230	136,190	10%
7 Capital/Operating Leases & Maint.	3,491,416	4,087,200	595,784	7,192,304	3,491,416	3,700,888	7,192,304	4,087,200	3,105,104	76%
8 Capital Expenditures	1,673,833	2,022,500	348,667	1,071,400	1,673,833	602,433	1,071,400	2,022,500	951,100	(47%)
9 Outside Services	8,635,561	6,081,100	2,554,461	3,307,340	8,635,561	5,328,221	3,307,340	6,081,100	2,773,760	(46%)
10 Misc. Income	2,384,292	1,569,700	814,592	740,000	2,384,292	1,644,292	740,000	1,569,700	829,700	(53%)
Net Expenses	25,822,283	28,488,785	2,666,502	28,212,681	25,822,283	2,390,399	28,212,681	28,488,785	276,104	(1%)
11 Tariff Income	15,209,903	7,500,000	7,709,903	16,100,000	15,209,903	890,097	16,100,000	7,500,000	8,600,000	115%
12 Assessments	10,612,380	20,988,785	10,376,405	12,112,681	10,612,380	1,500,302	12,112,681	20,988,785	8,876,104	(42%)
Net Income	25,822,283	28,488,785	2,666,502	28,212,681	25,822,283	2,390,399	28,212,681	28,488,785	276,104	(1%)

**Southwest Power Pool
President's Report & Budget Comparison
Actual vs. Budgeted Expenses (01/01/02-09/30/02)**

Expenses	Year to Date				End of Year			
	Actual	Budgeted	Over/Under		Present Estimate	Budgeted	Over/Under	
			(\$)	(\$)			(\$)	(\$)
(1) Salaries/Benefits	8,324,477	10,842,755	2,518,278		10,981,853	14,019,935	3,038,082	
(2) Travel Expenses	642,889	445,090	197,799		827,552	593,520	234,032	
(3) Administrative	672,278	675,660	3,382		740,801	726,400	14,401	
(4) NERC Assessment	606,940	675,000	68,060		831,940	900,000	68,060	
(5) SPP/NERC Meetings	66,888	173,995	107,107		124,493	231,600	107,107	
(6) Communications	787,370	1,047,135	259,765		899,126	1,396,230	497,104	
(7) Capital/Operating	2,878,862	3,949,875	1,071,013		3,491,416	4,087,200	595,784	
(8) Capital Expenditures	1,340,833	1,689,500	348,667		1,673,833	2,022,500	348,667	
(9) Outside Services	6,445,240	4,597,100	1,848,140		8,635,561	6,081,100	2,554,461	
(10) Miscellaneous Income	2,030,667	1,216,075	814,592		2,384,292	1,569,700	814,592	
Net Expenses	19,735,110	22,880,035	3,144,925		25,822,283	28,488,785	2,666,502	
<u>Income</u>								
(11) Tariff Income	11,809,903	5,750,000	6,059,903		15,209,903	7,500,000	7,709,903	
(12) Assessments	7,925,207	17,130,035	9,204,828		10,612,380	20,988,785	10,376,405	
Net Income	19,735,110	22,880,035	3,144,925		25,822,283	28,488,785	2,666,502	

Southwest Power Pool, Inc.
RELIABILITY TASK FORCE
Recommendation to the Board of Directors
November 12, 2002

Background

The SPP Reliability Task Force (RTF) was established to ensure continuity of the regional reliability organization functions (RRO) of SPP members following the merger between SPP & MISO. In May of this year the Board approved the RTF's new bylaws and membership agreement (as amended) with the provision that the RTF continue to work with its MAPP counterparts to reach a mutually beneficial merger of the two RRO's if possible.

Analysis

A joint task force of MAPP and SPP representatives was created and has been working since May to draft a set of bylaws for a single new reliability organization that would encompass at least the areas of the current MAPP and SPP reliability organizations. A report to date was presented to the Board at the last meeting by Ricky Bittle (Attached is a copy of the complete report of the Joint Task Force including Section VI containing a "Timeline and Future Actions" that is still on schedule.)

The Joint Task Force solicited comments on an August 12 draft. There were limited responses and most of the comments were minor. Attached is a redlined version of the document along with clean versions of both the August 12 draft that the Joint Task Force has agreed to and an October 16 draft. The major difference in the August version and the October version is the addition of a separate sector for Canadian utilities increasing the proposed Board size from 15 to 16. Since October 16, we have received one additional comment regarding anti-trust issues related to the compliance part of the document (attached are: New RRO draft bylaws of the August 12, 2002 distributed to all for comment, New RRO draft bylaws of October 16, 2002 with comments agreed to by the Joint Task Force, and a redlined version showing the changes between the two.)

Also attached are spreadsheets for a draft budget and assessments for the New RRO (full year - \$3.9 Million compared to \$5.1 Million combined for the MAPP & SPP standalones, a New RRO staffing level of 15 FTE - reduced from 18 for the standalone orgs., and a draft budget for the New RRO for transition-\$35,000.) and it's membership. The year 2003 will be a transition year (there will be three organizations – New RRO, MAPP, & SPP, Inc.) but no member will be paying double. As noted the transition budget for the New RRO is estimated to be approximately \$35,000 (the \$1000 membership fee will take care of these expenses) with all other costs being budgeted in the proposed MAPP and SPP RRO budgets.

Recommendation

Dave Christiano will make the presentation of the SPP Reliability Task Force recommending that the Board of Directors approve attached resolution.

Approved: Joint MAPP/SPP Task Force October 31, 2002

Action Requested: Approve Recommendation

JOINT RESOLUTION OF MAPP AND SPP
MAPP Executive Committee
SPP Board of Directors
Regarding the Endorsement of Bylaws and Other Measures
for the Creation of a New Regional Reliability Organization

WHEREAS, the Executive Committee of the Mid-Continent Area Power Pool (“MAPP”) and the Board of Directors of the Southwest Power Pool (“SPP”) are committed to create a new regional reliability organization that includes a common membership of the members of MAPP and SPP; and

WHEREAS, the new regional reliability organization is intended to replace the MAPP and SPP Regional Reliability Councils of the North American Electric Reliability Council (“NERC”) by creating a new NERC Regional Reliability Council that will be more effective and efficient by administering and enforcing reliability standards across a larger geographical area; and

WHEREAS, in the pursuit of creating a new regional reliability organization, the MAPP Executive Committee and the SPP Board of Directors formed a Joint Task Force, consisting of representatives and staff from MAPP and SPP, to develop bylaws and other corporate documents; and

WHEREAS, the Joint Task Force, after diligently considering the comments, perspectives and suggestions of the members of their respective regional reliability organizations, has developed proposed bylaws and other corporate documents for the creation of a new regional reliability organization and has developed a timeline and process for the implementation of the new organization for the members of MAPP and SPP.

NOW, THEREFORE, BE IT RESOLVED that the MAPP Executive Committee and the SPP Board of Directors thank the Joint Task Force for its dedicated and cooperative efforts in developing an excellent proposal for a new regional reliability organization for members of MAPP and SPP.

BE IT FURTHER RESOLVED that the MAPP Executive Committee and the SPP Board of Directors endorse the proposed bylaws, timeline and process for the new regional reliability organization as developed by the Joint Task Force.

BE IT FURTHER RESOLVED that the MAPP Executive Committee and the SPP Board of Directors strongly encourage all members of MAPP and SPP to participate in the new regional reliability organization.

BE IT FURTHER RESOLVED that the MAPP Executive Committee and the SPP Board of Directors direct MAPP’s Chief Executive Officer and SPP’s President to jointly take all steps necessary to organize and establish the new regional reliability organization as a corporate entity, with appropriate Articles of Incorporation and other required corporate documents, in conformance with the bylaws developed by the Joint Task Force; to solicit membership from the members of MAPP, SPP, and any other electric industry participants that may be interested in joining the new organization; and to continue to work with the Joint Task Force to implement the new organization and to

obtain NERC acceptance of the new organization as a NERC Regional Reliability Council.

ADOPTED this ___ day of _____, 2002

By: _____
Chair of the Executive Committee of
the Mid-Continent Area Power Pool

ADOPTED this ___ day of _____, 2002

By: _____
Chair of the Board of Directors of
the Southwest Power Pool



JTF Breifing
Members.doc



New RRO
Budget2.xls



New RRO Sector
Pro Forma010.21...



New Reliability
Region By-Laws...



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**2002 PROPOSED ADMINISTRATIVE BUDGET
EXECUTIVE SUMMARY**

Category 1 - SALARY/EMPLOYEE BENEFITS

- Existing staff at SPP is 111 employees as of October 2002. Staff is recommending five new full time employees to support system infrastructure and security (2), generation interconnection studies and transient/dynamic stability studies (2), and compliance monitoring (1). Six month gross salaries for these five positions are estimated at \$140,000.
- The Employee Benefits Working Group developed an incentive and retention program for SPP Staff in 2001. Payments are scheduled to occur November 2003 or one year from the date the "follow-on" organization receives RTO recognition from FERC. \$513,000 payout in November 2003.
- Welfare benefits are estimated at 17% of annual salary and includes items such as group health care insurance, group life insurance, employee assistance programs, dental insurance, etc. Total expenses for 2003 are estimated at \$1,496,000.
- Funding for retirement plans includes matching contributions to employee 401(k) plans at 4.5% of salary and required funding for SPP's defined benefit pension plan. Total funding of \$1,033,000 is expected.

In summary, total employee expenses in 2003 are expected to total \$13.2 million versus a 2002 budget of \$14 million.

Category 2 - EMPLOYEE TRAVEL EXPENSES

Travel expenses continue to grow on a year over year basis. Causes include additional meeting requirements for the staff, changes in the economics of the airline industry (frequency of flights, costs, options), and timing of travel. SPP has investigated alternatives to commercial airline travel and has implemented video teleconference capabilities in order to curtail the requirement of physical face to face meetings. That said, travel expenses for 2003 are budgeted at \$836,000; an increase over 2002's budget of \$594,000, yet below our estimate of final 2002 travel expenses of

Category 3 - ADMINISTRATIVE

Staff anticipates a significant increase in corporate insurance premiums, without any changes in coverage levels. SPP has been advised by its insurance broker to expect a 30%+ increase in excess liability coverage provided by AEGIS.

2002 PROPOSED ADMINISTRATIVE BUDGET EXECUTIVE SUMMARY

Category 4 - NERC ASSESSMENT

SPP's share of of NERC's 2003 budget is \$742,000.

Category 5 - SPP/NERC MEETINGS

SPP will continue to host monthly Single Market Design Forum meetings on a quarterly rotation amongst PJM and MISO. Expenditures for these forums average \$9,000/quarter.

Category 6 - COMMUNICATIONS

Expenditures for SPP's frame relay network (SPPNET) will top \$1 million during 2003 primarily as a result of full implementation of a redundant network. Recent financial difficulties with SPP's primary provider have increased the priority for installing a secondary frame network. The critical importance of maintaining a functioning communication link among and between the SPP membership justifies this expenditure.

Category 7 - CAPITAL / OPERATING LEASES AND MAINTENANCE

The first scheduled \$5 million principal payment on SPP's \$25 million bond issue will be due in March 2004. Therefore, SPP will begin accumulating funds for this payment beginning in April 2003.

Category 8 – CAPITAL EXPENDITURES

The SPP Security Working Group authorized the development of an emergency backup site in 2000. Other, more time sensitive projects, have served to delay full development of the site. Expenditures to fully complete the project are included in this budget.

Category 9 - OUTSIDE SERVICES

SPP has negotiated termination of the outsourced commercial operations contract with Accenture. Accenture will continue to support the customer service portal at a cost of \$120,000 per month.

11/13/2001

**2002 PROPOSED ADMINISTRATIVE BUDGET
EXECUTIVE SUMMARY**

Category 10 - MISCELLANEOUS INCOME

SPP provides security coordination and reliability services to AEP as dictated by FERC as a condition in the merger of AEP and CSW. SPP is compensated for direct costs associated with providing this service (staff in Hilliard Ohio) as well as time for engineering support. Staff expects this service to terminate effective May 1, 2003.

Category 11 - TARIFF INCOME

Budgeted income from tariff operations approximates 2002 actual revenues.

Category 12 - ASSESSMENTS

Strong tariff revenues and conscious expense control are expected to limit assessments of members to 42% of total expenditures (operating, capital and debt service).

2003 Budget Forecast

All Categories

Category	Description of Category	Actuals	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	2002 Actual
		2000	2,774,480	3,402,872	2,550,338	2,841,517	11,569,207	
		2001	3,910,387	4,722,125	4,859,648	4,129,866	17,622,026	
		2002	6,122,407	7,878,683	5,734,020	6,087,173	25,822,283	
(1)	Salaries/Benefits		3,140,083	3,166,771	3,182,208	3,697,825	13,186,887	10,981,853
(2)	Travel Expenses		208,395	208,895	208,395	210,095	835,780	827,552
(3)	Administrative		543,825	256,225	76,225	64,225	940,500	740,801
(4)	NERC Assessment		185,600	185,600	185,600	185,600	742,400	831,940
(5)	SPP/NERC Meetings		38,380	34,470	35,195	35,605	143,650	124,493
(6)	Communications		398,480	379,980	376,980	376,980	1,532,420	899,126
(7)	Capital/Operating Leases and Maint.		1,418,576	1,954,076	1,918,576	1,901,076	7,192,304	3,491,416
(8)	Capital Expenditures		723,025	260,125	45,125	43,125	1,071,400	1,673,833
(9)	Outside Services		963,585	790,585	776,585	776,585	3,307,340	8,635,561
(10)	Miscellaneous Income		305,000	185,000	125,000	125,000	740,000	2,384,292
	Net Expenses		7,314,949	7,051,727	6,679,889	7,166,116	28,212,681	25,822,283
(11)	Tariff Income		3,600,000	3,900,000	4,800,000	3,800,000	16,100,000	15,209,903
(12)	Assessments		3,714,949	3,151,727	1,879,889	3,366,116	12,112,681	10,612,380
	Net Income		7,314,949	7,051,727	6,679,889	7,166,116	28,212,681	25,822,283
	Income Applied to:		Current	Accumulative				
	1998 Carryover of		\$897,517	\$897,517				
	1999 Carryover of		\$4,108,680	\$5,006,197				
	2000 Carryover of		\$4,755,435	\$9,761,632				
	2001 Carryover of		\$6,000,957	\$15,762,589				
	2002 Carryover of		\$5,447,923	\$21,210,512				
	2003 Shortfall of		\$6,470,145	\$27,680,657				

Southwest Power Pool

Board of Directors Summary

Category	2002 Actual vs 2002 Budget			2003 Budget vs 2002 Actual			2003 Budget vs 2002 Budget					
	Present Estimate	Budget	Change	Percent	2003 Budget	Present Estimate	Change	Percent	2003 Budget	Budget	Change	Percent
1 Salaries / Benefits												
Salaries	7,878,764	10,122,670	2,243,906	(22%)	9,338,804	7,878,764	1,460,040	19%	9,338,804	10,122,670	783,866	(8%)
Payroll Taxes	577,641	618,745	41,104	(7%)	692,527	577,641	114,886	20%	692,527	618,745	73,782	12%
Benefits	2,319,149	2,900,520	581,371	(20%)	2,818,557	2,319,149	499,408	22%	2,818,557	2,900,520	81,963	(3%)
Relocation/Training	206,299	378,000	171,701	(45%)	337,000	206,299	130,701	63%	337,000	378,000	41,000	(11%)
Subtotal	10,981,853	14,019,935	3,038,082	(22%)	13,186,887	10,981,853	2,205,035	20%	13,186,887	14,019,935	833,048	(6%)
2 Employee Travel Expenses	827,552	593,520	234,032	39%	835,780	827,552	8,228	1%	835,780	593,520	242,260	41%
3 Administrative	740,801	726,400	14,401	2%	940,500	740,801	199,699	27%	940,500	726,400	214,100	29%
4 NERC Assessment	831,940	900,000	68,060	(8%)	742,400	831,940	89,540	(11%)	742,400	900,000	157,600	(18%)
5 SPP/NERC Meetings	124,493	231,600	107,107	(46%)	143,650	124,493	19,157	15%	143,650	231,600	87,950	(38%)
6 Communications	899,126	1,396,230	497,104	(36%)	1,532,420	899,126	633,294	70%	1,532,420	1,396,230	136,190	10%
7 Capital/Operating Leases & Maint.	3,491,416	4,087,200	595,784	(15%)	7,192,304	3,491,416	3,700,888	106%	7,192,304	4,087,200	3,105,104	76%
8 Capital Expenditures	1,673,833	2,022,500	348,667	(17%)	1,071,400	1,673,833	602,433	(36%)	1,071,400	2,022,500	951,100	(47%)
9 Outside Services	8,635,561	6,081,100	2,554,461	42%	3,307,340	8,635,561	5,328,221	(62%)	3,307,340	6,081,100	2,773,760	(46%)
10 Misc. Income	2,384,292	1,569,700	814,592	52%	740,000	2,384,292	1,644,292	(69%)	740,000	1,569,700	829,700	(53%)
Net Expenses	25,822,283	28,488,785	2,666,502	(9%)	28,212,681	25,822,283	2,390,399	9%	28,212,681	28,488,785	276,104	(1%)
11 Tariff Income	15,209,903	7,500,000	7,709,903	103%	16,100,000	15,209,903	890,097	6%	16,100,000	7,500,000	8,600,000	115%
12 Assessments	10,612,380	20,988,785	10,376,405	(49%)	12,112,681	10,612,380	1,500,302	14%	12,112,681	20,988,785	8,876,104	(42%)
Net Income	25,822,283	28,488,785	2,666,502	(9%)	28,212,681	25,822,283	2,390,399	9%	28,212,681	28,488,785	276,104	(1%)

**Southwest Power Pool
President's Report & Budget Comparison
Actual vs. Budgeted Expenses (01/01/02-09/30/02)**

<u>Expenses</u>	<u>Year to Date</u>				<u>End of Year</u>			
	<u>Actual</u>	<u>Budgeted</u>	<u>Over/</u>		<u>Present Estimate</u>	<u>Budgeted</u>	<u>Over/</u>	
			<u>(\$)</u>	<u>Under</u>			<u>(\$)</u>	<u>Under</u>
(1) Salaries/Benefits	8,324,477	10,842,755	2,518,278		10,981,853	14,019,935	3,038,082	
(2) Travel Expenses	642,889	445,090	197,799		827,552	593,520	234,032	
(3) Administrative	672,278	675,660	3,382		740,801	726,400	14,401	
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(7) Capital/Operating	2,878,862	3,949,875	1,071,013		3,491,416	4,087,200	595,784	
(8) Capital Expenditures	1,340,833	1,689,500	348,667		1,673,833	2,022,500	348,667	
(9) Outside Services	6,445,240	4,597,100	1,848,140		8,635,561	6,081,100	2,554,461	
(10) Miscellaneous Income	2,030,667	1,216,075	814,592		2,384,292	1,569,700	814,592	
Net Expenses	19,735,110	22,880,035	3,144,925		25,822,283	28,488,785	2,666,502	
<u>Income</u>								
(11) Tariff Income	11,809,903	5,750,000	6,059,903		15,209,903	7,500,000	7,709,903	
(12) Assessments	7,925,207	17,130,035	9,204,828		10,612,380	20,988,785	10,376,405	
Net Income	19,735,110	22,880,035	3,144,925		25,822,283	28,488,785	2,666,502	

Date: August 30, 2002
To: SPP and MAPP Memberships
From: Joint Task Force (MAPP MRO Task Force and SPP RTF)
Subject: Report on MAPP/SPP Regional Reliability Organization (RRO)

I. Introduction and Background

SPP and MAPP have held both face to face and conference call discussions since April 16, 2001. For efficiency, Rick Bittle of Arkansas Electric Cooperative (for Gary Voight) and Audrey Zibelman of Xcel Energy were selected to lead the efforts to draft the by-laws. The other members of the Joint Task Force are:

MAPP

Audrey Zibelman, Xcel Energy (lead)
Lloyd Linke, Western Area Power Administration
Pat Pope, Nebraska Public Power District
Dan Skaar, MAPP
Roy Thilly, Wisconsin Public Power, Inc.
Larry Thorsen, Gen-Sys
Carroll Waggoner, Sunflower Electric Cooperative
Ray Wahle, Missouri River Energy Services

SPP

Ricky Bittle (Gary Voight), Arkansas Electric Cooperative Corporation (lead)
Dave Christiano, Springfield (MO) Utilities
Dick Dixon, Western Resources
John Marschewski, SPP
Scott Moore, American Electric Power
Bill Wylie, OGE Energy Resources, Inc.

MAPP and SPP Background

MAPP: As a result of the ISO/ISO and NERC developments, MAPP began a process of unbundling its Restated Agreement, the underlying membership agreement of MAPP. Part of initial steps to unbundling the agreement was to 'spin-off' the assets and functions related to transmission to the Midwest ISO and allow the MAPP membership to freely choose a transmission organization to join. The remaining functions of MAPP, largely reliability was to be 're-engineered' into a new, stand-alone reliability organization, which recognized the realities of FERC orders 888/889/2000, the recent changes at NERC, and an eye to future reliability legislation. Thus, the Midwest Reliability

Organization (MRO) was designed to become the new organization with a flexible and ease of membership platform.

For MAPP, the MRO by-laws were thoroughly reviewed and commented on by members and other stakeholders, especially during the merger discussions with MAIN, which initially created the MRO. Therefore, comments were also received from MAIN members and its stakeholders.

SPP: The SPP Reliability Task Force was established to insure continuity of the regional reliability functions (RRO) of SPP following the MISO merger. Since all of the SPP's assets and liabilities are to be assumed by MISO there will be nothing left of SPP but a paper corporation and no mandate for anyone to perform the traditional RRO functions.

The RTF's charge was to develop a new set of By-Laws and a Membership Agreement for a reconstituted SPP as an RRO; it's sole purpose of ten years ago. The Basic Principles as adopted by SPP Board were:

- Ultimate goal is to re-merge RRO and RTO functions
- Stakeholder Board
- Contract with Resulting Company for services/no employees
- Ease of membership entry/exit
- Funded by an assessment

And the corresponding key functions were:

- Development and maintenance of regional reliability standards
- Fulfillment of regional responsibilities as delegated from NERC
- NERC and SPP standards compliance monitoring and enforcement
- Data gathering and reporting
- Reliability assessment

Some time before the SPP Board adopted the above; MAPP members with an interest to explore a possible consolidation of the two remaining reliability organizations approached some SPP members. The SPP Board approved the RTF's new By-Laws and Membership agreement (as amended) at its May 7 meeting with the proviso that the RTF continue to work with its MAPP counterparts to reach a mutually beneficial merger of the two RROs if possible.

II. Guiding Principles for Creation of a New Reliability Organization

Early in the discussions, the JTF agreed to common principles to guide the task team members in the formation of a new reliability organization by-laws:

- The essential purpose of the New RRO is participating in the development, implementation, and enforcement of compliance with North American and regional reliability standard
- Balanced and inclusive stakeholder board

- Generation reserve sharing is a function separate from the RRO, and as such should not be a disincentive to membership.
- Maximize participation by ease of membership and equitable funding
- Not-for-profit entity
- Flexibility in formation and dissolution of committees, subcommittees, and working groups that provide advice to the governing stakeholder board
- Efficient and cost-effective transition from existing regional reliability council(s) to the new reliability organization
- Organization portability, agility to evolve and change easily
- Belief that in the “end-state” of the New Regional Reliability Organization should be larger than the current Reliability Councils (SPP and MAPP) and at least encompass the Midwest Regional Transmission Organization in the future

III. Early Decisions in the Development of the Organizing Documents

In addition to the guiding principles, the JTF made additional decisions regarding the process to develop common by-laws.

