

ATTACHMENT 1

Amended Western Electricity Coordinating Council Bylaws — Clean version

BYLAWS
OF
THE
WESTERN ELECTRICITY COORDINATING COUNCIL

Approved by the WECC Board May 15, 2014
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- B. Officers and Employees Standards of Conduct
- C. WECC Dispute Resolution Procedures

BYLAWS
Of
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WESTERN ELECTRICITY COORDINATING COUNCIL

1. Vision and Mission.

1.1 Vision.

The Western Electricity Coordinating Council (“WECC”) shall seek to achieve the appropriate level of Bulk Electric System reliability at least cost considering all costs throughout the economy.

1.2 Mission

WECC is a Utah nonprofit corporation with the mission to foster and promote reliability and efficient coordination in the Western Interconnection. WECC will lead the stakeholders in the Western Interconnection to achieve appropriate system reliability, be the premier source of unbiased information, and serve as the trusted thought leader for the Western Interconnection by providing, consistent with these Bylaws: 1) impartial independent review and analysis of reliability issues impacting the Western Interconnection 2) development of electric reliability standards incorporating Western Interconnection experience and knowledge; 3) consistent and fair monitoring and enforcement activities for compliance with reliability standards; 4) event analysis and lessons-learned from system events; and 5) value for its membership through cost effective and efficient services and practices through: a) being a centralized repository of reliable information relating to the planning and operation of the Bulk Electric System in the Western Interconnection, b) coordinating system planning and modeling, c) sharing of, and providing comment on adherence to, recognized industry best practices, d) facilitating resolution of market seams and coordination issues, e) secure sharing of critical reliability data, and f) providing a robust stakeholder forum.

2. Furtherance of WECC’s Mission

2.1 Activities to Carry Out WECC’s Mission.

2.1.1 Compliance with the Federal Power Act. WECC will carry out responsibilities and exercise rights of a Regional Entity organized on an interconnection-wide basis pursuant to Section 215 of the Federal Power Act, including any responsibilities and rights delegated to it by the ERO pursuant to a Delegation Agreement.

2.1.2 Agreements with Canada and Mexico. WECC will carry out responsibilities and exercise rights pursuant to International Reliability Agreements with Canadian or Mexican authorities.

- 2.1.3 Regional Coordination. WECC will act as a coordinating entity for the entire Western Interconnection for activities of regional organizations with responsibilities for reliability and market functions.
- 2.1.4 Standard Setting. WECC will develop and adopt reliability, operating, and planning standards, criteria and guidelines necessary to maintain the reliable operation of the Western Interconnection's interconnected Bulk Electric System, including seeking, as appropriate, variances from standards of the ERO (or any successor organization which may be created by legislation or otherwise), as well as providing a process for regional variances.
- 2.1.5 Certification of Grid Operating Entities. WECC will assist in certifying Grid Operating Entities in the Western Interconnection.
- 2.1.6 Reliability Assessment. WECC will ensure that interconnected Bulk Electric System reliability assessments are conducted as needed. WECC will do this work in conjunction with the Regional Entities to the greatest extent possible. WECC will also facilitate coordinated reliability assessments among Regional Entities.
- 2.1.7 Compliance Activities. With respect to enforcement of reliability standards, WECC will:
 - 2.1.7.1 implement the Reliability Management System in effect as of WECC's formation and as the Reliability Management System may be subsequently modified in accordance with its terms;
 - 2.1.7.2 implement any monitoring and enforcement mechanisms delegated to it pursuant to Section 215 of the Federal Power Act and any Delegation Agreement with the ERO, or required by any International Reliability Agreement with a Canadian or Mexican authority; and
 - 2.1.7.3 administer any other monitoring and enforcement mechanisms where WECC is designated to perform administration.
- 2.1.8 Coordinated Regional Planning. With respect to the coordination of regional planning activities, WECC:
 - 2.1.8.1 will develop coordinated planning policies and procedures for the Western Interconnection, including facilitation of market-based solutions, consistent with WECC/ERO standards and FERC policy.
 - 2.1.8.2 will review and assess Local Regional Entity planning processes to determine whether WECC planning procedures have been satisfied;

2.1.8.3 will refer planning matters back to the originating Local Regional Entity for revision or other corrective actions when the WECC Board determines that WECC planning procedures have not been satisfied; and

2.1.8.4 may perform other interconnection-wide studies as needed.

2.1.9 Coordinated Operations. With respect to coordinating reliable operating activities within the Western Interconnection, WECC will develop, coordinate and promote consistent interregional operating policies and procedures for the Western Interconnection, consistent with WECC/ERO standards and FERC policy.

2.1.10 Market Interface Issues. With respect to Market Interface issues WECC will:

2.1.10.1 facilitate development of compatible and efficient practices across the Western Interconnection; and

2.1.10.2 exercise Backstop Authority where an unresolved Market Interface issue will cause Material External Impacts by taking some or all of the following actions: 1) providing a forum for and coordinating voluntary solutions among Members; 2) recommending specific solutions for voluntary adoption by Members; and 3) if necessary, proposing solutions to an Applicable Regulatory Authority.

2.1.11 Dispute Resolution. WECC will provide a process for the timely resolution of disputes between WECC Members as set forth in Section 11.

2.2 Organizational Characteristics.

As WECC carries out activities to fulfill its mission, it will seek to develop and maintain the following characteristics:

2.2.1 dedication to serving the individuals, businesses, and other organizations that generate, transmit, distribute, market, and use electrical energy in the Western Interconnection;

2.2.2 efficiency in its administration, decision-making, policy and standards development, and dispute resolution processes;

2.2.3 the ability to maintain status as an Interconnection-