- The discussions would not be a “negotiation”, but rather a constructive dialogue to create the most effective regional reliability organization to accommodate the industry and its members.
- Since both organizations had existing documents, the JTF considered both documents for drafting purposes. The JTF decided that the MAPP Midwest Reliability Organization (MRO) by-laws provided the best starting point for further by-law development with the inclusion of some important aspects of the SPP documents such as the indemnification and insurance language.
- The JTF determined that a short application document would be utilized to solicit membership rather than a separate membership agreement. The JTF believed that the by-laws are the binding documents for a member and that a membership application would maintain simplicity and prevent a member from being ‘whipsawed’ between two separate, yet related agreements. The waiver of liability language from the SPP membership agreement was included in the membership application.
- The JTF recommended that the new reliability board would determine staffing and sourcing requirements for the new organizations operations. The organization will have a president and will remain at “arms length” to RTOs or other operators of the transmission system.
- The JTF decided that the organization would be organized under the laws of Delaware.
- The JTF members agreed that an outside attorney could be used for a final review of documents.

- The by-laws of the new organization will be filed with FERC.

IV. By-Laws Summary

Below are key highlights of the new reliability organization's by-laws.

Activities of the Corporation

- Set organizational standards- the Corporation would adopt NERC standards, revise standards as a region or sub-region, and set its own regional standards
- Monitor and enforce compliance with standards. All enforcement sanction and/or penalties will be filed with FERC and/or other regulatory agency with jurisdiction
- Provide education and training to its members
- Assess adequacy and performance
- Collect reliability information and data
- Provide an appeals and dispute resolution process
- Participate in NERC as a regional council

Members and Membership

- All prospective members must complete a membership application designating its sector; the application is approved by the president
- Must comply with all standards and requirements in the by-laws
- Members can withdraw with 30 days notice, but obligated for any costs or violation while a member; if notice received after October 1st of the year, member is obligated for fee's in subsequent budget year as well
- Dues and fees will be assessed based on 20% per member basis and 80% on net energy to load
- Penalties may be assessed by the Corporation

Member Meetings

- Voting will be by sector, each sector is entitled to the same number of votes as it has directors
- Majority of those in the sector constitutes a quorum and the affirmative vote of the majority of the members within a sector is the act of the sector. All of the votes of the sector are cast consistent with the act of the sector. A two-thirds exception is reserved for member votes to amend the by-laws, modify a budget approved by the board, terminate the corporation, or to change the dues structure.
- Quorum requirement includes those members voting electronically
- Voting is done electronically and participation via electronic means constitutes personal presence.
- Member proxies are permitted
- Member expenses may be reimbursed and the initial budget includes reimbursements for all members on the board or authorized committees, and NERC representations on behalf on the corporation.

Board of Directors

- 15 Board members having one vote each in the following sectors:
 - (3) Transmission System Operators
 - (2) Generators and Power Marketers
 - (5) Investor Owned Utilities (2 with less than 3,000 Mw and 3 with more than 3,000 Mw)
 - (2) Cooperatives
 - (2) Municipal Unities
 - (1) Federal Power Marketing Agencies and Canadian Utilities

- Sector cannot have more directors than there are actual members
- Director candidates should be senior level management individuals from each member organization and serve three-year, staggered terms
- Board selection should be made with a view towards geographic representation
- No two directors can be employees of the same organization or affiliate
- Each sector selects an alternate director, no proxies allowed at the Board-level
- Directors are reimbursed for actual, reasonable travel and meeting expenses
- Board meeting quorum is 2/3 and action is the majority of board members
- Board meetings and action may be done via electronic means

Organizational Groups and Committees

- Board has authority to establish committee's, sub committee's, and working groups
- Board must conduct an annual review of all organization groups for efficiency and effectiveness
- Initially, a Reliability Committee and a Compliance Working Group will be set-up, both reporting to the Board of Directors

Transition

- As soon as feasible, Corporation assumes regional reliability council functions of MAPP and SPP and as appropriate, other regional reliability council
- Existing standards from MAPP and SPP will apply to each respective member for no more than one year.
 - For example, a former MAPP member will be held to MAPP standards and a former SPP member will be held to SPP standards for no more than one year.
 - Applies to MAIN and members of other regions
- During one year transition, existing committees, subcommittees and working groups will continue (one year maximum time limit) and previous funding mechanisms remain during the transition period

Regulatory Participation

- Regulatory participants have same rights to notice and participation as a member, but have no vote

Dispute Resolution

- NERC dispute resolution process will be used with binding arbitration used only with agreement by both parties
- Board has final interpretation of the intending meaning and scope of a standard

Amending the By-Laws

- Board has authority to amend by-laws with a 2/3 majority to comply with legislation or adopting related requirements and procedures by NERC or its successor

V Organization Dimensions and Financials

Based upon staff estimates, the organization will have approximately 107 members, full time equivalents of 15 employees, and an estimated budget of \$4.0m. The estimated savings from a combined organization as compared with two standalone organizations ranges from \$1.0 to \$1.5m, or about 20% to 30%.

<i>Draft</i>	<i>Standalone</i> <u>SPP RRO</u>	<i>Standalone</i> <u>MAPP RRO</u>	<i>Standalone</i> <u>Total</u>	<i>New RRO</i> <u>Target</u>	<u>Reduction</u>
Actual Full Time Equivalents	8.00	10.00	18.00	15.00	(3.00)
Estimated Costs (without contingency)	\$ 2,540,062	\$ 2,513,000	\$ 5,053,062	\$ 3,625,323	\$ (1,427,739)
Number of Members	51	72	123	107 Duplicates of 16	

Attached is a membership pro-forma, which assumes all the current members of SPP, and MAPP would join the new reliability organization. In addition, we assumed that MISO and TRANSLink would also be members of the new organization.

VI. Timeline and Future Actions

1. Finalize draft by-laws and application documents (8/27/02)
2. Distribute to SPP and MAPP membership for comments and specific recommendations (8/30/02)
3. Review and consider changes to final draft by-laws and application documents (9/30/02)
4. MAPP and SPP Boards approve the final bylaws, articles of incorporation and other necessary organizing documents (fourth quarter 2002)
5. Organization meeting of incorporators (John Marschewski and Dan Skaar) to adopt by-laws and determine initial board to serve until the first member meeting (fourth quarter 2002)
6. File certificate of incorporation and by-laws with the State of Delaware (fourth quarter 2002)
7. Rollout final documents to members and others (fourth quarter 2002)
8. Solicitations for membership; goal to reach two-thirds of SPP and MAPP members, respectively, before filing documents with NERC for consideration (fourth quarter 2002)

9. Accept applications for initial directors (fourth quarter 2002)
10. Secure all permits, licenses and regulatory (non-FERC) approvals to do business, tax exemptions, etc. (fourth quarter 2002)
11. Hold initial member meeting; elect directors and approve by-laws (fourth quarter 2002)
12. NERC Board of Trustee's acceptance of new organization as a regional reliability council, terminate SPP and MAPP as regional councils under NERC (fourth quarter 2002)
13. Hold initial Board of Director meeting of the new reliability organization: elect officers; approve all actions of incorporators and the initial directors, including membership applications (fourth quarter 2002/first quarter 2003)

New RRO Membership Pro-Forma

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Net energy to load ratio	80%	\$ 3,190,284
Equal share ratio	20%	\$ 797,571
Total budget	100%	\$ 3,987,855
Total number of members		107
Board positions		16

Member	Classification	Energy for Load						Pro-Forma	Assessment	
		Net Energy to Load (NEL)		Pct to Total	NEL Annual	Equal Share	Total Annual	Total 2002	Increase	
		(MWh)	(MWh)	Mwh	Fee/Assessment		Fee/Assessment	SPP/MAPP	(Decrease)	
MISO (associate member of MAPP)	BTSO	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ -	\$ 7,454	
TRANSLink	BTSO	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ -	\$ 7,454	
				0.00%	\$ -		\$ 14,908	\$ -	\$ 14,908	
Arkansas Electric Cooperative Corporation	Coop	10,801.01	10,801,012	2.88%	\$ 92,032	\$ 7,454	\$ 99,485	\$ 120,632	\$ (21,147)	
Basin Electric Power Cooperative	Coop	5,574.00	25.82%	1.49%	\$ 47,494	\$ 7,454	\$ 54,948	\$ 99,574	\$ (44,626)	
Central Iowa Power Cooperative	Coop	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ -	\$ 7,454	
Corn Belt Power Cooperative	Coop	1,483.00	6.87%	0.40%	\$ 12,636	\$ 7,454	\$ 20,090	\$ 28,434	\$ (8,343)	
Dairyland Power Cooperative	Coop	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 8,776	\$ (1,322)	
East Texas Electric Coop.	Coop	569.70	569,703	0.15%	\$ 4,854	\$ 7,454	\$ 12,308	\$ 18,157	\$ (5,849)	
Great River Energy	Coop	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 8,776	\$ (1,322)	
Kansas Electric Power Coop (KEPCo)	Coop	1,596.25	1,596,253	0.43%	\$ 13,601	\$ 7,454	\$ 21,055	\$ 28,439	\$ (7,384)	
Lincoln Electric System	Coop	3,192.00	14.79%	0.85%	\$ 27,198	\$ 7,454	\$ 34,652	\$ 60,998	\$ (26,346)	
Minnkota Power Cooperative, Inc.	Coop	3,304.00	15.31%	0.88%	\$ 28,152	\$ 7,454	\$ 35,606	\$ 49,574	\$ (13,968)	
Nebraska Public Power District	Coop	10,614.00	49.17%	2.83%	\$ 90,438	\$ 7,454	\$ 97,892	\$ 166,631	\$ (68,739)	
North Texas Electric Cooperative	Coop	1,699.88	1,699,882	0.45%	\$ 14,484	\$ 7,454	\$ 21,938	\$ 29,477	\$ (7,539)	
Omaha Public Power District	Coop	9,028.00	41.82%	2.41%	\$ 76,924	\$ 7,454	\$ 84,378	\$ 156,705	\$ (72,327)	
Sunflower Electric Power Corp.	Coop	1,746.74	1,746,743	0.47%	\$ 14,883	\$ 7,454	\$ 22,337	\$ 29,946	\$ (7,609)	
Tex-La Electric Coop. of Texas	Coop	119.68	119,679	0.03%	\$ 1,020	\$ 7,454	\$ 8,474	\$ 13,650	\$ (5,176)	
Western Farmers Electric Cooperative	Coop	5,695.96	5,695,961	1.52%	\$ 48,533	\$ 7,454	\$ 55,987	\$ 69,501	\$ (13,514)	
				14.80%	\$ 472,250		\$ 591,513	\$ 889,271	\$ (297,758)	
								\$ 472,250	\$ -	
Grand River Dam Authority	FPM	3,826.06	3,826,056	1.02%	\$ 32,600	\$ 7,454	\$ 40,054	\$ 50,772	\$ (10,718)	
Southwestern Power Administration	FPM	4,500.12	4,500,115	1.20%	\$ 38,344	\$ 7,454	\$ 45,798	\$ 57,524	\$ (11,726)	
Western Area Power Administration	FPM	5,893.00	27.30%	1.57%	\$ 50,212	\$ 7,454	\$ 57,666	\$ 161,883	\$ (104,217)	
Manitoba Hydro	FPM/CAN	21,575.00	99.95%	5.76%	\$ 183,833	\$ 7,454	\$ 191,287	\$ 320,330	\$ (129,044)	
Saskatchewan Power	FPM/CAN	17,746.00	82.21%	4.74%	\$ 151,207	\$ 7,454	\$ 158,661	\$ -	\$ 158,661	
				14.30%	\$ 456,196		\$ 493,466	\$ 590,509	\$ (97,043)	
								\$ 456,196	\$ -	
Aquila Energy Marketing Corporation	G&PM	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 12,451	\$ (4,997)	
British Columbia Power Exchange Corporation	G&PM	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ -	\$ 7,454	
Calpine Energy Services, LP	G&PM	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 12,451	\$ (4,997)	
Cargill-Alliant, LLC	G&PM	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 12,451	\$ (4,997)	
ConAgra Energy Service Co.	G&PM	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ -	\$ 7,454	
Connectiv Energy Supply, Inc.	G&PM	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ -	\$ 7,454	
Constellation Power Source	G&PM	0.00	0	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 12,451	\$ (4,997)	
Coral Power LLC	G&PM	0.00	0	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 12,451	\$ (4,997)	
Duke Energy Power Services, Inc.	G&PM	0.00	0	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ -	\$ 7,454	
Duke Energy Trading and Marketing, LLC	G&PM	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 12,451	\$ (4,997)	
Dynegy Marketing & Trading	G&PM	0.00	0	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 12,451	\$ (4,997)	
Edison Mission Marketing & Trading, Inc.	G&PM	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 12,451	\$ (4,997)	
El Paso Merchant Energy, LP	G&PM	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 12,451	\$ (4,997)	
Entergy-Koch Trading, LP	G&PM	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 12,451	\$ (4,997)	
Exelon Power Team (PECO)	G&PM	0.00	0	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ 12,451	\$ (4,997)	
GEN-SYS Energy	G&PM	4264.00	19.75%	1.14%	\$ 36,332	\$ 7,454	\$ 43,786	\$ 65,423	\$ (21,637)	
IDACORP Energy, LP	G&PM	0.00	0.00%	0.00%	\$ -	\$ 7,454	\$ 7,454	\$ -	\$ 7,454	

Intercoast Power Marketing Inc.	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
LG&E Energy Marketing	G&PM	0.00	0	0.00%	\$	-	\$	7,454	\$	7,454	\$	12,451	\$	(4,997)
Lighthouse Energy Trading Co., Inc.	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
Louisiana Generating	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
Merchant Energy Group of the Americas	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
Mirant Americas Energy Marketing, LP.	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	12,451	\$	(4,997)
Morgan Stanley Capital Group, Inc.	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
NorthPoint Energy Solutions, Inc.	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
NRG Power Marketing, Inc.	G&PM	0.00	0	0.00%	\$	-	\$	7,454	\$	7,454	\$	12,451	\$	(4,997)
PacifiCorp Power Marketing Inc.	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
PG&E National Energy Group	G&PM	0.00	0	0.00%	\$	-	\$	7,454	\$	7,454	\$	12,451	\$	(4,997)
PSI Energy (Cinergy)	G&PM	0.00	0	0.00%	\$	-	\$	7,454	\$	7,454	\$	12,451	\$	(4,997)
Public Service Company of Colorado	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
Rainbow Energy Marketing Corp.	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
Reliant Energy Services (NorAm)	G&PM	0.00	0	0.00%	\$	-	\$	7,454	\$	7,454	\$	12,451	\$	(4,997)
Split Rock Energy	G&PM	21586.00	100.00%	5.77%	\$	183,926	\$	7,454	\$	191,380	\$	298,299	\$	(106,918)
Tenaska Power Services	G&PM	0.00	0	0.00%	\$	-	\$	7,454	\$	7,454	\$	12,451	\$	(4,997)
The Energy Authority	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
TransAlta Enterprises Corporation	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
TransCanada	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
TXU Energy Trading Co.	G&PM	0.00	0	0.00%	\$	-	\$	7,454	\$	7,454	\$	12,451	\$	(4,997)
Williams Energy Services Co.	G&PM	0.00	0	0.00%	\$	-	\$	7,454	\$	7,454	\$	12,451	\$	(4,997)
WPS Energy Services, Inc.	G&PM	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
			6.90%		\$	220,258		\$	518,416		\$	612,747		\$ (94,331)
												\$	220,258	\$ -
AEP - SWEPCO	IOU	22077.67	22,077,668	5.90%	\$	188,116	\$	7,454	\$	195,570	\$	233,577	\$	(38,007)
AEP. - PSO	IOU	17939.67	17,939,671	4.79%	\$	152,857	\$	7,454	\$	160,311	\$	192,132	\$	(31,820)
Black Hills Power & Light Co.	IOU	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
Central Louisiana Electric Company, Inc	IOU	8984.45	8,984,453	2.40%	\$	76,553	\$	7,454	\$	84,007	\$	102,438	\$	(18,431)
Empire District Electric Company	IOU	4800.76	4,800,756	1.28%	\$	40,906	\$	7,454	\$	48,359	\$	60,535	\$	(12,175)
Kansas City Power & Light Company	IOU	14710.64	14,710,640	3.93%	\$	125,344	\$	7,454	\$	132,798	\$	159,790	\$	(26,992)
Madison Gas & Electric Company	IOU	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
MidAmerican Energy Company	IOU	18422.00	85.34%	4.92%	\$	156,967	\$	7,454	\$	164,421	\$	300,933	\$	(136,512)
Midwest Energy, Inc.	IOU	1022.52	1,022,521	0.27%	\$	8,713	\$	7,454	\$	16,166	\$	22,693	\$	(6,526)
Minnesota Power	IOU	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	8,776	\$	(1,322)
Montana-Dakota Utilities Co.	IOU	2104.00	9.75%	0.56%	\$	17,927	\$	7,454	\$	25,381	\$	40,844	\$	(15,462)
Northwestern Public Service Company	IOU	1238.00	5.74%	0.33%	\$	10,549	\$	7,454	\$	18,002	\$	30,037	\$	(12,035)
Oklahoma Gas & Electric Company	IOU	26743.71	26,743,707	7.14%	\$	227,873	\$	7,454	\$	235,327	\$	280,311	\$	(44,984)
Otter Tail Power Company	IOU	3755.00	17.40%	1.00%	\$	31,995	\$	7,454	\$	39,449	\$	57,553	\$	(18,104)
Utilicorp United Inc. - Missouri Public Service	IOU	5447.33	5,447,326	1.45%	\$	46,415	\$	7,454	\$	53,869	\$	40,456	\$	13,413
Utilicorp United Inc. - St. Jo	IOU	1897.27	1,897,266	0.51%	\$	16,166	\$	7,454	\$	23,620	\$	31,454	\$	(7,834)
Utilicorp United Inc. - WestPlains Energy	IOU	2796.06	2,796,058	0.75%	\$	23,824	\$	7,454	\$	31,278	\$	67,011	\$	(35,733)
Western Resources - KGE	IOU	9259.23	9,259,230	2.47%	\$	78,895	\$	7,454	\$	86,348	\$	105,190	\$	(18,842)
Western Resources - KPL	IOU	10345.55	10,345,548	2.76%	\$	88,151	\$	7,454	\$	95,605	\$	116,070	\$	(20,466)
Xcel Energy Company	IOU	42828.00	198.41%	11.44%	\$	364,922	\$	7,454	\$	372,376	\$	617,420	\$	(245,044)
Xcel Energy Company - SPS	IOU	22639.55	22,639,549	6.05%	\$	192,903	\$	7,454	\$	200,357	\$	239,205	\$	(38,847)
				57.96%	\$	1,849,075		\$	2,005,608		\$	2,706,425		\$ (700,817)
												\$	1,849,075	\$ -
Ames Municipal Electric System	Muni	501.00	2.32%	0.13%	\$	4,269	\$	7,454	\$	11,723	\$	53,819	\$	(42,097)
Board of Public Util.,Kansas City,KS	Muni	2448.99	2,448,989	0.65%	\$	20,867	\$	7,454	\$	28,321	\$	-	\$	28,321
Cedar Falls Municipal Utilities	Muni	423.00	1.96%	0.11%	\$	3,604	\$	7,454	\$	11,058	\$	15,531	\$	(4,472)
City of Clarksdale, Mississippi	Muni	203.24	203,240	0.05%	\$	1,732	\$	7,454	\$	9,186	\$	14,487	\$	(5,301)
City of Lafayette, Louisiana	Muni	2034.70	2,034,703	0.54%	\$	17,337	\$	7,454	\$	24,791	\$	32,830	\$	(8,040)
City Power & Light, Independence, Missouri	Muni	1068.52	1,068,520	0.29%	\$	9,104	\$	7,454	\$	16,558	\$	23,153	\$	(6,595)
City Utilities, Springfield, Missouri	Muni	2893.42	2,893,417	0.77%	\$	24,654	\$	7,454	\$	32,108	\$	41,431	\$	(9,324)
City Water & Light - Jonesboro, AR	Muni	0.23	233	0.00%	\$	2	\$	7,454	\$	7,456	\$	12,454	\$	(4,998)
Hastings Utilities	Muni	616.00	2.85%	0.16%	\$	5,249	\$	7,454	\$	12,703	\$	15,764	\$	(3,061)

Heartland Consumers Power District	Muni	528.00	2.45%	0.14%	\$	4,499	\$	7,454	\$	11,953	\$	14,859	\$	(2,906)
Iowa Association of Municipal Utilities	Muni	446.00	2.07%	0.12%	\$	3,800	\$	7,454	\$	11,254	\$	14,452	\$	(3,198)
Louisiana Energy & Power Authority	Muni	0.23	234	0.00%	\$	2	\$	7,454	\$	7,456	\$	12,454	\$	(4,998)
Minnesota Municipal Power Agency	Muni	847.00	3.92%	0.23%	\$	7,217	\$	7,454	\$	14,671	\$	21,305	\$	(6,634)
Minnesota Municipal Utilities Association	Muni	1295.00	6.00%	0.35%	\$	11,034	\$	7,454	\$	18,488	\$	12,307	\$	6,181
Missouri River Energy Services	MUNI	1471.00	6.81%	0.39%	\$	12,534	\$	7,454	\$	19,988	\$	27,454	\$	(7,466)
Municipal Energy Agency of Nebraska	Muni	556.00	2.58%	0.15%	\$	4,737	\$	7,454	\$	12,191	\$	16,268	\$	(4,076)
Muscatine Power and Water	Muni	871.00	4.04%	0.23%	\$	7,421	\$	7,454	\$	14,875	\$	20,689	\$	(5,814)
Oklahoma Municipal Power Authority	Muni	2222.20	2,222,202	0.59%	\$	18,935	\$	7,454	\$	26,389	\$	34,708	\$	(8,320)
Pub. Sv. Comm. Of Yazoo City, Ms.	Muni	112.56	112,559	0.03%	\$	959	\$	7,454	\$	8,413	\$	13,579	\$	(5,166)
Rochester Public Utilities	Muni	1161.00	5.38%	0.31%	\$	9,892	\$	7,454	\$	17,346	\$	9,666	\$	7,680
Southern Minnesota Municipal Power Agency	Muni	2601.58	12.05%	0.69%	\$	22,167	\$	7,454	\$	29,621	\$	41,044	\$	(11,423)
Wisconsin Public Power, Inc.	Muni	292.00	1.35%	0.08%	\$	2,488	\$	7,454	\$	9,942	\$	13,390	\$	(3,448)
Wood County Municipal	Muni	0.00	0.00%	0.00%	\$	-	\$	7,454	\$	7,454	\$	-	\$	7,454
				6.03%	\$	192,504			\$	363,945	\$	461,644	\$	(97,699)
Totals		374,418.48		100.00%	\$	3,190,284	\$	797,571	\$	3,987,855	\$	5,260,596	\$	(1,272,740)

\$ 192,504 \$ -

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\$ -

**New RRO
Staffing**

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	<u>Standalone SPP RRO</u>	<u>Standalone MAPP RRO</u>	<u>Standalone Total</u>	<u>New RRO Target</u>	<u>Reduction</u>
Reliability Standards	0.50	0.50	1.00	1.00	0.00
Compliance and Enforcement	3.00	3.00	6.00	3.00	(3.00)
Training and Certification	1.00	0.00	1.00	1.00	0.00
Adequacy and Performance	0.50	1.00	1.50	1.50	0.00
Coordination	0.25	0.25	0.50	0.50	0.00
Data Collection	1.00	1.00	2.00	2.00	0.00
Conflict Resolution	0.00	0.00	0.00	0.00	0.00
NERC Activities	3.00	3.00	6.00	3.00	(3.00)
General and Administrative	<u>3.00</u>	<u>3.00</u>	<u>6.00</u>	<u>3.00</u>	<u>(3.00)</u>
Total	12.25	11.75	24.00	15.00	(9.00)
Actual Full Time Equivalents	8.00	10.00	18.00	15.00	(3.00)
Estimated Costs (without contingency)	\$ 2,540,062	\$ 2,513,000	\$ 5,053,062	\$ 3,625,323	\$ (1,427,739)

MAIN-MAPP
Reliability Function Budget Pro Forma
Two Years

New RRO Financial Pro-Forma

**Baseline
Year**

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Personnel Expenses

Salary and Benefits	\$ 1,620,960	44.7%
Staff Travel and Meetings	\$ 81,048	2.2%
Training	\$ 32,419	0.9%
Recruiting and Other Personnel Costs	\$ 14,589	0.4%
Contractor & Consulting Services	<u>\$ 153,991</u>	<u>4.2%</u>
<i>Subtotal</i>	\$ 1,903,007	52.5%

Office Expenses

Rent, Maintenance and Utilities	\$ 100,000	2.8%
Furniture and Fixtures	\$ 1,875	0.1%
Telecommunications-Voice	\$ 9,000	0.2%
Mailing, Office Supplies	\$ 2,625	0.1%
Insurance	\$ 12,000	0.3%
Professional Fees	<u>\$ 22,500</u>	<u>0.6%</u>
<i>Subtotal</i>	\$ 148,000	4.1%

IT Expenses

Hardware, Software, Misc	\$ 7,500	0.2%
Telecommunications-Computers	\$ 8,000	0.2%
Equipment Maintenance	<u>\$ 6,000</u>	<u>0.2%</u>
<i>Subtotal</i>	\$ 21,500	0.6%

NERC and Other Costs

NERC Dues and Assessments	\$ 1,247,310	34.4%
NERC Travel and Meeting Costs-Staff	\$ 22,200	0.6%
Membership Printing	\$ -	0.0%
Meeting Costs	\$ 12,750	0.4%
Member Reimbursements	\$ 247,000	6.8%
Depreciation and Interest	\$ 6,500	0.2%
Communications	<u>\$ 17,056</u>	<u>0.5%</u>
<i>Subtotal</i>	<u>\$ 1,552,816</u>	<u>42.8%</u>

MAPP reimbursements for NERC=\$70k, for MAPP meetings=\$200k

Total	\$ 3,625,323	100.0%
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Contingency	\$ 362,532	
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Total with Contingency	\$ 3,987,855	
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RRONet	\$ 933,144	
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Direct billed, not included in assessments

**BYLAWS OF THE
NEED-A-NAME
RELIABILITY ORGANIZATION, INC.**

AUGUST 12, 2002

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**BYLAWS
OF THE
NEED-A-NAME RELIABILITY ORGANIZATION, INC**

**a Delaware nonprofit corporation
(the “Corporation”)**

**ARTICLE 1
DEFINITIONS**

Section 1.1 Affiliate. "Affiliate" means any two or more entities, one of which controls the other or that are under common control. For purposes of this definition, “control” means the possession of the power to direct the management or policies of an entity. Ownership of publicly-traded securities of another entity shall not result in control or affiliation for purposes of these Bylaws if the securities are held as an investment, are less than 10 percent of the outstanding securities, there is no representation on the entity's board of directors or vice versa, and the holder does not exercise influence over day-to-day management decisions. State or federal government agencies shall not be deemed affiliates of each other and a regulatory agency will not be deemed to be in control over any Member. Control will be presumed to arise from the ownership of or the power to vote, directly or indirectly, 10 percent or more of the voting securities or interests of an entity: provided, however, that a member of, or owner of an interest in, a transmission company that FERC has found meets the independence requirements for an RTO shall not be deemed to be an affiliate of such transmission company.

Section 1.2 Bulk Power System. “Bulk Power System” means all facilities and control systems (or any portion thereof) necessary for operating an interconnected transmission grid in the Corporate Region, including high-voltage (100 kV or greater) transmission lines, substations, control centers, communications, data, protective systems and operations planning facilities, as well as the output of generating units necessary to maintain transmission system reliability.

Section 1.3 Bulk Power System Users. “Bulk Power System Users” means any entity that sells, purchases, or transmits electric power over the Bulk Power System, or that owns, operates or maintains facilities or control systems that are part of the Bulk Power System.

Section 1.4 Cooperative. "Cooperative" means an entity serving within the Corporate Region which generally has the following characteristics (1) private independent electric utility, (2) incorporated under the laws of the states in which they operate, (3) established to provide electric service to its members, (4) owned by the consumers they serve, and (5) governed by a board of directors elected from the membership. This sector includes Generation & Transmission Cooperatives and Public Utility Districts.

Section 1.5 Corporate Region. “Corporate Region” means the geographic area boundaries of the Bulk Power Systems as designated by each of the Members.

Section 1.6 FERC. “FERC” means the Federal Energy Regulatory Commission.

Section 1.7 Federal Power Marketing Agencies and Canadian Utilities. "Federal Power Marketing Agencies and Canadian Utilities" means an agency of the federal government set up to market power, or any government-owned utility serving in Canada, within the Corporate Region.

Section 1.8 Generators and Power Marketers. "Generators and Power Marketers" means any entity that owns or operates more than 50 MW of generation in the Corporate Region, or is a power marketer doing business in the Corporate Region, and that does not qualify also to participate in the Investor-Owned Utility, Cooperative or Municipal Utility Sectors.

Section 1.9 Independent System Operator. "Independent System Operator or ISO" One organizational form of RTO, which it encouraged in Order No. 888. An ISO does not own transmission, but operates the transmission of others, generally operated as a not-for-profit entity, but with a fiduciary duty to maximize the transmission revenues of the transmission owners.

Section 1.10 Industry Sector(s). “Industry Sector or Sector(s)” means a group of Bulk Power System Users in the Corporate Region with substantially similar reliability interests, as determined by these Bylaws. The initial Industry Sectors shall consist of the following: (1) Transmission System Operators; (2) Generators and Power Marketers; (3) Investor Owned Utilities (4) Cooperatives; (5) Municipal Utilities; and (6) Federal Power Marketing Agencies and Canadian Utilities

Section 1.11 Investor Owned Utility. "Investor Owned Utility" means any for-profit entity that owns and operates a distribution system and serves end-use load within the Corporate Region pursuant to an obligation to serve under state, federal or provincial law, including a default service obligation, or pursuant to a tariff by which the entity offers service to the general public.

Section 1.12 MAPP. “MAPP” means the MAPP Reliability Council, pursuant to the MAPP Restated Agreement, as of November 11, 2001.

Section 1.13 Member. “Member” means a member of the Corporation.

Section 1.14 Municipal Utilities. "Municipal Utilities" means any electric utility that is owned by a state or municipality, or group of municipalities, including a joint action agency, that serves within the Corporate Region.

Section 1.15 NERC. “NERC” means the North American Electric Reliability Council or a successor entity.

Section 1.16 Net-Energy-to-Load. “Net-Energy-to-Load” means kWh sales by a Member to end-use load located within the Corporate Region, plus that Member’s firm requirements wholesale sales to electric utilities in the Corporate Region that are not Members.

Section 1.17 Organization Standards. “Organization Standards” means a policy or standard, including adequacy requirements, duly adopted by the board of directors of the Corporation, to provide for the reliable regional and sub-regional planning and operation of the Bulk Power System.

Section 1.18 Person. “Person” means natural person, corporation, Cooperative, partnership, association, or other private or public entity.

Section 1.19 Regulatory Participant. “Regulatory Participant” means any state or provincial regulatory agencies in the Corporate Region exercising authority over the rates, terms or conditions of electric service of an entity other than itself within the Corporate Region, or the planning, siting, construction or operation of electric facilities of an entity other than itself within the Corporate Region, as well as any representatives of FERC, regional advisory bodies that may be established by FERC, or representatives of any federal regulator or agency.

Section 1.20 Regional Transmission Organization. "Regional Transmission Organization or RTO" an entity that owns and/or operates transmission facilities and satisfies the characteristics (independence, scope, regional configuration, and operational authority) set out in FERC Order 2000.

Section 1.21 SPP. "SPP" means the Southwest Power Pool.

Section 1.22 Transmission System Operator. "Transmission System Operator" means an entity that operates or controls operation of high voltage transmission facilities within the Corporate Region (more than 300 miles of transmission at 100 kV or greater) that does not also own, operate or control generation within the Corporate Region, except to the limited extent permitted by FERC for RTOs with respect to ancillary service obligations. Transmission System Operators include RTOs, ISOs and transmission-only companies.

ARTICLE 2 **PURPOSE**

Section 2.1 Purpose. The purpose of the Corporation is to be a regional reliability council within the NERC structure for the purpose of preserving and enhancing

electric service reliability in the Corporate Region and other interconnected regions and to assess the adequacy and ensure the reliability of the interconnected electric system, and the security of infrastructure, in the Corporate Region for the benefit of all end-users of electricity, and all entities engaged in providing electric services, in the Corporate Region, with due regard for safety, environmental protection and economy of service, and in accordance with any Organization Standards adopted by the Corporation and NERC standards and policies.

Section 2.2 Activities. In support and furtherance of its purpose, the Corporation's responsibilities shall include, but not be limited to, the following:

(a). Set Organizational Standards

- (1).** Develop and revise regional and, as necessary, sub-regional, Organization Standards.
- (2).** Clearly define compliance and information and data requirements applicable to Members and establish financial penalties and/or sanctions for non-compliance with Organization Standards and these Bylaws.

(b). Monitor and enforce compliance with Organizational Standards in concert with related NERC programs. Compliance monitoring functions shall include, but are not limited to:

- (1).** Investigating all reports or discoveries of non-compliance with Organization Standards and these Bylaws.
- (2).** Obtaining access to information and data needed to review and investigate possible non-compliance.
- (3).** Conducting comprehensive compliance audits.
- (4).** Imposing financial penalties and/or sanctions for non-compliance.
- (5).** Operating under delegated or contract authority from NERC with respect to compliance and enforcement of NERC organizational standards.

All enforcement and compliance requirements and procedures of the Corporation, including sanctions and penalties, shall be approved by the board of directors and shall not be effective until accepted for filing or approved by FERC and any other regulatory agency with jurisdiction. The Corporation shall use procedures that ensure due process in connection with the development and implementation of such enforcement mechanisms. Such enforcement mechanisms: (1) shall not be

unreasonable or unduly discriminatory in substance or application; (2) shall be applied consistently to all Members; and (3) shall be consistent with good utility practice.

(c). Provide reliability education, training and certification for the members.

(d). Assess adequacy and performance

(1). Assess regional supply and transmission adequacy and operational performance, as appropriate.

(2). Monitor and report on system disturbances.

(e). Coordinate with other entities, including Regulatory Participants and transmission providers operating in the Corporate Region, on reliability and adequacy matters.

(f). Collect or obtain reliability information and data.

(g). Provide for appeals and conflict resolution.

(1). Administer dispute resolution regarding Corporation requirements and activities.

(h). Participate in NERC activities as the representative of the Corporate Region.

Section 2.3 Not-for-Profit Corporation. The Corporation is operated as a Delaware non-stock nonprofit corporation and is organized pursuant to the general corporation law of the State of Delaware.

ARTICLE 3 **POWERS**

Section 3.1 Powers. The Corporation shall have the power to engage in any lawful act or activity for which corporations may be organized under the general corporation law of the State of Delaware, subject to any limitations provided in applicable federal, provincial or state law or in the Corporation's certificate of incorporation or these Bylaws.

ARTICLE 4 **OFFICES**

Section 4.1 Offices. The principal office of the Corporation shall be located within the Corporate Region, at such location as the board of directors may from time to time determine, giving consideration to the total cost to the Corporation and convenience of travel for staff, Members and Regulatory Participants. Once established, the principal office may remain in its location, even if outside the Corporate Region.

ARTICLE 5 **MEMBERS**

Section 5.1 Classes of Members. The Corporation shall have one class of Member. Each Affiliate of a Member may separately be a Member.

Section 5.2 Qualifications of Members. A Member may be any entity eligible to be a member of an Industry Sector .

Section 5.3 Admission of Members. New Members may join the Corporation upon submittal of an application, in a form approved by the president, and payment of the fees as established by the Corporation. The Member shall designate the Sector to which it belongs. A Member may change its Sector designation once each calendar year, by providing notice to the president at least sixty (60) days prior to the beginning of such year. The president shall review a membership application and may request demonstration by the applicant that it qualifies for membership in a particular Sector. Any dispute with respect to a Member's qualifications for a particular Sector shall be resolved by the board of directors. The president shall have authority to approve an application for membership, subject to review by the board of directors.

Section 5.4 Voting Rights. Each Member in good standing shall be entitled to one vote in each Sector in which it is a Member, on matters submitted to a vote of Members. A Member delinquent in payment of its dues, fees or other obligations to the Corporation shall not be entitled to a vote.

Section 5.5 Transfer of Membership. A Member of the Corporation may not transfer its membership or a right arising from it except to any Person succeeding to all or substantially all of the assets of the Member. The president shall have authority to approve any such transfer, subject to review by the board of directors.

Section 5.6 Obligations of Members. By applying for and becoming a Member of the Corporation, each Member acknowledges that it is authorized and agrees to comply with all Organization Standards, all NERC standards and requirements and the other obligations of Members of the Corporation set forth in these Bylaws or duly adopted by the board of directors in order to achieve the purposes of the Corporation, including but not limited to obligations to provide data and information needed to perform the functions of the Corporation and the payment of dues and any authorized penalties resulting from the Member's non-compliance with Organization Standards.

Section 5.7 Withdrawal. A Member may withdraw from participation in the Corporation by providing written notice to the president of the Corporation of such withdrawal. Such notice shall specify a date, not earlier than thirty (30) days from the date of notice, on which the withdrawal shall become effective, provided however, that any such withdrawing Member shall remain liable to the Corporation for any fees, dues, sanctions or obligations to the Corporation incurred while it was a Member, or which apply to violations of Organization Standards that occurred prior to the effective date of withdrawal, as well as its share of any obligations of the Corporation for the current fiscal year. If notice is given after October 1 of the current calendar year, the Member will also be liable for any fees and dues included in the budget for the following fiscal year. The Member will not be responsible for compliance with Organization Standards after the withdrawal date.

Section 5.8 Fees and Penalties. The board of directors may from time to time fix the amount of dues, assessments, or fees, if any, and determine the methods of collection, consistent with this Section or with any resolution duly adopted by the Members under Section 6.5.2 of these Bylaws.

5.8.1 Fees The Corporation's budget shall be funded annually through dues that include a per Member fee applicable to each Member, and assessments to those Members with Net-Energy-to-Load sales in the prior calendar year. Twenty percent (20%) of the annual budget will be assessed on a per Member basis and the remainder will be assessed based on the Net-Energy-to-Load of Members in the prior calendar year.

5.8.2 Penalties All monies, plus any accumulated interest, that the Corporation collects from the issuance of penalties shall be used by the Corporation to defer expenses or distributed in a fair and equitable manner to Members, as determined by the board of directors.

ARTICLE 6
MEETING OF MEMBERS

Section 6.1 Annual Meeting of Members. The Members shall hold an annual meeting each calendar year. The annual meeting of the Members shall be held in [specify month] of each year, or at such other time specified by the board of directors, in order for Members to review the proposed budget and operations of the Corporation. All Members shall be entitled to at least thirty (30) days prior written notice of the annual meeting. At the annual meeting of Members: (1) each Sector shall elect the successor(s), if any, for any director(s) from their Sector whose term will expire before the next annual meeting of the Members, provided however, that any Sector may elect a successor director representing such Sector prior to such annual meeting, in accordance with the provisions of this Article 6, in which case the election of such succeeding director(s) shall be reported to the Corporation at such annual meeting; (2) the president and treasurer shall report on the activities and financial condition of the Corporation; (3) the Members shall review, and may modify, the budget of the Corporation for the ensuing year (if not modified, the budget as approved by the board of directors shall be deemed accepted); and (4) the Members shall consider and act upon such other matters as may be raised, consistent with the notice of the annual meeting. The failure to hold an annual meeting in accordance with these Bylaws shall not affect the validity of a corporate action.

Section 6.2 Special Meetings of Members.

6.2.1 Who May Call. Special meetings of the Members may be called by the board of directors at any time, and shall be called by the president if at least ten percent (10%) of the Members sign, date, and deliver to the president one or more written demands for a special meeting describing the purpose for which it is to be held.

6.2.2 Notice of Meeting. Within fifteen (15) days after receipt of a demand for a special meeting from Members, the president shall cause a special meeting to be called and held on notice no later than forty-five (45) days after receipt of the demand. If the president fails to cause a special meeting to be called and held as required by this section, a Member making the demand may call the meeting by giving notice under Section 6.3. In either event, notice of the meeting and the costs of the meeting shall be at the expense of the Corporation.

6.2.3 Time and Place of Special Meetings. Special meetings of Members shall be held at a location designated by the president or the board of directors. If a special meeting is demanded by the Members, the meeting must be held in a facility of appropriate size to accommodate the Membership and at a location within the Corporate Region.

6.2.4 Notice Requirements; Business Limited. The notice of a special meeting must contain a statement of the purposes of the meeting. The business transacted

at a special meeting is limited to the purposes stated within the notice of the meeting. Business transacted at a special meeting that is not included in those stated purposes is voidable by or on behalf of the Corporation, unless ninety percent (90%) of the Members entitled to vote have waived notice of the meeting under Section 6.3.

Section 6.3 Notice Requirements.

6.3.1 To Whom Given. Notice of meetings of Members must be given to every Member as of the record date determined under Section 6.4. If the meeting is an adjourned meeting and the date, time and place of the meeting were announced at the time of the adjournment, notice is not required unless a new record date for the adjourned meeting is or must be fixed.

6.3.2 When Given; Contents. In all cases where a specific minimum notice period has not been fixed by law or these Bylaws, the notice must be given at least five days before the date of a meeting and not more than sixty (60) days before the date of a meeting. The notice must contain the date, time and place of the meeting, and an agenda of the matters upon which action may be taken at the meeting. A matter may be added to the agenda of a meeting at the meeting upon the affirmative vote of three-quarters (3/4) of the Sector votes cast on a motion to amend the agenda.

6.3.3 Waiver of Notice; Objections. A Member may waive notice of a meeting of Members. A waiver of notice by a Member entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, or by attendance. Attendance by a Member at a meeting is a waiver of notice of that meeting, unless the Member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

Section 6.4 Record Date; Determining Members Entitled to Notice and Vote.

The board of directors may fix a date not more than forty (40) days before the date of a meeting of Members as the date for the determination of the Members entitled to notice of and entitled to vote at the meeting. When a date is so fixed, only Members on that date are entitled to notice and to vote at a membership meeting unless the board of directors fixes a new date for determining the right to notice and to vote, which it must do if the meeting is adjourned to a date more than sixty (60) days after the record date for determining Members entitled to notice of the original meeting.

Section 6.5 Right to Vote; Act of Members. Voting of the Members shall be by Sector, with each Sector entitled to the same number of votes as it has directors on the board. If a quorum is present, except with respect to amendments of these Bylaws,

modification of a budget approved by the board of directors or termination of the Corporation, the affirmative vote of the majority of the Sector votes present and entitled to vote, which must also be a majority of the required quorum, is the act of the Members. Within a Sector, each Member within the Sector shall have one vote. If a quorum is present with respect to the Sector, the affirmative vote of the majority of the Members within the Sector present and entitled to vote, which must also be a majority of the required quorum, is the act of the Sector. All of the Sector's votes shall be cast consistent with the act of the Sector.

6.5.1 Special Voting Requirements In order to amend the Bylaws, except as provided in Article 20 with respect to the board of directors, two-thirds(2/3) of the Sector votes cast shall be required to approve the proposed amendment. The substance of the proposed amendment must be contained in the notice of the meeting at which the vote will be taken; provided that, the Members may modify a proposed bylaw amendment at the meeting. Two-thirds (2/3) of the Sector votes cast shall be required to approve a proposed modification of a budget approved by the board. Two-thirds (2/3) of the Sector votes cast shall be required to approve any proposal to terminate the Corporation. To the extent practicable, all Member votes may be held electronically under such terms and conditions as are approved by the Board.

6.5.2 Change of Dues Structure The Members may change the dues structure as stated in Section 5.8.1 by resolution with an affirmative vote of two-thirds (2/3) of the Sector votes cast.

Section 6.6 Quorum. A quorum for a meeting of Members is a majority of the Sector votes entitled to vote at the meeting. A quorum for a meeting of a Sector is a majority of the Members of that Sector present or voting electronically on matters before the meeting. A quorum is necessary for the transaction of business at a meeting of Members. If a quorum is not present, a meeting may be adjourned from time to time for that reason by the Sectors or Members then represented or present.

Section 6.7 Action Without a Meeting. An action required, or permitted to be taken, at a meeting of the Members may be taken without a meeting by written action signed by ninety percent (90%) of the Members entitled to vote on that action. The written action is effective when it has been signed by all of those Members, unless a different effective time is provided in the written action.

Section 6.8 Action by Written Ballot. An action that may be taken at a regular or special meeting of Members may be taken without a meeting if the Corporation mails or delivers a written ballot to every Member entitled to vote on the matter. Whenever possible, voting by Sectors for directors shall be by written ballot preceding the regular meeting of the Members.

Approval by written ballot is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Solicitations for votes by written ballot must: (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to approve the matter; and (3) specify the time by which a ballot must be received by the Corporation in order to be counted. A written ballot may not be revoked.

Section 6.9. Action by Electronic Communication. Any vote of a Sector to elect a board member or for any other purpose may be taken by electronic means without a meeting or during a meeting. In addition, a conference among Members by a means of communication through which the participants may simultaneously hear each other during the conference is a meeting of the Members, if the same notice is given of the conference as would be required for a meeting and if the number of persons participating in the conference is a quorum. Participation in a meeting by this means is personal presence at the meeting. A Member may participate in a meeting of the Members by a means of communication through which the Member, other persons participating, and all persons physically present at the meeting may simultaneously communicate with each other during the meeting. Participation in a meeting by this means constitutes personal presence at the meeting.

Section 6.10 Member Representatives; Proxies.

6.10.1. Designation of Representative. Each year prior to the annual meeting of Members, each Member shall designate the individual authorized to vote on Corporation matters on behalf of the Member, in accordance with procedures approved by the board. A Member may change such designation at any time.

6.10.2 Authorization. The individual designated to vote by a Member may appoint a proxy to vote or otherwise act for the Member at any meeting or electronically by signing an appointment form either personally or by an attorney so designated by the Member.

6.10.3 Effective Period. An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. An appointment is valid for the next regular or specially scheduled meeting or electronic ballot. However, a proxy is not valid for more than sixty (60) days from its date of execution.

6.10.3 Revocation. An appointment of a proxy is revocable by the Member. Appointment of a proxy is revoked by the person appointing the proxy by signing and delivering to the secretary or other officer or agent authorized to tabulate

proxy votes either a writing stating that the appointment of the proxy is revoked or a later appointment form.

Section 6.11 Reimbursement of Member Expenses. The Corporation will be under no obligation to reimburse Members for expenses associated with their attendance at regular or special Member meetings.

ARTICLE 7 **BOARD OF DIRECTORS**

Section 7.1 Management of Corporation. Consistent with these Bylaws, the business and affairs of the Corporation shall be managed by or under the direction of a board of directors. The duties of the board will include, but will not be limited to the following: (1) govern the Corporation and oversee all of its activities; (2) establish and oversee all organizational groups; (3) approve, revise and enforce Organizational Standards, Member data and information requirements and related confidentiality requirements; (4) establish compliance monitoring procedures and requirements, and penalties and sanctions for non-compliance; (5) impose penalties and sanctions consistent with these Bylaws and the procedures approved by the board; (6) establish and approve an annual budget; (7) represent the Corporation in legal and regulatory proceedings; and (8) hire the president.

The board of directors shall select a chair and a vice-chair from among the members of the board. The board may establish board committees as appropriate.

Section 7.2 Voting. Each director shall have one vote with respect to decisions of the board.

Section 7.3 Composition of the Board of Directors. The board of directors shall consist of fifteen (15) board members elected by the Sectors as follows:

- (a). Three (3) directors from the Transmission System Operators Sector;
- (b). Two (2) directors from the Generators and Power Marketers Sector;
- (c). Five (5) directors from the Investor Owned Utilities Sector;
 - (1). Two (2) directors must be from utilities with less than 3,000 megawatts of end-use load.
 - (2). Three (3) directors must be from utilities with 3,000 megawatts or greater of end-use load.
- (d). Two (2) directors from the Cooperative Sector;

- (e). Two (2) directors from the Municipal Utilities Sector; and
- (f). One (1) director from the Federal Power Marketing Agencies and Canadian Utilities Sector.

Provided, however, that in choosing directors from a sector, there shall not be more directors from a particular Sector than there are actual Members of such Sector.

Members shall endeavor to select directors from among individuals holding senior management positions in Member organizations, and with a view toward ensuring geographic representation of the Corporate Region on the board. No two directors may be employees of a single Member or employees of Members that are Affiliates. To the extent the Members of a Sector do not select a director, that director position shall remain vacant until a director is selected by the Sector. A Sector may elect an alternate director(s) to attend and vote at meetings of the board if an elected director of the Sector is not able to attend.

Section 7.4 Terms of Directors. The directors will serve three-year, staggered terms. The terms of the initial directors will be selected by lot at the first meeting of the board of directors. Any director may be removed at any time by the affirmative vote of two-thirds (2/3) of the Members of the Sector selecting such director. A director may be removed by the board of directors for non-attendance of three consecutive board meetings.

Section 7.5 Reimbursement. Directors shall have the right to reimbursement by the Corporation of their actual reasonable travel expenses to board meetings or when specifically selected to represent the Corporation at a business meeting.

Section 7.6 Vacancies. If a director resigns, dies, changes corporate affiliation or is removed during the term of office for which elected, the directorship shall thereupon be vacant and shall be filled by the Members of the respective Sector, by written or electronic ballot in accordance with the procedures and requirements set forth above. The successor director elected by the Members of the Sector shall hold office for the unexpired term of the director replaced.

Section 7.7 Meetings; Notice. An annual meeting of the board of directors shall be held without notice immediately following the annual meeting of the Members to elect the chair and vice-chair for the next year. In addition, regular meetings may be held at such time or times as fixed by the board of directors. Schedules of regular meetings of the board of directors shall be published by the secretary and provided to all Members. Special meetings of the board of directors may be called by the president or by three directors and shall be held at the principal office of the Corporation, or such other place within the Corporate Region as determined by the president after consultation with the board. Notice of the date, time, and place of a special meeting shall be given by the

secretary not less than seven (7) days prior to the meeting by mail, telegram, or electronic communication to each director and Member. Except as necessary to discuss personnel issues, litigation or similar sensitive or confidential matters, all meetings of the board of directors shall be open to Members and other interested persons.

Section 7.8 Quorum. Two-thirds (2/3) of the directors currently holding office is a quorum for the transaction of business. In the absence of a quorum, a majority of the directors present may adjourn a meeting from time to time until a quorum is present.

Section 7.9 Board Action. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by law or these Bylaws.

Section 7.10 Action Without a Meeting. An action required or permitted to be taken at a board of directors meeting may be taken by written action signed by two-thirds (2/3) of the directors. The written action is effective when signed by the required number of directors, unless a different effective time is provided in the written action.

Section 7.11 Action by Electronic Communication. A conference among directors by a means of communication through which the directors may simultaneously hear each other during the conference is a board meeting if the same notice is given of the conference as would be required for a meeting and if the number of directors participating in the conference is a quorum. Participation in a meeting by this means constitutes personal presence at the meeting. A director may participate in a board meeting by any means of communication through which the director, other directors participating, and all directors physically present at the meeting may simultaneously communicate with each other during the meeting.

ARTICLE 8 **ORGANIZATIONAL GROUPS**

Section 8.1 Establishment of Organizational Groups. The board of directors shall establish such organizational groups, consisting of committees, sub-committees, task forces and working groups of Members, as are necessary and appropriate to accomplish the purposes of the Corporation in an efficient and cost-effective manner. All organizational groups shall be subject to the direction and control of the board. The membership of organizational groups shall be determined based upon experience, expertise and geographic diversity and to the extent practicable shall include balanced representation of the Sectors.

The board of directors shall establish policies and procedures governing the creation of organization groups, how they are populated, voting and related matters and may reorganize the initial organization groups set forth in Section 8.1.1. below. The board shall conduct a review of all organizational groups of the Corporation on an annual basis

to ensure that the business of the Corporation is conducted in an efficient, cost-effective manner and shall include a statement of its conclusions and resulting actions in the board's report to Members at the annual meeting.

8.1.1 Initial Organizational Groups The initial organizational groups reporting to the board of directors and their general scope and responsibilities are as follows:

8.1.1.1. Reliability Committee

The Reliability Committee shall be a committee of the whole in which each Member shall be entitled to participate through an employee with responsibility for engineering and/or operating activities. The Reliability Committee shall:

- (a). Develop and recommend the adoption and modification of Organizational Standards and related requirements and policies;
- (b). Coordinate its efforts with the efforts of NERC, including periodic review of NERC standards and their applicability to Members; and
- (c). Review and assess the adequacy of the current and planned electric system in the Corporate Region and operational performance.

8.1.1.2. Compliance Working Group

The Compliance Working Group shall consist of a representative of each Sector appointed by the board of directors. This Compliance Working Group shall oversee the process of monitoring compliance and the enforcement of Organization Standards and related requirements and policies of the Corporation and NERC standards and policies. It shall:

- (a). Review compliance activities of the staff;
- (b). Recommend sanctions and penalties for non-compliance to the board; and
- (c). Recommend monitoring, enforcement and compliance policies and procedures, and modifications thereof, to the board.

Section 8.2 Reimbursement. Consistent with the annual budget of the Corporation, the Board may authorize reimbursement by the Corporation for members of organizational groups (other than committees of the whole) of reasonable travel, meals and lodging expenses for organization group meetings or for representation of the Corporation at other business meetings as authorized by the board. The board of directors may authorize reimbursement for persons acting on behalf of the Corporation, as necessary in the interests of the Corporation.

ARTICLE 9 **OFFICERS**

Section 9.1 Officers. The officers of the Corporation shall include a president, a secretary, a treasurer and any other officers as may be elected or appointed in accordance with the provisions of this Article. The board of directors may elect or appoint any additional officers that it deems desirable, such other officers to have the authority and perform the duties prescribed by the board of directors. Any number of offices, except that of president, may be held by the same individual.

Section 9.2 Election and Term of Office. The officers of the Corporation shall be elected annually by the board of directors at the annual meeting of the board of directors. Each officer shall hold office at the pleasure of the board. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as is convenient. New officers may be created and the positions filled at any meeting of the board of directors. Each elected officer shall hold office until his or her successor has been duly elected and qualified.

Section 9.3 Removal. Any officer elected by the board of directors may be removed by the affirmative vote of two-thirds (2/3) of the board of directors whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 9.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the board of directors for the unexpired portion of the term.

Section 9.5 President. The president shall be an employee of the Corporation and shall:

- (a). be the principal executive and operating officer of the Corporation;
- (b). sign certificates of membership, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board of directors or by these Bylaws to some other officer or agent of the Corporation; and
- (c). perform all duties incident to the office of president, including hiring and directing staff, and such other duties as may be prescribed by the board of directors from time to time.

Section 9.6 Secretary. The secretary shall ensure that the following duties are carried out:

- (a). the minutes of the meetings of the Members and of the board of directors are recorded;
- (b). all required notices are duly given in accordance with these Bylaws and as required by law;
- (c). a register of the current names and addresses of all Members is maintained;
- (d). a complete copy of the articles of incorporation and Bylaws of the Corporation containing all amendments thereto are kept on file at all times, which copies shall always be open to the inspection of any Member; and
- (e). generally perform all duties incident to the office of secretary and such other duties as may be prescribed by the board of directors from time to time.

Section 9.7 Treasurer. The treasurer shall be responsible for the following activities:

- (a). maintain custody of all funds and securities of the Corporation;
- (b). receipt of and the issuance of receipts for all monies due and payable to the Corporation and for deposit of all such monies in the name of the Corporation in such bank or banks or financial institutions as shall be selected by the board of directors; and
- (c). generally perform all duties incident to the office of treasurer and such other duties as may be prescribed by the board of directors from time to time.

ARTICLE 10
CERTIFICATES OF MEMBERSHIP

Section 10.1 Certificates of Membership. The board of directors may provide for the issuance of certificates evidencing membership in the Corporation, which certificates shall be in such form as may be determined by the board.

ARTICLE 11

BOOKS AND RECORDS

Section 11.1 Books and Records; Financial Statements. The Corporation shall keep at its registered office correct and complete copies of its articles and Bylaws, accounting records, and minutes of meetings of Members, board of directors, and committees having any of the authority of the board of directors. A Member, or the agent or attorney of a Member, may inspect all books and records and voting agreements for any proper purpose at any reasonable time. Upon request, the Corporation shall give the Member a statement showing the financial result of all operations and transactions affecting income and surplus during its last annual accounting period and a balance sheet containing a summary of its assets and liabilities as of the closing date of the accounting period.

ARTICLE 12 **FISCAL YEAR**

Section 12.1 Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

ARTICLE 13 **TRANSFER OF ASSETS**

Section 13.1 Member Approval Not Required. The Corporation, by affirmative vote of the board of directors, may sell, lease, transfer, or dispose of its property and assets in the usual and regular course of its activities and grant a security interest in all or substantially all of its property and assets in the usual and regular course of its activities, upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board of directors considers expedient, in which case no Member approval is required.

Section 13.2 Member approval; when required. The Corporation may sell, lease, transfer, or dispose of all or substantially all of its property and assets, including its good will, not in the usual and regular course of its activities, upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board of directors considers expedient only when approved at a regular or special meeting of the Members by the affirmative vote of two-thirds (2/3) of all the Members. Notice of the meeting must be given to the Members. The notice must state that a purpose of the meeting is to consider the sale, lease, transfer, or other disposition of all or substantially all of the property and assets of the Corporation.

ARTICLE 14
CONTRACTS, CHECKS, DEPOSITS, AND GIFTS

Section 14.1 Contracts. The board of directors may authorize any officer or officers or agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or may be confined to specific instances.

Section 14.2 Checks, Drafts, or Orders. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers or agent or agents of the Corporation, and in such manner as shall from time to time be determined by resolution of the board of directors.

Section 14.3 Deposits. All funds of the Corporation shall be deposited to the credit of the Corporation in such banks, trust companies, or other depositories as the board of directors may select.

Section 14.4 Gifts. The board of directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for any purpose of the Corporation.

ARTICLE 15
INSURANCE, LIABILITY, AND INDEMNIFICATION

Section 15.1 Insurance. The president is authorized to procure insurance, if available at a reasonable cost, to protect the Corporation against damages arising out of or related to any directive, order, procedure, action or requirement of the Corporation.

Section 15.2 Limitations on Liability. No director, officer, agent, employee or other representative of the Corporation, and no corporation or other business organization that employs a director of the Corporation, or any director, officer, agent or employee of such corporation or other business organization, shall be personally liable to the Corporation or any Member of the Corporation for any act or omission on the part of any such director, officer, agent, employee, or other representative of the Corporation, which was performed or omitted in good faith in his official capacity as a director, officer, agent, employee or other representative of the Corporation. However, this release of liability shall not operate to release such a director, officer, agent, employee or other representative of the Corporation from any personal liability resulting from willful acts or omissions knowingly or intentionally committed or omitted by him in breach of these Bylaws for improper personal benefit or in bad faith.

Section 15.3 Indemnification. It is the intent of the Corporation to indemnify its directors, officers, agents, employees, or other representatives to the maximum extent

allowed by law consistent with these Bylaws. Each director, officer, agent, employee, or other representative of the Corporation shall be indemnified by the Corporation against all judgments, penalties, fines, settlements, and reasonable expenses, including legal fees, incurred by him as a result of, or in connection with, any threatened, pending or completed civil, criminal, administrative, or investigative proceedings to which he may be made a party by reason of his acting or having acted in his official capacity as a director, officer, agent, employee, or representative of the Corporation, or in any other capacity which he may hold at the request of the Corporation, as its representative in any other organization, subject to the following conditions:

- (a). Such director, officer, agent, employee, or other representative must have conducted himself in good faith and, in the case of criminal proceedings, he must have had no reasonable cause to believe that his conduct was unlawful. When acting in his official capacity, he must have reasonably believed that his conduct was in the best interests of the Corporation, and, when acting in any other capacity, he must have reasonably believed that his conduct was at least not opposed to the best interests of the Corporation.
- (b). If the proceeding was brought by or on behalf of the Corporation, however, indemnification shall be made only with respect to reasonable expenses referenced above. No indemnification of any kind shall be made in any such proceeding in which the director, officer, agent, employee, or other representative shall have been adjudged liable to the Corporation.
- (c). In no event, however, will indemnification be made with respect to any described proceeding which charges or alleges improper personal benefit to a director, officer, agent, employee, or other representative and where liability is imposed upon him on the basis of the receipt of such improper personal benefit.
- (d). In order for any director, officer, agent, employee, or other representative to receive indemnification under this provision, he shall vigorously assert and pursue any and all defenses to those claims, charges, or proceedings covered hereby which are reasonable and legally available and shall fully cooperate with the Corporation or any attorneys involved in the defense of any such claim, charges, or proceedings on behalf of the Corporation.
- (e). No indemnification shall be made in any specific instance until it has been determined by the Corporation that indemnification is permissible in that specific case, under the standards set forth herein and that any expenses claimed or to be incurred are reasonable. These two (2) determinations shall be made by a majority vote of at least a quorum of the board consisting solely of directors who were not parties to the proceeding for which indemnification or reimbursement of expenses is claimed. If such a

quorum cannot be obtained, a majority of at least a quorum of the full board, including directors who are parties to said proceeding, shall designate a special legal counsel who shall make said determinations on behalf of the Corporation. In making any such determinations, the termination of any proceeding by judgment, order, settlement, conviction, or upon plea of nolo contendere, or its equivalent, shall not, in and of itself, be conclusive that the person did not meet the standards set forth herein.

- (f). Any reasonable expenses, as shall be determined above, that have been incurred by a director, officer, agent, employee, or other representative who has been made a party to a proceeding as defined herein, may be paid or reimbursed in advance upon a majority vote of a quorum of the full board, including those who may be a party to the same proceeding. However, such director, officer, agent, employee, or other representative shall have provided the Corporation with (i) a written affirmation under oath that he, in good faith, believes that he has met the conditions for indemnification herein, and (ii) a written undertaking that he shall repay any amounts advanced, with interest accumulated at a reasonable rate, if it is ultimately determined that he has not met such conditions. In addition to the indemnification and reimbursement of expenses provided herein, the president shall, if reasonably practical, purchase insurance that would protect the Corporation, its directors, officers, agents, employees, or other representatives against reasonably expected liabilities and expenses arising out of the performance of their duties for the Corporation.

ARTICLE 16 **TRANSITION**

Section 16.1 Transition. As soon as feasible following formation of the Corporation, the Corporation will assume the regional reliability council functions of MAPP and SPP and as appropriate, may agree to assume the functions of other regional reliability councils. The Corporation will replace MAPP and SPP under the NERC structure.

Section 16.2 Reliability Standards. Except for those existing standards, criteria, rules, or guides that apply to the Generation Reserve-Sharing Pool of the MAPP Restated Agreement, the Corporation will use the existing standards, criteria, rules or guides from each existing reliability council region for those Members that join the Corporation as in effect immediately prior to formation of the Corporation, for a period of no more than one year, unless such standards, criteria, rules or guides are adopted by the Corporation. The Corporation will establish any necessary transition committees or task forces that will work expeditiously toward a consistent set of Organization Standards (including operating reserves) for the entire Corporate Region, recognizing, however, that sub-

regional differences may warrant variances for certain sub-regions. Such Organization Standards shall be established within the one-year period.

Section 16.3 Committee Transition. Upon the initial transition from MAPP and SPP to the Corporation, the existing reliability council committees and subcommittees will continue to exercise their functions for their regions for a maximum period of one year; provided however, that any act of such committees or subcommittees (other than with respect to the Generation Reserve Sharing Pool) shall be subject to appeal to the Corporation board of directors. The existing committees of each reliability council will be funded for this transition period by the members of such reliability council, using the mechanisms previously in effect.

ARTICLE 17

PARTICIPATION BY REGULATORY PARTICIPANTS

All Regulatory Participants shall be entitled to and be provided with the same rights to notice of and participation (other than voting) in meetings or other activities of the Corporation as are provided to Members. The provisions of Article 5 do not apply to Regulatory Participants, and Regulatory Participants are not granted any rights therefrom.

ARTICLE 18

PARTICIPATION BY FEDERAL POWER MARKETING ADMINISTRATIONS

Section 18.1. The participation by the United States through Federal power marketing administrations (PMA) in the Corporation is subject in all respects to acts of Congress and to regulations of the Secretary of Energy established thereunder. This reservation includes, but is not limited to, the statutory limitations upon the authority of the Secretary of Energy to submit disputes arising hereunder to arbitration. In the event of a conflict between this Article 18 and any other Article of these Bylaws, this Article 18 shall have precedence with respect to the application of these Bylaws to the United States.

Section 18.2. Where activities provided for herein extend beyond the current fiscal year, continued expenditures by the United States are contingent upon Congress making the necessary appropriations required for the continued performance of the obligations of the United States hereunder. In case such appropriations are not made, the Corporation and its Members hereby release the United States from its contractual obligations under these Bylaws and from all liability due to the failure of Congress to make such appropriation.

Section 18.3. No member of or delegate to Congress or PMA employee shall be admitted to any share or part of, or to any benefit that may have arisen from, these Bylaws, but this restriction shall not be construed to extend to these Bylaws if made with a corporation or company for its general benefit.

Section 18.4. The Corporation and its Members warrant that no Person or selling agency has been employed or retained to solicit or secure participation by a PMA in the Corporation upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Members for the purpose of securing business. For breach or violation of this warranty, a PMA shall have the right to annul its participation in the Corporation without liability or, in its discretion, to deduct from its dues or fees the full amount of such commission, percentage, brokerage, or contingent fee.

Section 18.5. For the purpose of this Section 18.5 the term “Contract” shall mean these Bylaws and the term “Contractor” shall mean the Corporation. During the performance of this Contract, the Contractor agrees to the following provisions.

18.5.1. Section 202 of the Executive Order No. 11246, 43 Fed. Reg. 46501 (1978), which provides, among other things, that the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated by reference in the Contract.

18.5.2. The Contract, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act, 40 U.S.C. § 329 (1986) (the “Act”), is subject to the provisions of the Act, 40 U.S.C. §§ 327-333 (1986), and to regulations promulgated by the Secretary of Labor pursuant to the Act.

18.5.3. The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing the Contract except as provided by 18 U.S.C. § 4082(c)i(2) and Executive Order 11755 of December 29, 1973.

ARTICLE 19 **DISPUTE RESOLUTION**

Section 19.1. Dispute resolution procedures for disputes between Members, or between a Member and the Corporation, arising under these Bylaws, Organization Standards or policies or requirements approved by the board will be established by the board of directors in accordance with the procedures of NERC. Binding arbitration will be used only with the agreement of the parties.

Section 19.2. All issues concerning enforcement and/or non-compliance with an Organization Standard or related policy or requirement of the Corporation, shall be heard first by the Compliance Working Group, which shall make a recommendation to the board of directors on actions to be taken, including imposition of financial penalties and/or sanctions. Any Member as to which a penalty, sanction or other directive has been recommended to the board shall have an opportunity to be heard by the board prior to the board’s decision. The imposition of any sanction, penalty or directive by the board may

be appealed using the dispute resolution procedure established by the board, or to any regulatory agency with jurisdiction; provided that in any appeal of a sanction, penalty or directive, the board of directors' determination of the intended meaning and scope of an Organization Standard, board policy or requirement shall be final.

ARTICLE 20 AMENDMENT OF BYLAWS

Section 20.1. The power to adopt, amend or repeal these Bylaws is vested in the Members as set forth in Section 6.5 of these Bylaws; provided however, upon the passage of any federal reliability legislation, and/or the adoption of related requirements and procedures by NERC, its successor under such legislation or any regulatory agency with jurisdiction, the board or directors shall have authority upon a two-thirds (2/3) vote of its members to amend these Bylaws as necessary and appropriate to comply with such law and related requirements and to qualify the Corporation for delegations of authority from NERC or its successor as provided in such legislation.

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**BYLAWS {
}OF THE
NEED-A-NAME [
]RELIABILITY ORGANIZATION, INC.**

~~{AUGUST 12}~~ [October 16], 2002

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**BYLAWS
OF THE
NEED-A-NAME RELIABILITY ORGANIZATION, INC**

**a Delaware nonprofit corporation
(the “Corporation”)**

**ARTICLE 1
DEFINITIONS**

Section 1.1 Affiliate. "Affiliate" means any **[one of a group of]** two or more entities, one of which controls the other or that ~~{are}~~ **[is]** under common control. For purposes of this definition, “control” means the possession of the power to direct the management or policies of an entity. Ownership of publicly-traded securities of another entity shall not result in control or affiliation for purposes of these Bylaws if the securities are held as an investment, are less than 10 percent of the outstanding securities, there is no representation on the entity's board of directors or vice versa, and the holder does not exercise influence over day-to-day management decisions. State[, **provincial**] or federal government agencies shall not be deemed affiliates of each other and a regulatory agency will not be deemed to be in control over any Member. Control will be presumed to arise from the ownership of or the power to vote, directly or indirectly, 10 percent or more of the voting securities or interests of an entity: provided, however, that a member of, or owner of an interest in, a transmission company that FERC has found meets the independence requirements for an RTO shall not be deemed to be an affiliate of such transmission company.

Section 1.2 Bulk Power System. “Bulk Power System” means all facilities and control systems (or any portion thereof) necessary for operating an interconnected transmission grid in the Corporate Region, including high-voltage (100 kV or greater) transmission lines, substations, control centers, communications, data, protective systems and operations planning facilities, as well as the output of generating units necessary to maintain transmission system reliability.

Section 1.3 Bulk Power System Users. “Bulk Power System Users” means any entity that sells, purchases, or transmits electric power over the Bulk Power System, or that owns, operates or maintains facilities or control systems that are part of the Bulk Power System.

Section 1.4 Canadian Utilities. “Canadian Utilities” means any government-owned utility serving in Canada within the Corporate Region.

Section 1.5] Cooperative. "Cooperative" means an entity serving within the Corporate Region which generally has the following characteristics (1) private independent electric utility, (2) incorporated under the laws of the states in which they operate, (3) established to provide electric service to its members, (4) owned by the consumers they serve, and (5) governed by a board of directors elected from the

membership. This sector includes Generation & Transmission Cooperatives and Public Utility Districts.

Section ~~{1.5}~~ [1.6] Corporate Region. “Corporate Region” means the geographic area boundaries of the Bulk Power Systems as designated by each of the Members.

Section ~~{1.6}~~ [1.7] FERC. “FERC” means the Federal Energy Regulatory Commission.

Section ~~{1.7}~~ [1.8] Federal Power Marketing Agencies ~~{and Canadian Utilities. "Federal Power Marketing Agencies and Canadian Utilities" means an agency}~~ **[means agencies]** of the federal government set up to market power~~{, or any government owned utility serving in Canada,}~~ within the Corporate Region.

Section ~~{1.8}~~ [1.9] Generators and Power Marketers. "Generators and Power Marketers" means any entity that owns or operates more than 50 MW of generation in the Corporate Region, or is a power marketer doing business in the Corporate Region, and that does not qualify also to participate in the Investor-Owned Utility, Cooperative ~~{or Municipal Utility Sectors.}~~, **Municipal Utility, Federal Power Marketing Agency or Canadian Utilities Sector.]**

~~{Section 1.9 Independent System Operator. "Independent System Operator or ISO" One organizational form of RTO, which it encouraged in Order No. 888. An ISO does not own transmission, but operates the transmission of others, generally operated as a not-for-profit entity, but with a fiduciary duty to maximize the transmission revenues of the transmission owners.}~~ **[Section 1.10 Good Utility Practice . “Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.]**

~~{Section 1.10}~~ **[Section 1.11] Industry Sector(s).** “Industry Sector or Sector(s)” means a group of Bulk Power System Users in the Corporate Region with substantially similar reliability interests, as determined by these Bylaws. The initial Industry Sectors shall consist of the following: (1) Transmission System Operators; (2) Generators and Power Marketers; (3) Investor Owned Utilities (4) Cooperatives; (5) Municipal Utilities ~~{; and}~~(6) Federal Power Marketing Agencies and ~~[(7)]~~ Canadian Utilities[.]

Section ~~{1.11}~~ [1.12] Investor Owned Utility. "Investor Owned Utility" means any for-profit entity that owns and operates a distribution system and serves end-use load within the Corporate Region pursuant to an obligation to serve under state, federal or provincial law, including a default service obligation, or pursuant to a tariff by which the entity offers service to the general public.

Section ~~{1.12}~~ [1.13] MAPP. "MAPP" means the MAPP Reliability Council, pursuant to the MAPP Restated Agreement, as of November 11, 2001.

Section ~~{1.13}~~ [1.14] Member. "Member" means a member of the Corporation.

Section ~~{1.14}~~ [1.15] Municipal Utilities. "Municipal Utilities" means any electric utility that is owned by a state or municipality, or group of municipalities, including a joint action agency, ~~{that}~~ **[which]** serves within the Corporate Region.

Section ~~{1.15}~~ [1.16] NERC. "NERC" means the North American Electric Reliability Council or a successor entity.

Section ~~{1.16}~~ [1.17] Net-Energy-to-Load. "Net-Energy-to-Load" means kWh sales by a Member to end-use load located within the Corporate Region, plus that Member's firm requirements wholesale sales to electric utilities in the Corporate Region that are not Members.

Section ~~{1.17—Organization}~~ [1.18] Organizational Standards. ~~{“Organization”}~~ **["Organizational] Standards"** means a policy or standard, including adequacy requirements, duly adopted by the board of directors of the Corporation, to provide for the reliable regional and sub-regional planning and operation of the Bulk Power System[, **consistent with Good Utility Practice**].

Section ~~{1.18}~~ [1.19] Person. "Person" means natural person, corporation, Cooperative, partnership, association, or other private or public entity.

Section ~~{1.19}~~ [1.20] Public Utility District. "Public Utility District" means **an entity that is a state political or governmental subdivision which owns electric generation, transmission and distribution facilities and that was created and organized under state statutes that are different than those that Municipal Utilities in the same state are created and organized under.**

Section 1.21] Regulatory Participant. "Regulatory Participant" means any state or provincial regulatory agencies in the Corporate Region exercising authority over the rates, terms or conditions of electric service of an entity other than itself within the Corporate Region, or the planning, siting, construction or operation of electric facilities of an entity other than itself within the Corporate Region, as well as any representatives of FERC, regional advisory bodies that may be established by FERC, or representatives of any federal regulator or agency.

~~Section [1.22] {1.20} **Regional Transmission Organization.** "Regional Transmission Organization or RTO" an entity that owns and/or operates transmission facilities and satisfies the characteristics (independence, scope, regional configuration, and operational authority) set out in FERC Order 2000.~~

~~Section 1.21} **SPP.** "SPP" means the Southwest Power Pool.~~

~~Section {1.22} [1.23] **Transmission System Operator.** "Transmission System Operator" means an entity that operates or controls operation of high voltage transmission facilities within the Corporate Region (more than 300 miles of transmission at 100 kV or greater) that does not also own, operate or control generation within the Corporate Region, except to the limited extent permitted by FERC for {RTOs} [independent transmission organizations] with respect to ancillary service obligations. Transmission System Operators include {RTOs, ISOs} [regional transmission organizations, independent transmission providers, independent system operators approved by FERC,] and transmission-only companies.~~

ARTICLE 2 PURPOSE

Section 2.1 Purpose. The purpose of the Corporation is to be a regional reliability council within the NERC structure for the purpose of preserving and enhancing electric service reliability in the Corporate Region and other interconnected regions and to assess the adequacy and ensure the reliability of the interconnected electric system, and the security of infrastructure, in the Corporate Region for the benefit of all end-users of electricity, and all entities engaged in providing electric services, in the Corporate Region, with due regard for safety, environmental protection and economy of service, and in accordance with any Organization Standards adopted by the Corporation and NERC standards and policies.

Section 2.2 Activities. In support and furtherance of its purpose, the Corporation's responsibilities shall include, but not be limited to, the following:

- (a). Set Organizational Standards
 - (1). Develop and revise regional and, as necessary, sub-regional, Organization Standards.
 - (2). Clearly define compliance and information and data requirements applicable to Members and establish financial penalties and/or sanctions for non-compliance with Organization Standards and these Bylaws.

(b). Monitor and enforce compliance with Organizational Standards in concert with related NERC programs. Compliance monitoring functions shall include, but are not limited to:

- (1).** Investigating all reports or discoveries of non-compliance with Organization Standards and these Bylaws.
- (2).** Obtaining access to information and data needed to review and investigate possible non-compliance.
- (3).** Conducting comprehensive compliance audits.
- (4).** Imposing financial penalties and/or sanctions for non-compliance.
- (5).** Operating under delegated or contract authority from NERC with respect to compliance and enforcement of NERC organizational standards.

All enforcement and compliance requirements and procedures of the Corporation, including sanctions and penalties, shall be approved by the board of directors and shall not be effective until accepted for filing or approved by FERC and any other regulatory agency with jurisdiction. The Corporation shall use procedures that ensure due process in connection with the development and implementation of such enforcement mechanisms. Such enforcement mechanisms ~~{(1)}~~ shall not be unreasonable or unduly discriminatory in substance or application ~~{(2)}~~ **[and]** shall be applied consistently to all Members~~{; and (3) shall be consistent with good utility practice}~~.

(c). Provide reliability education, training and certification for ~~{the members}~~ **[Members]**.

(d). Assess adequacy and performance

- (1).** Assess regional supply and transmission adequacy and operational performance, as appropriate.
- (2).** Monitor and report on system disturbances.
- (e).** Coordinate with other entities, including Regulatory Participants and transmission providers operating in the Corporate Region, on reliability and adequacy matters.

(f). Collect or obtain reliability information and data.

(g). Provide for appeals and conflict resolution.

(1). Administer dispute resolution regarding Corporation requirements and activities.

(h). Participate in NERC activities as the representative of the Corporate Region.

Section 2.3 Not-for-Profit Corporation. The Corporation is operated as a Delaware non-stock nonprofit corporation and is organized pursuant to the general corporation law of the State of Delaware.

ARTICLE 3 **POWERS**

Section 3.1 Powers. The Corporation shall have the power to engage in any lawful act or activity for which corporations may be organized under the general corporation law of the State of Delaware, subject to any limitations provided in applicable federal, provincial or state law or in the Corporation's certificate of incorporation or these Bylaws.

ARTICLE 4 **OFFICES**

Section 4.1 Offices. The principal office of the Corporation shall be located within the Corporate Region, at such location as the board of directors may from time to time determine, giving consideration to the total cost to the Corporation and convenience of travel for staff, Members and Regulatory Participants. Once established, the principal office may remain in its location, even if outside the Corporate Region.

ARTICLE 5 **MEMBERS**

Section 5.1 Classes of Members. The Corporation shall have one class of ~~{Member}~~ [Members]. Each Affiliate of a Member may separately be a Member.

Section 5.2 Qualifications of Members. A Member may be any entity eligible to be a member of an Industry Sector.

Section 5.3 Admission of Members. New Members may join the Corporation upon submittal of an application, in a form approved by the president, and payment of the fees as established by the Corporation. The Member shall designate the Sector to which it belongs. A Member may change its Sector designation once each calendar year, by providing notice to the president at least sixty (60) days prior to the beginning of such year. The president shall review a membership application and may request demonstration by the applicant that it qualifies for membership in a particular Sector.

Any dispute with respect to a Member's qualifications for a particular Sector shall be resolved by the board of directors. The president shall have authority to approve an application for membership, subject to review by the board of directors.

Section 5.4 Voting Rights. Each Member in good standing shall be entitled to one vote in ~~each~~ [the] Sector in which it is a Member, on matters submitted to a vote of Members. A Member delinquent in payment of its dues, fees or other obligations to the Corporation shall not be entitled to a vote.

Section 5.5 Transfer of Membership. A Member of the Corporation may not transfer its membership or a right arising from it except to any Person succeeding to all or substantially all of the assets of the Member. The president shall have authority to approve any such transfer, subject to review by the board of directors.

Section 5.6 Obligations of Members. By applying for and becoming a Member of the Corporation, each Member acknowledges that it is authorized and agrees to comply with all Organization Standards, all NERC standards and requirements and the other obligations of Members of the Corporation set forth in these Bylaws or duly adopted by the board of directors in order to achieve the purposes of the Corporation, including but not limited to obligations to provide data and information needed to perform the functions of the Corporation and the payment of dues and any authorized penalties resulting from the Member's non-compliance with Organization Standards.

Section 5.7 Withdrawal. A Member may withdraw from participation in the Corporation by providing written notice to the president of the Corporation of such withdrawal. Such notice shall specify a date, not earlier than thirty (30) days from the date of notice, on which the withdrawal shall become effective, provided however, that any such withdrawing Member shall remain liable to the Corporation for any fees, dues, sanctions or obligations to the Corporation incurred while it was a Member, or which apply to violations of Organization Standards that occurred prior to the effective date of withdrawal, as well as its share of any obligations of the Corporation for the current fiscal year. If notice is given after October 1 of the current calendar year, the Member will also be liable for any fees and dues included in the budget for the following fiscal year. The Member will not be responsible for compliance with Organization Standards after the withdrawal date.

Section 5.8 Fees and Penalties. The board of directors may from time to time fix the amount of dues, assessments, or fees, if any, and determine the methods of collection, consistent with this Section or with any resolution duly adopted by the Members under Section 6.5.2 of these Bylaws.

5.8.1 Fees The Corporation's budget shall be funded annually through dues that include a per Member fee applicable to each Member, and assessments to those Members with Net-Energy-to-Load sales in the prior calendar year. Twenty percent (20%) of the annual budget will be assessed on a per Member basis and

the remainder will be assessed based on the Net-Energy-to-Load of Members in the prior calendar year.

5.8.2 Penalties All monies, plus any accumulated interest, that the Corporation collects from the issuance of penalties shall be used by the Corporation to defer expenses or distributed in a fair and equitable manner to Members, as determined by the board of directors.

ARTICLE 6 **MEETING OF MEMBERS**

Section 6.1 Annual Meeting of Members. The Members shall hold an annual meeting each calendar year. The annual meeting of the Members shall be held in ~~{specify month}~~ **[December]** of each year, or at such other time specified by the board of directors, in order for Members to review the proposed budget and operations of the Corporation. All Members shall be entitled to at least thirty (30) days prior written notice of the annual meeting. At the annual meeting of Members: (1) each Sector shall elect the successor(s), if any, for any director(s) from their Sector whose term will expire before the next annual meeting of the Members, provided however, that any Sector may elect a successor director representing such Sector prior to such annual meeting, in accordance with the provisions of this Article 6, in which case the election of such succeeding director(s) shall be reported to the Corporation at such annual meeting; (2) the president and treasurer shall report on the activities and financial condition of the Corporation; (3) the Members shall review, and may modify, the budget of the Corporation for the ensuing year (if not modified, the budget as approved by the board of directors shall be deemed accepted); and (4) the Members shall consider and act upon such other matters as may be raised, consistent with the notice of the annual meeting. The failure to hold an annual meeting in accordance with these Bylaws shall not affect the validity of a corporate action.

Section 6.2 Special Meetings of Members.

6.2.1 Who May Call. Special meetings of the Members may be called by **[six (6) members of]** the board of directors ~~{at any time, and shall be called}~~[,] by the president **[or]** if at least ten percent (10%) of the Members sign, date, and deliver to the president one or more written demands for a special meeting describing the purpose for which it is to be held.

6.2.2 Notice of Meeting. Within fifteen (15) days after receipt of a demand for a special meeting from Members, the president shall cause a special meeting to be called and held on notice no later than forty-five (45) days after receipt of the demand. If the president fails to cause a special meeting to be called and held as required by this section, a Member making the demand may call the meeting by giving notice under Section 6.3. In either event, notice of the meeting and the costs of the meeting shall be at the expense of the Corporation.

6.2.3 Time and Place of Special Meetings. Special meetings of Members shall be held at a location designated by the president or the board of directors. If a special meeting is demanded by the Members, the meeting must be held in a facility of appropriate size to accommodate the Membership and at a location within the Corporate Region.

6.2.4 Notice Requirements; Business Limited. The notice of a special meeting must contain a statement of the purposes of the meeting. The business transacted at a special meeting is limited to the purposes stated within the notice of the meeting. Business transacted at a special meeting that is not included in those stated purposes is voidable by or on behalf of the Corporation, unless ninety percent (90%) of the Members entitled to vote [**were present at such meeting or**] have waived notice of the meeting under Section 6.3.

Section 6.3 Notice Requirements.

6.3.1 To Whom Given. Notice of meetings of Members must be given to every Member as of the record date determined under Section 6.4. If the meeting is an adjourned meeting and the date, time and place of the meeting were announced at the time of the adjournment, notice is not required unless a new record date for the adjourned meeting is or must be fixed.

6.3.2 When Given; Contents. In all cases where a specific minimum notice period has not been fixed by law or these Bylaws, the notice must be given at least five days before the date of a meeting and not more than sixty (60) days before the date of a meeting. The notice must contain the date, time and place of the meeting, and an agenda of the matters upon which action may be taken at the meeting. A matter may be added to the agenda of a meeting at the meeting upon the affirmative vote of three-quarters (3/4) of the Sector votes cast on a motion to amend the agenda.

6.3.3 Waiver of Notice; Objections. A Member may waive notice of a meeting of Members. A waiver of notice by a Member entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, or by attendance. Attendance by a Member at a meeting is a waiver of notice of that meeting, unless the Member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

Section 6.4 Record Date; Determining Members Entitled to Notice and Vote. The board of directors may fix a date not more than forty (40) days before the date of a meeting of Members as the date for the determination of the Members entitled to notice of and entitled to vote at the meeting. When a date is so fixed, only Members on that

date are entitled to notice and to vote at a membership meeting unless the board of directors fixes a new date for determining the right to notice and to vote, which it must do if the meeting is adjourned to a date more than sixty (60) days after the record date for determining Members entitled to notice of the original meeting.

Section 6.5 Right to Vote; Act of Members. Voting of the Members shall be by Sector, with each Sector entitled to the same number of votes as it has directors on the board. If a quorum is present, except with respect to amendments of these Bylaws, modification of a budget approved by the board of directors or termination of the Corporation, the affirmative vote of the majority of the Sector votes present and entitled to vote, which must also be a majority of the required quorum, is the act of the Members. Within a Sector, each Member within the Sector shall have one vote. If a quorum is present with respect to the Sector, the affirmative vote of the majority of the Members within the Sector present and entitled to vote, which must also be a majority of the required quorum, is the act of the Sector. All of the Sector's votes shall be cast consistent with the act of the Sector.

6.5.1 Special Voting Requirements In order to amend the Bylaws, except as provided in Article 20 with respect to the board of directors, two-thirds(2/3) of the Sector votes cast shall be required to approve the proposed amendment. The substance of the proposed amendment must be contained in the notice of the meeting at which the vote will be taken; provided that, the Members may modify a proposed bylaw amendment at the meeting. Two-thirds (2/3) of the Sector votes cast shall be required to approve a proposed modification of a budget approved by the board. Two-thirds (2/3) of the Sector votes cast shall be required to approve any proposal to terminate the Corporation. To the extent practicable, all Member votes may be held electronically under such terms and conditions as are approved by the Board.

6.5.2 Change of Dues Structure The Members may change the dues structure as stated in Section 5.8.1 by resolution with an affirmative vote of two-thirds (2/3) of the Sector votes cast.

Section 6.6 Quorum. A quorum for a meeting of Members is a majority of the Sector votes entitled to vote at the meeting. A quorum for a meeting of a Sector is a majority of the Members of that Sector present or voting electronically on matters before the meeting. A quorum is necessary for the transaction of business at a meeting of Members. If a quorum is not present, a meeting may be adjourned from time to time for that reason by the Sectors or Members then represented or present.

~~**Section 6.7 Action Without a Meeting. An action required, or permitted to be taken, at a meeting of the Members may be taken without a meeting by written action signed by ninety percent (90%) of the Members entitled to vote on that action. The written action is effective when it has been signed by all of those Members, unless a different effective time is provided in the written action.**~~

~~Section 6.8}~~ Action by Written Ballot. An action that may be taken at a regular or special meeting of Members may be taken without a meeting if the Corporation mails or delivers a written ballot to every Member entitled to vote on the matter. Whenever possible, voting by Sectors for directors shall be by written ballot preceding the regular meeting of the Members.

Approval by written ballot is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Solicitations for votes by written ballot must: (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to approve the matter; and (3) specify the time by which a ballot must be received by the Corporation in order to be counted. A written ballot may not be revoked.

~~Section 6.9}~~ [6.8]. Action by Electronic Communication. Any vote of a Sector to elect a board member or for any other purpose may be taken by electronic means without a meeting or during a meeting. In addition, a conference among Members by a means of communication through which the participants may simultaneously hear each other during the conference is a meeting of the Members, if the same notice is given of the conference as would be required for a meeting and if the number of persons participating in the conference is a quorum. Participation in a meeting by this means is personal presence at the meeting. A Member may participate in a meeting of the Members by a means of communication through which the Member, other persons participating, and all persons physically present at the meeting may simultaneously communicate with each other during the meeting. Participation in a meeting by this means constitutes personal presence at the meeting.

~~Section 6.10}~~ [6.9] Member Representatives; Proxies.

~~{6.10.1}~~ [6.9.1]. Designation of Representative. Each year prior to the annual meeting of Members, each Member shall designate the individual authorized to vote on Corporation matters on behalf of the Member, in accordance with procedures approved by the board. A Member may change such designation at any time.

~~{6.10.2}~~ [6.9.2] Authorization. The individual designated to vote by a Member may appoint a proxy to vote or otherwise act for the Member at any meeting or electronically by signing an appointment form either personally or by an attorney so designated by the Member.

~~{6.10.3}~~ [6.9.3] Effective Period. An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. An appointment is valid for the next regular or specially scheduled meeting or

electronic ballot. However, a proxy is not valid for more than sixty (60) days from its date of execution.

~~{6.10.3}~~ **[6.9.3] Revocation.** An appointment of a proxy is revocable by the Member. Appointment of a proxy is revoked by the person appointing the proxy by signing and delivering to the secretary or other officer or agent authorized to tabulate proxy votes ~~{either a writing stating}~~. **This may be done either in a written statement** that the appointment of the proxy is revoked or a ~~{later}~~ **[subsequent]** appointment form.

Section ~~{6.11}~~ [6.10] Reimbursement of Member Expenses. The Corporation will be under no obligation to reimburse Members for expenses associated with their attendance at regular or special Member meetings.

ARTICLE 7 **BOARD OF DIRECTORS**

Section 7.1 Management of Corporation. Consistent with these Bylaws, the business and affairs of the Corporation shall be managed by or under the direction of a board of directors. The duties of the board will include, but will not be limited to the following: (1) govern the Corporation and oversee all of its activities; (2) establish and oversee all organizational groups; (3) approve, revise and enforce Organizational Standards, Member data and information requirements and related confidentiality requirements; (4) establish compliance monitoring procedures and requirements, and penalties and sanctions for non-compliance; (5) impose penalties and sanctions consistent with these Bylaws and the procedures approved by the board; (6) establish and approve an annual budget; (7) represent the Corporation in legal and regulatory proceedings; and (8) hire the president.

The board of directors shall select a chair and a vice-chair from among the members of the board. The board may establish board committees as appropriate.

Section 7.2 Voting. Each director shall have one vote with respect to decisions of the board.

Section 7.3 Composition of the Board of Directors. The board of directors shall consist of ~~{fifteen (15)}~~ **[sixteen (16)]** board members elected by the Sectors as follows:

- (a). Three (3) directors from the Transmission System Operators Sector;
- (b). Two (2) directors from the Generators and Power Marketers Sector;
- (c). Five (5) directors from the Investor Owned Utilities Sector;

- (1). Two (2) directors must be from utilities with less than 3,000 megawatts of end-use load.
- (2). Three (3) directors must be from utilities with 3,000 megawatts or greater of end-use load.
- (d). Two (2) directors from the Cooperative Sector;
- (e). Two (2) directors from the Municipal Utilities Sector; ~~and~~
†
- (f). One (1) director from the Federal Power Marketing Agencies ~~and~~]; **and**
- (g). **One (1) director from the**] Canadian Utilities Sector.

Provided, however, that in choosing directors from a sector, there shall not be more directors from a particular Sector than there are actual Members of such Sector.

Members shall endeavor to select directors from among individuals holding senior management positions in Member organizations, and with a view toward ensuring geographic representation of the Corporate Region on the board. No two directors may be employees of a single Member or employees of Members that are Affiliates. To the extent the Members of a Sector do not select a director, that director position shall remain vacant until a director is selected by the Sector. A Sector may elect an alternate director(s) to attend and vote at meetings of the board if an elected director of the Sector is not able to attend.

Section 7.4 Terms of Directors. The directors will serve three-year, staggered terms. The terms of the initial directors will be selected by lot at the first meeting of the board of directors. Any director may be removed at any time by the affirmative vote of two-thirds (2/3) of the Members of the Sector selecting such director. A director may be removed by the board of directors for non-attendance of three consecutive board meetings.

Section 7.5 Reimbursement. Directors shall have the right to reimbursement by the Corporation of their actual reasonable travel expenses to board meetings or when specifically selected to represent the Corporation at a business meeting.

Section 7.6 Vacancies. If a director resigns, dies, changes corporate affiliation or is removed during the term of office for which elected, the directorship shall thereupon be vacant and shall be filled by the Members of the respective Sector, by written or electronic ballot in accordance with the procedures and requirements set forth above. The successor director elected by the Members of the Sector shall hold office for the unexpired term of the director replaced.

Section 7.7 Meetings; Notice. An annual meeting of the board of directors shall be held without notice immediately following the annual meeting of the Members to elect the chair and vice-chair for the next year. In addition, regular meetings may be held at such time or times as fixed by the board of directors. Schedules of regular meetings of the board of directors shall be published by the secretary and provided to all Members. Special meetings of the board of directors may be called by the president or by three directors and shall be held at the principal office of the Corporation, or such other place within the Corporate Region as determined by the president after consultation with the board. Notice of the date, time, and place of a special meeting shall be given by the secretary not less than seven (7) days prior to the meeting by mail, telegram, or electronic communication to each director and Member. Except as necessary to discuss personnel issues, litigation or similar sensitive or confidential matters, all meetings of the board of directors shall be open to Members and other interested persons.

Section 7.8 Quorum. Two-thirds (2/3) of the directors currently holding office is a quorum for the transaction of business. In the absence of a quorum, a majority of the directors present may adjourn a meeting from time to time until a quorum is present.

Section 7.9 Board Action. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by law or these Bylaws.

Section 7.10 Action Without a Meeting. An action required or permitted to be taken at a board of directors meeting may be taken by written action[, **including electronic communication,**] signed by ~~{two-thirds (2/3)}~~ **[all]** of the directors **[of the Corporation.]**. The written action is effective when signed by the required number of directors, unless a different effective time is provided in the written action.

Section 7.11 Action by Electronic Communication. A conference among directors by a means of communication through which the directors may simultaneously hear each other during the conference is a board meeting if the same notice is given of the conference as would be required for a meeting and if the number of directors participating in the conference is a quorum. Participation in a meeting by this means constitutes personal presence at the meeting. A director may participate in a board meeting by any means of communication through which the director, other directors participating, and all directors physically present at the meeting may simultaneously communicate with each other during the meeting.

ARTICLE 8 **ORGANIZATIONAL GROUPS**

Section 8.1 Establishment of Organizational Groups. The board of directors shall establish such organizational groups, consisting of committees, sub-committees, task forces and working groups of Members, as are necessary and appropriate to accomplish the purposes of the Corporation in an efficient and cost-effective manner. All

organizational groups shall be subject to the direction and control of the board. The membership of organizational groups shall be determined based upon experience, expertise and geographic diversity and to the extent practicable shall include balanced representation of the Sectors.

The board of directors shall establish policies and procedures governing the creation of organization groups, how they are populated, **[how]** voting and related matters **[are conducted]** and **[how they]** may **[be]** reorganize the initial organization groups set forth in Section 8.1.1. below. The board shall conduct a review of all organizational groups of the Corporation on an annual basis to ensure that the business of the Corporation is conducted in an efficient, cost-effective manner and shall include a statement of its conclusions and resulting actions in the board's report to Members at the annual meeting.

8.1.1 Initial Organizational Groups The initial organizational groups reporting to the board of directors and their general scope and responsibilities are as follows:

8.1.1.1. Reliability Committee

The Reliability Committee shall be a committee of the whole in which each Member shall be entitled to participate through ~~{an employee with responsibility for engineering and/or operating activities. The Reliability Committee shall:}~~ **[a designated representative:]**

- (a). Develop and recommend the adoption and modification of Organizational Standards and related requirements and policies;
- (b). Coordinate its efforts with the efforts of NERC, including periodic review of NERC standards and their applicability to Members; and
- (c). Review and assess the adequacy of the current and planned electric system in the Corporate Region and operational performance.

8.1.1.2. Compliance Working Group

The Compliance Working Group shall consist of a representative of each Sector appointed by the board of directors. ~~{This}~~ **[The]** Compliance Working Group shall oversee the process of monitoring compliance and the enforcement of Organization Standards and related requirements and policies of the Corporation and NERC standards and policies. It shall:

- (a). Review compliance activities of the staff;
- (b). Recommend sanctions and penalties for non-compliance to the board; and
- (c). Recommend monitoring, enforcement and compliance policies and procedures, and modifications thereof, to the board.

Section 8.2 Reimbursement. Consistent with the annual budget of the Corporation, the Board may authorize reimbursement by the Corporation for members of organizational groups (other than committees of the whole) of reasonable travel, meals and lodging expenses for organization group meetings or for representation of the Corporation at other business meetings as authorized by the board. The board of directors may authorize reimbursement for persons acting on behalf of the Corporation, as necessary in the interests of the Corporation.

ARTICLE 9 **OFFICERS**

Section 9.1 Officers. The officers of the Corporation shall include a president, a secretary, a treasurer and any other officers as may be elected or appointed in accordance with the provisions of this Article. The board of directors may elect or appoint any additional officers that it deems desirable, such other officers to have the authority and perform the duties prescribed by the board of directors. ~~{Any}~~ **[The same individual may hold any]** number of offices, except that of president~~{, may be held by the same individual}~~.

Section 9.2 Election and Term of Office. The officers of the Corporation shall be elected annually by the board of directors at the annual meeting of the board of directors. Each officer shall hold office at the pleasure of the board. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as is convenient. New officers may be created and the positions filled at any meeting of the board of directors. Each elected officer shall hold office until his or her successor has been duly elected and qualified.

Section 9.3 Removal. Any officer elected by the board of directors may be removed by the affirmative vote of two-thirds (2/3) of the board of directors whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 9.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the board of directors for the unexpired portion of the term.

Section 9.5 President. The president shall be an employee of the Corporation and shall:

- (a). be the principal executive and operating officer of the Corporation;
- (b). sign certificates of membership, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board of directors or by these Bylaws to some other officer or agent of the Corporation; and
- (c). perform all duties incident to the office of president, including hiring and directing staff, and such other duties as may be prescribed by the board of directors from time to time.

Section 9.6 Secretary. The secretary shall ensure that the following duties are carried out:

- (a). the minutes of the meetings of the Members and of the board of directors are recorded;
- (b). all required notices are duly given in accordance with these Bylaws and as required by law;
- (c). a register of the current names and addresses of all Members is maintained;
- (d). a complete copy of the articles of incorporation and Bylaws of the Corporation containing all amendments thereto are kept on file at all times, which copies shall always be open to the inspection of any Member; and
- (e). generally perform all duties incident to the office of secretary and such other duties as may be prescribed by the board of directors from time to time.

Section 9.7 Treasurer. The treasurer shall be responsible for the following activities:

- (a). maintain custody of all funds and securities of the Corporation;
- (b). receipt of and the issuance of receipts for all monies due and payable to the Corporation and for deposit of all such monies in the name of the Corporation in such bank or banks or financial institutions as shall be selected by the board of directors; and

- (c). generally perform all duties incident to the office of treasurer and such other duties as may be prescribed by the board of directors from time to time.

ARTICLE 10
CERTIFICATES OF MEMBERSHIP

Section 10.1 Certificates of Membership. The board of directors may provide for the issuance of certificates evidencing membership in the Corporation, which certificates shall be in such form as may be determined by the board.

ARTICLE 11
BOOKS AND RECORDS

Section 11.1 Books and Records; Financial Statements. The Corporation shall keep at its registered office correct and complete copies of its articles and Bylaws, accounting records, and minutes of meetings of Members, board of directors, and committees having any of the authority of the board of directors. A Member, or the agent or attorney of a Member, may inspect all books and records and voting agreements for any proper purpose at any reasonable time. Upon request, the Corporation shall give the Member a statement showing the financial result of all operations and transactions affecting income and surplus during its last annual accounting period and a balance sheet containing a summary of its assets and liabilities as of the closing date of the accounting period.

ARTICLE 12
FISCAL YEAR

Section 12.1 Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

ARTICLE 13
TRANSFER OF ASSETS

Section 13.1 Member Approval Not Required. The Corporation, by affirmative vote of the board of directors, may sell, lease, transfer, or dispose of its property and assets in the usual and regular course of its activities and grant a security interest in all or substantially all of its property and assets in the usual and regular course of its activities, upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board of directors considers expedient, in which case no Member approval is required.

Section 13.2 Member approval; when required. The Corporation may sell, lease, transfer, or dispose of all or substantially all of its property and assets, including its good will, not in the usual and regular course of its activities, upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board of directors considers expedient only when approved at a regular or special meeting of the Members by the affirmative vote of two-thirds (2/3) of all the Members. Notice of the meeting must be given to the Members. The notice must state that a purpose of the meeting is to consider the sale, lease, transfer, or other disposition of all or substantially all of the property and assets of the Corporation.

ARTICLE 14
CONTRACTS, CHECKS, DEPOSITS, AND GIFTS

Section 14.1 Contracts. The board of directors may authorize any officer or officers or agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or may be confined to specific instances.

Section 14.2 Checks, Drafts, or Orders. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers or agent or agents of the Corporation, and in such manner as shall from time to time be determined by resolution of the board of directors.

Section 14.3 Deposits. All funds of the Corporation shall be deposited to the credit of the Corporation in such banks, trust companies, or other depositories as the board of directors may select.

Section 14.4 Gifts. The board of directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for any purpose of the Corporation.

ARTICLE 15
INSURANCE, LIABILITY, AND INDEMNIFICATION

Section 15.1 Insurance. The president is authorized to procure insurance ~~{, if available at a reasonable cost,}~~ to protect the Corporation against damages arising out of or related to any directive, order, procedure, action or requirement of the Corporation.

Section 15.2 Limitations on Liability. No director, officer, agent, employee or other representative of the Corporation, and no corporation or other business organization that employs a director of the Corporation, or any director, officer, agent or employee of such corporation or other business organization, shall be personally liable to the Corporation or any Member of the Corporation for any act or omission on the part of any such director, officer, agent, employee, or other representative of the Corporation, which was performed or omitted in good faith in his official capacity as a director, officer, agent, employee or other representative of the Corporation. However, this release of liability shall not operate to release such a director, officer, agent, employee or other representative of the Corporation from any personal liability resulting from willful acts or omissions knowingly or intentionally committed or omitted by him in breach of these Bylaws for improper personal benefit or in bad faith.

Section 15.3 Indemnification. It is the intent of the Corporation to indemnify its directors, officers, agents, employees, or other representatives to the maximum extent allowed by law consistent with these Bylaws. Each director, officer, agent, employee, or other representative of the Corporation shall be indemnified by the Corporation against all judgments, penalties, fines, settlements, and reasonable expenses, including legal fees, incurred by him as a result of, or in connection with, any threatened, pending or completed civil, criminal, administrative, or investigative proceedings to which he may be made a party by reason of his acting or having acted in his official capacity as a director, officer, agent, employee, or representative of the Corporation, or in any other capacity which he may hold at the request of the Corporation, as its representative in any other organization, subject to the following conditions:

- (a). Such director, officer, agent, employee, or other representative must have conducted himself in good faith and, in the case of criminal proceedings, he must have had no reasonable cause to believe that his conduct was unlawful. When acting in his official capacity, he must have reasonably believed that his conduct was in the best interests of the Corporation, and, when acting in any other capacity, he must have reasonably believed that his conduct was at least not opposed to the best interests of the Corporation.

- (b). If the proceeding was brought by or on behalf of the Corporation, however, indemnification shall be made only with respect to reasonable expenses referenced above. No indemnification of any kind shall be made in any such proceeding in which the director, officer, agent, employee, or other representative shall have been adjudged liable to the Corporation.
- (c). In no event, however, will indemnification be made with respect to any described proceeding which charges or alleges improper personal benefit to a director, officer, agent, employee, or other representative and where liability is imposed upon him on the basis of the receipt of such improper personal benefit.
- (d). In order for any director, officer, agent, employee, or other representative to receive indemnification under this provision, he shall vigorously assert and pursue any and all defenses to those claims, charges, or proceedings covered hereby which are reasonable and legally available and shall fully cooperate with the Corporation or any attorneys involved in the defense of any such claim, charges, or proceedings on behalf of the Corporation.
- (e). No indemnification shall be made in any specific instance until it has been determined by the Corporation that indemnification is permissible in that specific case, under the standards set forth herein and that any expenses claimed or to be incurred are reasonable. These two (2) determinations shall be made by a majority vote of at least a quorum of the board consisting solely of directors who were not parties to the proceeding for which indemnification or reimbursement of expenses is claimed. If such a quorum cannot be obtained, a majority of at least a quorum of the full board, including directors who are parties to said proceeding, shall designate a special legal counsel who shall make said determinations on behalf of the Corporation. In making any such determinations, the termination of any proceeding by judgment, order, settlement, conviction, or upon plea of nolo contendere, or its equivalent, shall not, in and of itself, be conclusive that the person did not meet the standards set forth herein.
- (f). Any reasonable expenses, as shall be determined above, that have been incurred by a director, officer, agent, employee, or other representative who has been made a party to a proceeding as defined herein, may be paid or reimbursed in advance upon a majority vote of a quorum of the full board, including those who may be a party to the same proceeding. However, such director, officer, agent, employee, or other representative shall have provided the Corporation with (i) a written affirmation under oath that he, in good faith, believes that he has met the conditions for indemnification herein, and (ii) a written undertaking that he shall repay any amounts advanced, with interest accumulated at a reasonable rate, if it is ultimately determined that he has not met such conditions. In addition to the indemnification and reimbursement of expenses provided herein, the

president shall ~~{, if reasonably practical,}~~ purchase insurance that would protect the Corporation, its directors, officers, agents, employees, or other representatives against reasonably expected liabilities and expenses arising out of the performance of their duties for the Corporation.

ARTICLE 16 **TRANSITION**

Section 16.1 Transition. As soon as feasible following formation of the Corporation, the Corporation will assume the regional reliability council functions of MAPP and SPP and as appropriate, may agree to assume the functions of other regional reliability councils. The Corporation will replace MAPP and SPP under the NERC structure.

Section 16.2 Reliability Standards. Except for those existing standards, criteria, rules, or guides that apply to the Generation Reserve-Sharing Pool of the MAPP Restated Agreement, the Corporation will use the existing standards, criteria, rules or guides from each existing reliability council region for those Members that join the Corporation as in effect immediately prior to formation of the Corporation ~~{, for a period of no more than one year, unless}~~ **[until]** such standards, criteria, rules or guides are adopted **[or superceded]** by the Corporation. The Corporation will establish any necessary transition committees or task forces that will work expeditiously toward a consistent set of Organization Standards (including operating reserves) for the entire Corporate Region, recognizing, however, that sub-regional differences may warrant variances for certain sub-regions. Such Organization Standards shall be established within the one-year period **[following the first meeting of the board of directors]**.

Section 16.3 Committee Transition. Upon the initial transition from MAPP and SPP to the Corporation, the existing reliability council committees and subcommittees will continue to exercise their functions for their regions for a maximum period of one year; provided however, that any act of such committees or subcommittees (other than with respect to the Generation Reserve Sharing Pool) shall be subject to appeal to the Corporation board of directors. The existing committees of each reliability council will be funded for this transition period by the members of such reliability council, using the mechanisms previously in effect.

ARTICLE 17 **PARTICIPATION BY REGULATORY PARTICIPANTS**

All Regulatory Participants shall be entitled to and be provided with the same rights to notice of and participation ~~{(other than voting)}~~ in meetings or other activities of the Corporation as are provided to Members ~~{. The provisions of Article 5 do not apply to Regulatory Participants, and Regulatory Participants are not granted any rights therefrom}~~, **but shall not have the right to vote**.

ARTICLE 18
PARTICIPATION BY FEDERAL POWER MARKETING ADMINISTRATIONS

Section 18.1. The participation by the United States through Federal power marketing administrations (PMA) in the Corporation is subject in all respects to acts of Congress and to regulations of the Secretary of Energy established thereunder. This reservation includes, but is not limited to, the statutory limitations upon the authority of the Secretary of Energy to submit disputes arising hereunder to arbitration. In the event of a conflict between this Article 18 and any other Article of these Bylaws, this Article 18 shall have precedence with respect to the application of these Bylaws to the United States.

Section 18.2. Where activities provided for herein extend beyond the current fiscal year, continued expenditures by the United States are contingent upon Congress making the necessary appropriations required for the continued performance of the obligations of the ~~{United States}~~ [PMA] hereunder. In case such appropriations are not made, the Corporation and its Members hereby release the ~~{United States}~~ [PMA] from its contractual obligations under these Bylaws and from all liability due to the failure of Congress to make such appropriation.

Section 18.3. No member of or delegate to Congress ~~{or PMA employee}~~ shall be admitted to any share or part of, or to any benefit that may have arisen from, these Bylaws, but this restriction shall not be construed to extend to these Bylaws if made with a corporation or company for its general benefit.

Section 18.4. The Corporation and its Members warrant that no Person or selling agency has been employed or retained to solicit or secure participation by a PMA in the Corporation upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Members for the purpose of securing business. For breach or violation of this warranty, a PMA shall have the right to annul its participation in the Corporation without liability or, in its discretion, to deduct from its dues or fees the full amount of such commission, percentage, brokerage, or contingent fee.

Section 18.5. For the purpose of this Section 18.5 the term “Contract” shall mean these Bylaws and the term “Contractor” shall mean the Corporation. During the performance of this Contract, the Contractor agrees to the following provisions.

18.5.1. Section 202 of the Executive Order No. 11246, 43 Fed. Reg. 46501 (1978), which provides, among other things, that the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated by reference in the Contract.

18.5.2. The Contract, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act, 40 U.S.C. § 329 (1986) (the “Act”), is subject to the provisions of the Act, 40 U.S.C. §§ 327-333 (1986), and to regulations promulgated by the Secretary of Labor pursuant to the Act.

18.5.3. The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing the Contract except as provided by 18 U.S.C. § 4082(c)i(2) and Executive Order 11755 of December 29, 1973.

ARTICLE 19 **DISPUTE RESOLUTION**

Section 19.1. Dispute resolution procedures for disputes between Members, or between a Member and the Corporation, arising under these Bylaws, Organization Standards or policies or requirements approved by the board will be established by the board of directors in accordance with the procedures of NERC. Binding arbitration will be used only with the agreement of the parties.

Section 19.2. All issues concerning enforcement and/or non-compliance with an Organization Standard or related policy or requirement of the Corporation, shall be heard first by the Compliance Working Group, which shall make a recommendation to the board of directors on actions to be taken, including imposition of financial penalties and/or sanctions. Any Member as to which a penalty, sanction or other directive has been recommended to the board shall have an opportunity to be heard by the board prior to the board’s decision. The imposition of any sanction, penalty or directive by the board may be appealed using the dispute resolution procedure established by the board, or to any regulatory agency with jurisdiction; provided that in any appeal of a sanction, penalty or directive, the board of directors' determination of the intended meaning and scope of an Organization Standard, board policy or requirement shall be final.

ARTICLE 20 **AMENDMENT OF BYLAWS**

Section 20.1. The power to adopt, amend or repeal these Bylaws is vested in the Members as set forth in Section 6.5 of these Bylaws; provided however, upon the passage of any federal reliability legislation, and/or the adoption of related requirements and procedures by NERC, its successor under such legislation or any regulatory agency with jurisdiction, the board or directors shall have authority upon a two-thirds (2/3) vote of its members to amend these Bylaws as necessary and appropriate to comply with such law and related requirements and to qualify the Corporation for delegations of authority from NERC or its successor as provided in such legislation.

**New Reliability Organization
2003 Incremental Start-Up Costs**

Legal/Consulting	\$	7,500
Joint Standards Meetings	\$	24,000
Organization Meeting	\$	1,500
Printing/Publishing	\$	1,000
Conference Calls	\$	<u>1,500</u>
Total	\$	35,500

Assumes staff work absorbed through existing MAPP and SPP budgets

**BYLAWS OF THE
NEED-A-NAME
RELIABILITY ORGANIZATION, INC.**

October 16 2002

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**BYLAWS
OF THE
NEED-A-NAME RELIABILITY ORGANIZATION, INC**

**a Delaware nonprofit corporation
(the “Corporation”)**

**ARTICLE 1
DEFINITIONS**

Section 1.1 Affiliate. "Affiliate" means any one of a group of two or more entities, one of which controls the other or that is under common control. For purposes of this definition, “control” means the possession of the power to direct the management or policies of an entity. Ownership of publicly-traded securities of another entity shall not result in control or affiliation for purposes of these Bylaws if the securities are held as an investment, are less than 10 percent of the outstanding securities, there is no representation on the entity's board of directors or vice versa, and the holder does not exercise influence over day-to-day management decisions. State, provincial or federal government agencies shall not be deemed affiliates of each other and a regulatory agency will not be deemed to be in control over any Member. Control will be presumed to arise from the ownership of or the power to vote, directly or indirectly, 10 percent or more of the voting securities or interests of an entity: provided, however, that a member of, or owner of an interest in, a transmission company that FERC has found meets the independence requirements for an RTO shall not be deemed to be an affiliate of such transmission company.

Section 1.2 Bulk Power System. “Bulk Power System” means all facilities and control systems (or any portion thereof) necessary for operating an interconnected transmission grid in the Corporate Region, including high-voltage (100 kV or greater) transmission lines, substations, control centers, communications, data, protective systems and operations planning facilities, as well as the output of generating units necessary to maintain transmission system reliability.

Section 1.3 Bulk Power System Users. “Bulk Power System Users” means any entity that sells, purchases, or transmits electric power over the Bulk Power System, or that owns, operates or maintains facilities or control systems that are part of the Bulk Power System.

Section 1.4 Canadian Utilities. “Canadian Utilities” means any government-owned utility serving in Canada within the Corporate Region.

Section 1.5 Cooperative. "Cooperative" means an entity serving within the Corporate Region which generally has the following characteristics (1) private independent electric utility, (2) incorporated under the laws of the states in which they operate, (3) established to provide electric service to its members, (4) owned by the

consumers they serve, and (5) governed by a board of directors elected from the membership. This sector includes Generation & Transmission Cooperatives and Public Utility Districts.

Section 1.6 Corporate Region. “Corporate Region” means the geographic area boundaries of the Bulk Power Systems as designated by each of the Members.

Section 1.7 FERC. “FERC” means the Federal Energy Regulatory Commission.

Section 1.8 Federal Power Marketing Agencies means agencies of the federal government set up to market power within the Corporate Region.

Section 1.9 Generators and Power Marketers. "Generators and Power Marketers" means any entity that owns or operates more than 50 MW of generation in the Corporate Region, or is a power marketer doing business in the Corporate Region, and that does not qualify also to participate in the Investor-Owned Utility, Cooperative , Municipal Utility, Federal Power Marketing Agency or Canadian Utilities Sector.

Section 1.10 Good Utility Practice . “Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Section 1.11 Industry Sector(s). “Industry Sector or Sector(s)” means a group of Bulk Power System Users in the Corporate Region with substantially similar reliability interests, as determined by these Bylaws. The initial Industry Sectors shall consist of the following: (1) Transmission System Operators; (2) Generators and Power Marketers; (3) Investor Owned Utilities (4) Cooperatives; (5) Municipal Utilities (6) Federal Power Marketing Agencies and (7) Canadian Utilities.

Section 1.12 Investor Owned Utility. "Investor Owned Utility" means any for-profit entity that owns and operates a distribution system and serves end-use load within the Corporate Region pursuant to an obligation to serve under state, federal or provincial law, including a default service obligation, or pursuant to a tariff by which the entity offers service to the general public.

Section 1.13 MAPP. “MAPP” means the MAPP Reliability Council, pursuant to the MAPP Restated Agreement, as of November 11, 2001.

Section 1.14 Member. “Member” means a member of the Corporation.

Section 1.15 Municipal Utilities. "Municipal Utilities" means any electric utility that is owned by a state or municipality, or group of municipalities, including a joint action agency, which serves within the Corporate Region.

Section 1.16 NERC. "NERC" means the North American Electric Reliability Council or a successor entity.

Section 1.17 Net-Energy-to-Load. "Net-Energy-to-Load" means kWh sales by a Member to end-use load located within the Corporate Region, plus that Member's firm requirements wholesale sales to electric utilities in the Corporate Region that are not Members.

Section 1.18 Organizational Standards. "Organizational Standards" means a policy or standard, including adequacy requirements, duly adopted by the board of directors of the Corporation, to provide for the reliable regional and sub-regional planning and operation of the Bulk Power System, consistent with Good Utility Practice.

Section 1.19 Person. "Person" means natural person, corporation, Cooperative, partnership, association, or other private or public entity.

Section 1.20 Public Utility District. "Public Utility District" means an entity that is a state political or governmental subdivision which owns electric generation, transmission and distribution facilities and that was created and organized under state statutes that are different than those that Municipal Utilities in the same state are created and organized under.

Section 1.21 Regulatory Participant. "Regulatory Participant" means any state or provincial regulatory agencies in the Corporate Region exercising authority over the rates, terms or conditions of electric service of an entity other than itself within the Corporate Region, or the planning, siting, construction or operation of electric facilities of an entity other than itself within the Corporate Region, as well as any representatives of FERC, regional advisory bodies that may be established by FERC, or representatives of any federal regulator or agency.

Section 1.22 SPP. "SPP" means the Southwest Power Pool.

Section 1.23 Transmission System Operator. "Transmission System Operator" means an entity that operates or controls operation of high voltage transmission facilities within the Corporate Region (more than 300 miles of transmission at 100 kV or greater) that does not also own, operate or control generation within the Corporate Region, except to the limited extent permitted by FERC for independent transmission organizations with respect to ancillary service obligations. Transmission System Operators include regional transmission organizations, independent transmission

providers, independent system operators approved by FERC, and transmission-only companies.

ARTICLE 2 **PURPOSE**

Section 2.1 Purpose. The purpose of the Corporation is to be a regional reliability council within the NERC structure for the purpose of preserving and enhancing electric service reliability in the Corporate Region and other interconnected regions and to assess the adequacy and ensure the reliability of the interconnected electric system, and the security of infrastructure, in the Corporate Region for the benefit of all end-users of electricity, and all entities engaged in providing electric services, in the Corporate Region, with due regard for safety, environmental protection and economy of service, and in accordance with any Organization Standards adopted by the Corporation and NERC standards and policies.

Section 2.2 Activities. In support and furtherance of its purpose, the Corporation's responsibilities shall include, but not be limited to, the following:

(a). Set Organizational Standards

- (1).** Develop and revise regional and, as necessary, sub-regional, Organization Standards.
- (2).** Clearly define compliance and information and data requirements applicable to Members and establish financial penalties and/or sanctions for non-compliance with Organization Standards and these Bylaws.

(b). Monitor and enforce compliance with Organizational Standards in concert with related NERC programs. Compliance monitoring functions shall include, but are not limited to:

- (1).** Investigating all reports or discoveries of non-compliance with Organization Standards and these Bylaws.
- (2).** Obtaining access to information and data needed to review and investigate possible non-compliance.
- (3).** Conducting comprehensive compliance audits.
- (4).** Imposing financial penalties and/or sanctions for non-compliance.

- (5). Operating under delegated or contract authority from NERC with respect to compliance and enforcement of NERC organizational standards.

All enforcement and compliance requirements and procedures of the Corporation, including sanctions and penalties, shall be approved by the board of directors and shall not be effective until accepted for filing or approved by FERC and any other regulatory agency with jurisdiction. The Corporation shall use procedures that ensure due process in connection with the development and implementation of such enforcement mechanisms. Such enforcement mechanisms shall not be unreasonable or unduly discriminatory in substance or application and shall be applied consistently to all Members.

- (c). Provide reliability education, training and certification for Members.
- (d). Assess adequacy and performance
 - (1). Assess regional supply and transmission adequacy and operational performance, as appropriate.
 - (2). Monitor and report on system disturbances.
 - (e). Coordinate with other entities, including Regulatory Participants and transmission providers operating in the Corporate Region, on reliability and adequacy matters.
- (f). Collect or obtain reliability information and data.
- (g). Provide for appeals and conflict resolution.
 - (1). Administer dispute resolution regarding Corporation requirements and activities.
- (h). Participate in NERC activities as the representative of the Corporate Region.

Section 2.3 Not-for-Profit Corporation. The Corporation is operated as a Delaware non-stock nonprofit corporation and is organized pursuant to the general corporation law of the State of Delaware.

ARTICLE 3 **POWERS**

Section 3.1 Powers. The Corporation shall have the power to engage in any lawful act or activity for which corporations may be organized under the general

corporation law of the State of Delaware, subject to any limitations provided in applicable federal, provincial or state law or in the Corporation's certificate of incorporation or these Bylaws.

ARTICLE 4 **OFFICES**

Section 4.1 Offices. The principal office of the Corporation shall be located within the Corporate Region, at such location as the board of directors may from time to time determine, giving consideration to the total cost to the Corporation and convenience of travel for staff, Members and Regulatory Participants. Once established, the principal office may remain in its location, even if outside the Corporate Region.

ARTICLE 5 **MEMBERS**

Section 5.1 Classes of Members. The Corporation shall have one class of Members. Each Affiliate of a Member may separately be a Member.

Section 5.2 Qualifications of Members. A Member may be any entity eligible to be a member of an Industry Sector.

Section 5.3 Admission of Members. New Members may join the Corporation upon submittal of an application, in a form approved by the president, and payment of the fees as established by the Corporation. The Member shall designate the Sector to which it belongs. A Member may change its Sector designation once each calendar year, by providing notice to the president at least sixty (60) days prior to the beginning of such year. The president shall review a membership application and may request demonstration by the applicant that it qualifies for membership in a particular Sector. Any dispute with respect to a Member's qualifications for a particular Sector shall be resolved by the board of directors. The president shall have authority to approve an application for membership, subject to review by the board of directors.

Section 5.4 Voting Rights. Each Member in good standing shall be entitled to one vote in the Sector in which it is a Member, on matters submitted to a vote of Members. A Member delinquent in payment of its dues, fees or other obligations to the Corporation shall not be entitled to a vote.

Section 5.5 Transfer of Membership. A Member of the Corporation may not transfer its membership or a right arising from it except to any Person succeeding to all or substantially all of the assets of the Member. The president shall have authority to approve any such transfer, subject to review by the board of directors.

Section 5.6 Obligations of Members. By applying for and becoming a Member of the Corporation, each Member acknowledges that it is authorized and agrees to comply with all Organization Standards, all NERC standards and requirements and the other obligations of Members of the Corporation set forth in these Bylaws or duly adopted by the board of directors in order to achieve the purposes of the Corporation, including but not limited to obligations to provide data and information needed to perform the functions of the Corporation and the payment of dues and any authorized penalties resulting from the Member's non-compliance with Organization Standards.

Section 5.7 Withdrawal. A Member may withdraw from participation in the Corporation by providing written notice to the president of the Corporation of such withdrawal. Such notice shall specify a date, not earlier than thirty (30) days from the date of notice, on which the withdrawal shall become effective, provided however, that any such withdrawing Member shall remain liable to the Corporation for any fees, dues, sanctions or obligations to the Corporation incurred while it was a Member, or which apply to violations of Organization Standards that occurred prior to the effective date of withdrawal, as well as its share of any obligations of the Corporation for the current fiscal year. If notice is given after October 1 of the current calendar year, the Member will also be liable for any fees and dues included in the budget for the following fiscal year. The Member will not be responsible for compliance with Organization Standards after the withdrawal date.

Section 5.8 Fees and Penalties. The board of directors may from time to time fix the amount of dues, assessments, or fees, if any, and determine the methods of collection, consistent with this Section or with any resolution duly adopted by the Members under Section 6.5.2 of these Bylaws.

5.8.1 Fees The Corporation's budget shall be funded annually through dues that include a per Member fee applicable to each Member, and assessments to those Members with Net-Energy-to-Load sales in the prior calendar year. Twenty percent (20%) of the annual budget will be assessed on a per Member basis and the remainder will be assessed based on the Net-Energy-to-Load of Members in the prior calendar year.

5.8.2 Penalties All monies, plus any accumulated interest, that the Corporation collects from the issuance of penalties shall be used by the Corporation to defer expenses or distributed in a fair and equitable manner to Members, as determined by the board of directors.

ARTICLE 6
MEETING OF MEMBERS

Section 6.1 Annual Meeting of Members. The Members shall hold an annual meeting each calendar year. The annual meeting of the Members shall be held in December of each year, or at such other time specified by the board of directors, in order for Members to review the proposed budget and operations of the Corporation. All Members shall be entitled to at least thirty (30) days prior written notice of the annual meeting. At the annual meeting of Members: (1) each Sector shall elect the successor(s), if any, for any director(s) from their Sector whose term will expire before the next annual meeting of the Members, provided however, that any Sector may elect a successor director representing such Sector prior to such annual meeting, in accordance with the provisions of this Article 6, in which case the election of such succeeding director(s) shall be reported to the Corporation at such annual meeting; (2) the president and treasurer shall report on the activities and financial condition of the Corporation; (3) the Members shall review, and may modify, the budget of the Corporation for the ensuing year (if not modified, the budget as approved by the board of directors shall be deemed accepted); and (4) the Members shall consider and act upon such other matters as may be raised, consistent with the notice of the annual meeting. The failure to hold an annual meeting in accordance with these Bylaws shall not affect the validity of a corporate action.

Section 6.2 Special Meetings of Members.

6.2.1 Who May Call. Special meetings of the Members may be called by six (6) members of the board of directors, by the president or if at least ten percent (10%) of the Members sign, date, and deliver to the president one or more written demands for a special meeting describing the purpose for which it is to be held.

6.2.2 Notice of Meeting. Within fifteen (15) days after receipt of a demand for a special meeting from Members, the president shall cause a special meeting to be called and held on notice no later than forty-five (45) days after receipt of the demand. If the president fails to cause a special meeting to be called and held as required by this section, a Member making the demand may call the meeting by giving notice under Section 6.3. In either event, notice of the meeting and the costs of the meeting shall be at the expense of the Corporation.

6.2.3 Time and Place of Special Meetings. Special meetings of Members shall be held at a location designated by the president or the board of directors. If a special meeting is demanded by the Members, the meeting must be held in a facility of appropriate size to accommodate the Membership and at a location within the Corporate Region.

6.2.4 Notice Requirements; Business Limited. The notice of a special meeting must contain a statement of the purposes of the meeting. The business transacted at a special meeting is limited to the purposes stated within the notice of the

meeting. Business transacted at a special meeting that is not included in those stated purposes is voidable by or on behalf of the Corporation, unless ninety percent (90%) of the Members entitled to vote were present at such meeting or have waived notice of the meeting under Section 6.3.

Section 6.3 Notice Requirements.

6.3.1 To Whom Given. Notice of meetings of Members must be given to every Member as of the record date determined under Section 6.4. If the meeting is an adjourned meeting and the date, time and place of the meeting were announced at the time of the adjournment, notice is not required unless a new record date for the adjourned meeting is or must be fixed.

6.3.2 When Given; Contents. In all cases where a specific minimum notice period has not been fixed by law or these Bylaws, the notice must be given at least five days before the date of a meeting and not more than sixty (60) days before the date of a meeting. The notice must contain the date, time and place of the meeting, and an agenda of the matters upon which action may be taken at the meeting. A matter may be added to the agenda of a meeting at the meeting upon the affirmative vote of three-quarters (3/4) of the Sector votes cast on a motion to amend the agenda.

6.3.3 Waiver of Notice; Objections. A Member may waive notice of a meeting of Members. A waiver of notice by a Member entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, or by attendance. Attendance by a Member at a meeting is a waiver of notice of that meeting, unless the Member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

Section 6.4 Record Date; Determining Members Entitled to Notice and Vote.

The board of directors may fix a date not more than forty (40) days before the date of a meeting of Members as the date for the determination of the Members entitled to notice of and entitled to vote at the meeting. When a date is so fixed, only Members on that date are entitled to notice and to vote at a membership meeting unless the board of directors fixes a new date for determining the right to notice and to vote, which it must do if the meeting is adjourned to a date more than sixty (60) days after the record date for determining Members entitled to notice of the original meeting.

Section 6.5 Right to Vote; Act of Members. Voting of the Members shall be by Sector, with each Sector entitled to the same number of votes as it has directors on the board. If a quorum is present, except with respect to amendments of these Bylaws, modification of a budget approved by the board of directors or termination of the

Corporation, the affirmative vote of the majority of the Sector votes present and entitled to vote, which must also be a majority of the required quorum, is the act of the Members. Within a Sector, each Member within the Sector shall have one vote. If a quorum is present with respect to the Sector, the affirmative vote of the majority of the Members within the Sector present and entitled to vote, which must also be a majority of the required quorum, is the act of the Sector. All of the Sector's votes shall be cast consistent with the act of the Sector.

6.5.1 Special Voting Requirements In order to amend the Bylaws, except as provided in Article 20 with respect to the board of directors, two-thirds(2/3) of the Sector votes cast shall be required to approve the proposed amendment. The substance of the proposed amendment must be contained in the notice of the meeting at which the vote will be taken; provided that, the Members may modify a proposed bylaw amendment at the meeting. Two-thirds (2/3) of the Sector votes cast shall be required to approve a proposed modification of a budget approved by the board. Two-thirds (2/3) of the Sector votes cast shall be required to approve any proposal to terminate the Corporation. To the extent practicable, all Member votes may be held electronically under such terms and conditions as are approved by the Board.

6.5.2 Change of Dues Structure The Members may change the dues structure as stated in Section 5.8.1 by resolution with an affirmative vote of two-thirds (2/3) of the Sector votes cast.

Section 6.6 Quorum. A quorum for a meeting of Members is a majority of the Sector votes entitled to vote at the meeting. A quorum for a meeting of a Sector is a majority of the Members of that Sector present or voting electronically on matters before the meeting. A quorum is necessary for the transaction of business at a meeting of Members. If a quorum is not present, a meeting may be adjourned from time to time for that reason by the Sectors or Members then represented or present.

Section 6.7 Action by Written Ballot. An action that may be taken at a regular or special meeting of Members may be taken without a meeting if the Corporation mails or delivers a written ballot to every Member entitled to vote on the matter. Whenever possible, voting by Sectors for directors shall be by written ballot preceding the regular meeting of the Members.

Approval by written ballot is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Solicitations for votes by written ballot must: (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to

approve the matter; and (3) specify the time by which a ballot must be received by the Corporation in order to be counted. A written ballot may not be revoked.

Section 6.8. Action by Electronic Communication. Any vote of a Sector to elect a board member or for any other purpose may be taken by electronic means without a meeting or during a meeting. In addition, a conference among Members by a means of communication through which the participants may simultaneously hear each other during the conference is a meeting of the Members, if the same notice is given of the conference as would be required for a meeting and if the number of persons participating in the conference is a quorum. Participation in a meeting by this means is personal presence at the meeting. A Member may participate in a meeting of the Members by a means of communication through which the Member, other persons participating, and all persons physically present at the meeting may simultaneously communicate with each other during the meeting. Participation in a meeting by this means constitutes personal presence at the meeting.

Section 6.9 Member Representatives; Proxies.

6.9.1. Designation of Representative. Each year prior to the annual meeting of Members, each Member shall designate the individual authorized to vote on Corporation matters on behalf of the Member, in accordance with procedures approved by the board. A Member may change such designation at any time.

6.9.2 Authorization. The individual designated to vote by a Member may appoint a proxy to vote or otherwise act for the Member at any meeting or electronically by signing an appointment form either personally or by an attorney so designated by the Member.

6.9.3 Effective Period. An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. An appointment is valid for the next regular or specially scheduled meeting or electronic ballot. However, a proxy is not valid for more than sixty (60) days from its date of execution.

6.9.3 Revocation. An appointment of a proxy is revocable by the Member. Appointment of a proxy is revoked by the person appointing the proxy by signing and delivering to the secretary or other officer or agent authorized to tabulate proxy votes. This may be done either in a written statement that the appointment of the proxy is revoked or a subsequent appointment form.

Section 6.10 Reimbursement of Member Expenses. The Corporation will be under no obligation to reimburse Members for expenses associated with their attendance at regular or special Member meetings.

ARTICLE 7
BOARD OF DIRECTORS

Section 7.1 Management of Corporation. Consistent with these Bylaws, the business and affairs of the Corporation shall be managed by or under the direction of a board of directors. The duties of the board will include, but will not be limited to the following: (1) govern the Corporation and oversee all of its activities; (2) establish and oversee all organizational groups; (3) approve, revise and enforce Organizational Standards, Member data and information requirements and related confidentiality requirements; (4) establish compliance monitoring procedures and requirements, and penalties and sanctions for non-compliance; (5) impose penalties and sanctions consistent with these Bylaws and the procedures approved by the board; (6) establish and approve an annual budget; (7) represent the Corporation in legal and regulatory proceedings; and (8) hire the president.

The board of directors shall select a chair and a vice-chair from among the members of the board. The board may establish board committees as appropriate.

Section 7.2 Voting. Each director shall have one vote with respect to decisions of the board.

Section 7.3 Composition of the Board of Directors. The board of directors shall consist of sixteen (16) board members elected by the Sectors as follows:

- (a). Three (3) directors from the Transmission System Operators Sector;
- (b). Two (2) directors from the Generators and Power Marketers Sector;
- (c). Five (5) directors from the Investor Owned Utilities Sector;
 - (1). Two (2) directors must be from utilities with less than 3,000 megawatts of end-use load.
 - (2). Three (3) directors must be from utilities with 3,000 megawatts or greater of end-use load.
- (d). Two (2) directors from the Cooperative Sector;
- (e). Two (2) directors from the Municipal Utilities Sector;
- (f). One (1) director from the Federal Power Marketing Agencies; and
- (g). One (1) director from the Canadian Utilities Sector.

Provided, however, that in choosing directors from a sector, there shall not be more directors from a particular Sector than there are actual Members of such Sector.

Members shall endeavor to select directors from among individuals holding senior management positions in Member organizations, and with a view toward ensuring geographic representation of the Corporate Region on the board. No two directors may be employees of a single Member or employees of Members that are Affiliates. To the extent the Members of a Sector do not select a director, that director position shall remain vacant until a director is selected by the Sector. A Sector may elect an alternate director(s) to attend and vote at meetings of the board if an elected director of the Sector is not able to attend.

Section 7.4 Terms of Directors. The directors will serve three-year, staggered terms. The terms of the initial directors will be selected by lot at the first meeting of the board of directors. Any director may be removed at any time by the affirmative vote of two-thirds (2/3) of the Members of the Sector selecting such director. A director may be removed by the board of directors for non-attendance of three consecutive board meetings.

Section 7.5 Reimbursement. Directors shall have the right to reimbursement by the Corporation of their actual reasonable travel expenses to board meetings or when specifically selected to represent the Corporation at a business meeting.

Section 7.6 Vacancies. If a director resigns, dies, changes corporate affiliation or is removed during the term of office for which elected, the directorship shall thereupon be vacant and shall be filled by the Members of the respective Sector, by written or electronic ballot in accordance with the procedures and requirements set forth above. The successor director elected by the Members of the Sector shall hold office for the unexpired term of the director replaced.

Section 7.7 Meetings; Notice. An annual meeting of the board of directors shall be held without notice immediately following the annual meeting of the Members to elect the chair and vice-chair for the next year. In addition, regular meetings may be held at such time or times as fixed by the board of directors. Schedules of regular meetings of the board of directors shall be published by the secretary and provided to all Members. Special meetings of the board of directors may be called by the president or by three directors and shall be held at the principal office of the Corporation, or such other place within the Corporate Region as determined by the president after consultation with the board. Notice of the date, time, and place of a special meeting shall be given by the secretary not less than seven (7) days prior to the meeting by mail, telegram, or electronic communication to each director and Member. Except as necessary to discuss personnel issues, litigation or similar sensitive or confidential matters, all meetings of the board of directors shall be open to Members and other interested persons.

Section 7.8 Quorum. Two-thirds (2/3) of the directors currently holding office is a quorum for the transaction of business. In the absence of a quorum, a majority of the directors present may adjourn a meeting from time to time until a quorum is present.

Section 7.9 Board Action. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by law or these Bylaws.

Section 7.10 Action Without a Meeting. An action required or permitted to be taken at a board of directors meeting may be taken by written action, including electronic communication, signed by all of the directors of the Corporation.. The written action is effective when signed by the required number of directors, unless a different effective time is provided in the written action.

Section 7.11 Action by Electronic Communication. A conference among directors by a means of communication through which the directors may simultaneously hear each other during the conference is a board meeting if the same notice is given of the conference as would be required for a meeting and if the number of directors participating in the conference is a quorum. Participation in a meeting by this means constitutes personal presence at the meeting. A director may participate in a board meeting by any means of communication through which the director, other directors participating, and all directors physically present at the meeting may simultaneously communicate with each other during the meeting.

ARTICLE 8 **ORGANIZATIONAL GROUPS**

Section 8.1 Establishment of Organizational Groups. The board of directors shall establish such organizational groups, consisting of committees, sub-committees, task forces and working groups of Members, as are necessary and appropriate to accomplish the purposes of the Corporation in an efficient and cost-effective manner. All organizational groups shall be subject to the direction and control of the board. The membership of organizational groups shall be determined based upon experience, expertise and geographic diversity and to the extent practicable shall include balanced representation of the Sectors.

The board of directors shall establish policies and procedures governing the creation of organization groups, how they are populated, how voting and related matters are conducted and how they may be reorganize the initial organization groups set forth in Section 8.1.1. below. The board shall conduct a review of all organizational groups of the Corporation on an annual basis to ensure that the business of the Corporation is conducted in an efficient, cost-effective manner and shall include a statement of its conclusions and resulting actions in the board's report to Members at the annual meeting.

8.1.1 Initial Organizational Groups The initial organizational groups reporting to the board of directors and their general scope and responsibilities are as follows:

8.1.1.1. Reliability Committee

The Reliability Committee shall be a committee of the whole in which each Member shall be entitled to participate through a designated representative:

- (a). Develop and recommend the adoption and modification of Organizational Standards and related requirements and policies;
- (b). Coordinate its efforts with the efforts of NERC, including periodic review of NERC standards and their applicability to Members; and
- (c). Review and assess the adequacy of the current and planned electric system in the Corporate Region and operational performance.

8.1.1.2. Compliance Working Group

The Compliance Working Group shall consist of a representative of each Sector appointed by the board of directors. The Compliance Working Group shall oversee the process of monitoring compliance and the enforcement of Organization Standards and related requirements and policies of the Corporation and NERC standards and policies. It shall:

- (a). Review compliance activities of the staff;
- (b). Recommend sanctions and penalties for non-compliance to the board; and
- (c). Recommend monitoring, enforcement and compliance policies and procedures, and modifications thereof, to the board.

Section 8.2 Reimbursement. Consistent with the annual budget of the Corporation, the Board may authorize reimbursement by the Corporation for members of organizational groups (other than committees of the whole) of reasonable travel, meals and lodging expenses for organization group meetings or for representation of the Corporation at other business meetings as authorized by the board. The board of directors may authorize reimbursement for persons acting on behalf of the Corporation, as necessary in the interests of the Corporation.

ARTICLE 9 **OFFICERS**

Section 9.1 Officers. The officers of the Corporation shall include a president, a secretary, a treasurer and any other officers as may be elected or appointed in accordance with the provisions of this Article. The board of directors may elect or appoint any additional officers that it deems desirable, such other officers to have the authority and perform the duties prescribed by the board of directors. The same individual may hold any number of offices, except that of president.

Section 9.2 Election and Term of Office. The officers of the Corporation shall be elected annually by the board of directors at the annual meeting of the board of directors. Each officer shall hold office at the pleasure of the board. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as is convenient. New officers may be created and the positions filled at any meeting of the board of directors. Each elected officer shall hold office until his or her successor has been duly elected and qualified.

Section 9.3 Removal. Any officer elected by the board of directors may be removed by the affirmative vote of two-thirds (2/3) of the board of directors whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 9.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the board of directors for the unexpired portion of the term.

Section 9.5 President. The president shall be an employee of the Corporation and shall:

- (a). be the principal executive and operating officer of the Corporation;
- (b). sign certificates of membership, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board of directors or by these Bylaws to some other officer or agent of the Corporation; and
- (c). perform all duties incident to the office of president, including hiring and directing staff, and such other duties as may be prescribed by the board of directors from time to time.

Section 9.6 Secretary. The secretary shall ensure that the following duties are carried out:

- (a). the minutes of the meetings of the Members and of the board of directors are recorded;
- (b). all required notices are duly given in accordance with these Bylaws and as required by law;
- (c). a register of the current names and addresses of all Members is maintained;
- (d). a complete copy of the articles of incorporation and Bylaws of the Corporation containing all amendments thereto are kept on file at all times, which copies shall always be open to the inspection of any Member; and
- (e). generally perform all duties incident to the office of secretary and such other duties as may be prescribed by the board of directors from time to time.

Section 9.7 Treasurer. The treasurer shall be responsible for the following activities:

- (a). maintain custody of all funds and securities of the Corporation;
- (b). receipt of and the issuance of receipts for all monies due and payable to the Corporation and for deposit of all such monies in the name of the Corporation in such bank or banks or financial institutions as shall be selected by the board of directors; and
- (c). generally perform all duties incident to the office of treasurer and such other duties as may be prescribed by the board of directors from time to time.

ARTICLE 10 **CERTIFICATES OF MEMBERSHIP**

Section 10.1 Certificates of Membership. The board of directors may provide for the issuance of certificates evidencing membership in the Corporation, which certificates shall be in such form as may be determined by the board.

ARTICLE 11
BOOKS AND RECORDS

Section 11.1 Books and Records; Financial Statements. The Corporation shall keep at its registered office correct and complete copies of its articles and Bylaws, accounting records, and minutes of meetings of Members, board of directors, and committees having any of the authority of the board of directors. A Member, or the agent or attorney of a Member, may inspect all books and records and voting agreements for any proper purpose at any reasonable time. Upon request, the Corporation shall give the Member a statement showing the financial result of all operations and transactions affecting income and surplus during its last annual accounting period and a balance sheet containing a summary of its assets and liabilities as of the closing date of the accounting period.

ARTICLE 12
FISCAL YEAR

Section 12.1 Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

ARTICLE 13
TRANSFER OF ASSETS

Section 13.1 Member Approval Not Required. The Corporation, by affirmative vote of the board of directors, may sell, lease, transfer, or dispose of its property and assets in the usual and regular course of its activities and grant a security interest in all or substantially all of its property and assets in the usual and regular course of its activities, upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board of directors considers expedient, in which case no Member approval is required.

Section 13.2 Member approval; when required. The Corporation may sell, lease, transfer, or dispose of all or substantially all of its property and assets, including its good will, not in the usual and regular course of its activities, upon those terms and conditions and for those considerations, which may be money, securities, or other instruments for the payment of money or other property, as the board of directors considers expedient only when approved at a regular or special meeting of the Members by the affirmative vote of two-thirds (2/3) of all the Members. Notice of the meeting must be given to the Members. The notice must state that a purpose of the meeting is to consider the sale, lease, transfer, or other disposition of all or substantially all of the property and assets of the Corporation.

ARTICLE 14
CONTRACTS, CHECKS, DEPOSITS, AND GIFTS

Section 14.1 Contracts. The board of directors may authorize any officer or officers or agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or may be confined to specific instances.

Section 14.2 Checks, Drafts, or Orders. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers or agent or agents of the Corporation, and in such manner as shall from time to time be determined by resolution of the board of directors.

Section 14.3 Deposits. All funds of the Corporation shall be deposited to the credit of the Corporation in such banks, trust companies, or other depositories as the board of directors may select.

Section 14.4 Gifts. The board of directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for any purpose of the Corporation.

ARTICLE 15
INSURANCE, LIABILITY, AND INDEMNIFICATION

Section 15.1 Insurance. The president is authorized to procure insurance to protect the Corporation against damages arising out of or related to any directive, order, procedure, action or requirement of the Corporation.

Section 15.2 Limitations on Liability. No director, officer, agent, employee or other representative of the Corporation, and no corporation or other business organization that employs a director of the Corporation, or any director, officer, agent or employee of such corporation or other business organization, shall be personally liable to the Corporation or any Member of the Corporation for any act or omission on the part of any such director, officer, agent, employee, or other representative of the Corporation, which was performed or omitted in good faith in his official capacity as a director, officer, agent, employee or other representative of the Corporation. However, this release of liability shall not operate to release such a director, officer, agent, employee or other representative of the Corporation from any personal liability resulting from willful acts or omissions knowingly or intentionally committed or omitted by him in breach of these Bylaws for improper personal benefit or in bad faith.

Section 15.3 Indemnification. It is the intent of the Corporation to indemnify its directors, officers, agents, employees, or other representatives to the maximum extent allowed by law consistent with these Bylaws. Each director, officer, agent, employee, or other representative of the Corporation shall be indemnified by the Corporation against all judgments, penalties, fines, settlements, and reasonable expenses, including legal fees, incurred by him as a result of, or in connection with, any threatened, pending or completed civil, criminal, administrative, or investigative proceedings to which he may be made a party by reason of his acting or having acted in his official capacity as a director, officer, agent, employee, or representative of the Corporation, or in any other capacity which he may hold at the request of the Corporation, as its representative in any other organization, subject to the following conditions:

- (a). Such director, officer, agent, employee, or other representative must have conducted himself in good faith and, in the case of criminal proceedings, he must have had no reasonable cause to believe that his conduct was unlawful. When acting in his official capacity, he must have reasonably believed that his conduct was in the best interests of the Corporation, and, when acting in any other capacity, he must have reasonably believed that his conduct was at least not opposed to the best interests of the Corporation.
- (b). If the proceeding was brought by or on behalf of the Corporation, however, indemnification shall be made only with respect to reasonable expenses referenced above. No indemnification of any kind shall be made in any such proceeding in which the director, officer, agent, employee, or other representative shall have been adjudged liable to the Corporation.
- (c). In no event, however, will indemnification be made with respect to any described proceeding which charges or alleges improper personal benefit to a director, officer, agent, employee, or other representative and where liability is imposed upon him on the basis of the receipt of such improper personal benefit.
- (d). In order for any director, officer, agent, employee, or other representative to receive indemnification under this provision, he shall vigorously assert and pursue any and all defenses to those claims, charges, or proceedings covered hereby which are reasonable and legally available and shall fully cooperate with the Corporation or any attorneys involved in the defense of any such claim, charges, or proceedings on behalf of the Corporation.
- (e). No indemnification shall be made in any specific instance until it has been determined by the Corporation that indemnification is permissible in that specific case, under the standards set forth herein and that any expenses claimed or to be incurred are reasonable. These two (2) determinations shall be made by a majority vote of at least a quorum of the board

consisting solely of directors who were not parties to the proceeding for which indemnification or reimbursement of expenses is claimed. If such a quorum cannot be obtained, a majority of at least a quorum of the full board, including directors who are parties to said proceeding, shall designate a special legal counsel who shall make said determinations on behalf of the Corporation. In making any such determinations, the termination of any proceeding by judgment, order, settlement, conviction, or upon plea of nolo contendere, or its equivalent, shall not, in and of itself, be conclusive that the person did not meet the standards set forth herein.

- (f). Any reasonable expenses, as shall be determined above, that have been incurred by a director, officer, agent, employee, or other representative who has been made a party to a proceeding as defined herein, may be paid or reimbursed in advance upon a majority vote of a quorum of the full board, including those who may be a party to the same proceeding. However, such director, officer, agent, employee, or other representative shall have provided the Corporation with (i) a written affirmation under oath that he, in good faith, believes that he has met the conditions for indemnification herein, and (ii) a written undertaking that he shall repay any amounts advanced, with interest accumulated at a reasonable rate, if it is ultimately determined that he has not met such conditions. In addition to the indemnification and reimbursement of expenses provided herein, the president shall purchase insurance that would protect the Corporation, its directors, officers, agents, employees, or other representatives against reasonably expected liabilities and expenses arising out of the performance of their duties for the Corporation.

ARTICLE 16 **TRANSITION**

Section 16.1 Transition. As soon as feasible following formation of the Corporation, the Corporation will assume the regional reliability council functions of MAPP and SPP and as appropriate, may agree to assume the functions of other regional reliability councils. The Corporation will replace MAPP and SPP under the NERC structure.

Section 16.2 Reliability Standards. Except for those existing standards, criteria, rules, or guides that apply to the Generation Reserve-Sharing Pool of the MAPP Restated Agreement, the Corporation will use the existing standards, criteria, rules or guides from each existing reliability council region for those Members that join the Corporation as in effect immediately prior to formation of the Corporation until such standards, criteria, rules or guides are adopted or superceded by the Corporation. The Corporation will establish any necessary transition committees or task forces that will work expeditiously toward a consistent set of Organization Standards (including operating reserves) for the

entire Corporate Region, recognizing, however, that sub-regional differences may warrant variances for certain sub-regions. Such Organization Standards shall be established within the one-year period following the first meeting of the board of directors.

Section 16.3 Committee Transition. Upon the initial transition from MAPP and SPP to the Corporation, the existing reliability council committees and subcommittees will continue to exercise their functions for their regions for a maximum period of one year; provided however, that any act of such committees or subcommittees (other than with respect to the Generation Reserve Sharing Pool) shall be subject to appeal to the Corporation board of directors. The existing committees of each reliability council will be funded for this transition period by the members of such reliability council, using the mechanisms previously in effect.

ARTICLE 17 **PARTICIPATION BY REGULATORY PARTICIPANTS**

All Regulatory Participants shall be entitled to and be provided with the same rights to notice of and participation in meetings or other activities of the Corporation as are provided to Members, but shall not have the right to vote.

ARTICLE 18 **PARTICIPATION BY FEDERAL POWER MARKETING ADMINISTRATIONS**

Section 18.1. The participation by the United States through Federal power marketing administrations (PMA) in the Corporation is subject in all respects to acts of Congress and to regulations of the Secretary of Energy established thereunder. This reservation includes, but is not limited to, the statutory limitations upon the authority of the Secretary of Energy to submit disputes arising hereunder to arbitration. In the event of a conflict between this Article 18 and any other Article of these Bylaws, this Article 18 shall have precedence with respect to the application of these Bylaws to the United States.

Section 18.2. Where activities provided for herein extend beyond the current fiscal year, continued expenditures by the United States are contingent upon Congress making the necessary appropriations required for the continued performance of the obligations of the PMA hereunder. In case such appropriations are not made, the Corporation and its Members hereby release the PMA from its contractual obligations under these Bylaws and from all liability due to the failure of Congress to make such appropriation.

Section 18.3. No member of or delegate to Congress shall be admitted to any share or part of, or to any benefit that may have arisen from, these Bylaws, but this restriction shall not be construed to extend to these Bylaws if made with a corporation or company for its general benefit.

Section 18.4. The Corporation and its Members warrant that no Person or selling agency has been employed or retained to solicit or secure participation by a PMA in the Corporation upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Members for the purpose of securing business. For breach or violation of this warranty, a PMA shall have the right to annul its participation in the Corporation without liability or, in its discretion, to deduct from its dues or fees the full amount of such commission, percentage, brokerage, or contingent fee.

Section 18.5. For the purpose of this Section 18.5 the term “Contract” shall mean these Bylaws and the term “Contractor” shall mean the Corporation. During the performance of this Contract, the Contractor agrees to the following provisions.

18.5.1. Section 202 of the Executive Order No. 11246, 43 Fed. Reg. 46501 (1978), which provides, among other things, that the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated by reference in the Contract.

18.5.2. The Contract, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act, 40 U.S.C. § 329 (1986) (the “Act”), is subject to the provisions of the Act, 40 U.S.C. §§ 327-333 (1986), and to regulations promulgated by the Secretary of Labor pursuant to the Act.

18.5.3. The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing the Contract except as provided by 18 U.S.C. § 4082(c)i(2) and Executive Order 11755 of December 29, 1973.

ARTICLE 19 **DISPUTE RESOLUTION**

Section 19.1. Dispute resolution procedures for disputes between Members, or between a Member and the Corporation, arising under these Bylaws, Organization Standards or policies or requirements approved by the board will be established by the board of directors in accordance with the procedures of NERC. Binding arbitration will be used only with the agreement of the parties.

Section 19.2. All issues concerning enforcement and/or non-compliance with an Organization Standard or related policy or requirement of the Corporation, shall be heard first by the Compliance Working Group, which shall make a recommendation to the board of directors on actions to be taken, including imposition of financial penalties and/or sanctions. Any Member as to which a penalty, sanction or other directive has been recommended to the board shall have an opportunity to be heard by the board prior to the

board's decision. The imposition of any sanction, penalty or directive by the board may be appealed using the dispute resolution procedure established by the board, or to any regulatory agency with jurisdiction; provided that in any appeal of a sanction, penalty or directive, the board of directors' determination of the intended meaning and scope of an Organization Standard, board policy or requirement shall be final.

ARTICLE 20
AMENDMENT OF BYLAWS

Section 20.1. The power to adopt, amend or repeal these Bylaws is vested in the Members as set forth in Section 6.5 of these Bylaws; provided however, upon the passage of any federal reliability legislation, and/or the adoption of related requirements and procedures by NERC, its successor under such legislation or any regulatory agency with jurisdiction, the board or directors shall have authority upon a two-thirds (2/3) vote of its members to amend these Bylaws as necessary and appropriate to comply with such law and related requirements and to qualify the Corporation for delegations of authority from NERC or its successor as provided in such legislation.

**Southwest Power Pool
MEETING OF MEMBERS
The Westin – Oklahoma City, Oklahoma
December 12, 2001**

Agenda Item 1 – Administrative Items

SPP Board of Directors Chair, Mr. Gary Voigt, called the meeting to order at 8:05 a.m. (Agenda – Attachment 1) and called for a round of introductions (Attendance List – Attachment 2). There were 41 people in attendance representing 24 members and 4 state regulatory agencies. The secretary received 2 proxy statements (Proxies – Attachment 3). Mr. Voigt asked if there were any necessary corrections to the minutes of November 7, 2000 (11/7/00 Minutes – Attachment 4). Mr. Harry Dawson moved the minutes be approved as distributed. Mr. J. M. Shafer seconded and the motion passed unopposed.

Agenda Item 2 – President’s Report

Mr. Voigt called on Mr. John Marschewski for a report on SPP activities (President’s Report – Attachment 5). Mr. Marschewski reported on membership changes, the Strategic Planning Session held in May 2001, RTO filings, FERC’s ordered Southeast mediation, and the SPP/MISO merger.

Agenda Item 4 – 2001 Operational Overview

Mr. Carl Monroe reported on operations for 2001 (Operations Report – Attachment 6). Mr. Monroe pointed out a change of terms: security coordinator in the future will be known as reliability authority. In addition to reliability authority, an overview was given of tariff administration, regional scheduling and compliance. Mr. Monroe outlined implementation of the market settlement system that SPP is currently testing and conducting mini-market trials. He pointed out goals and objectives, resource requirements, advantages and rewards of this system.

Agenda Item 5 – Financial Report

Mr. Tom Dunn presented the Financial Report (Financial Report – Attachment 7). Mr. Dunn gave a financial overview of 2001 highlighting major points of interest with a brief outline of the 2002 proposed budget.

Agenda Item 6 – Nominating Task Force Report

Mr. Nick Brown reported for David Christiano on the group’s activities. The Nominating Task Force consists of Mr. Christiano, chair; Ms. Kim Casey; Mr. Stephen Parr; Mr. Michael Deihl; Mr. J.M. Shafer and Mr. Al Strecker. Mr. Brown reported that the Nominating Task Force recommended that the membership elect Mr. Dick Dixon as a permanent replacement for the unexpired term of Mr. Tom Grennan. Mr. J. M. Shafer moved to accept this recommendation. Mr. Gene Argo seconded and the motion passed unopposed. The nominee for the vacant IPP/marketer/other position was unable to serve and Mr. Brown stated that the Board of Directors will fill the position on a temporary basis until the next Nominating Task Force recommendation to the

SPP Meeting of Members
December 12, 2000

Membership. Mr. Brown stated the task force nominated all seven persons with expiring terms pursuant to SPP Bylaws. He noted that Mr. Stephen Parr represents a cooperative not a municipal as listed on the ballot. Mr. Voigt called attention to the ballot of nominations as presented from the Nominating Task Force and opened the floor for additional nominees. Hearing no additional nominees, Mr. Voigt closed the nomination process and asked each member to mark their ballots. The ballots were collected and votes counted. Mr. Brown reported that nominees had been unanimously elected and the ballots will be kept on file at the SPP office.

Adjournment

With no further business, Mr. Voigt adjourned the Meeting of Members at 9:45 a.m.

Nicholas A. Brown, Secretary

**Southwest Power Pool
NOMINATING TASK FORCE
Report to the Membership
November 12, 2002**

Background

Members of the SPP Board of Directors serve staggered three-year terms with seven terms expiring each year. The current roster with terms is as follows:

Transmission Owners (IOU)

Dick Dixon (WESTAR) – 2 year
Richard Verret (AEP) – 2 year
Al Strecker (OGE) – 3 year
Richard Spring (KCPL) – 1 year
(Non-IOU)
J. M. Shafer (WEFA) – 3 year
Gene Argo (MIDW) – 3 year
Mike Deihl (SWPA) – 1 year

Transmission Users (Cooperative)

Gary Voigt (AREC) – 2 year
Stephen Parr (KEPCO) – 3 year
(Municipal)
Harry Dawson (OMPA) – 2 year
David Christiano (SPRM) – 1 year
(IPP/Marketer/Other)
Trudy Harper (Tenaska) – 3 year
Vacant – 1 year
Vacant – 1 year

Non-Stakeholders

Vacant – 1 year
Tom McDaniel – 1 year
Jim Eckelberger – 3 year
Quinten Jackson – 3 year
Harry Skilton – 2 year
Larry Sur – 2 year

Per SPP's Bylaws, the Nominating Task Force is responsible for nominating to the membership candidates equal in number to the board positions to be filled (positions with expiring terms, any vacancies and temporary appointments) and for nominating to the Board of Directors a chair and vice-chair for a two-year term. Transmission Owners are to nominate Owners, Transmission Users are to nominate Users and all representatives on the Nominating Task Force are to nominate the non-stakeholders. The Nominating Task Force consists of David Christiano (Chair), Gary Voigt, Stephen Parr, Michael Deihl, J. M. Shafer and Al Strecker.

Recommendations

The Nominating Task Force nominates the five persons with expiring terms for consideration of the membership for the 2005 class of the SPP Board of Directors. These nominations are show on the attached election ballot. The Nominating Task Force also recommends that the membership leave open the three vacant positions on the current Board of Directors due to the pending merger between SPP and the Midwest ISO.

Approved: Nominating Task Force

November 1, 2002

Action Requested: Approve Recommendation

**Southwest Power Pool
ANNUAL MEETING OF MEMBERS
November 13, 2002**

**Ballot for
Board of Directors (2005 Class)**

Each SPP Transmission Owning Member should vote for 2 nominees:

Recommended by Nominating Task Force:

- Richard Spring, KCPL (IOU)
- Michael Deihl, SWPA (Non-IOU)

Additional Nominees:

- _____
- _____

Each SPP Transmission Using Member should vote for 1 nominee:

Recommended by Nominating Task Force:

- David Christiano, SPRM (Municipal)

Additional Nominees:

- _____
- _____

Each SPP Member should vote for 1 Non-Stakeholder nominee:

Recommended by Nominating Task Force:

- Tom McDaniel

Additional Nominees:

- _____
- _____

MEMBER: _____

REPRESENTATIVE'S SIGNATURE: _____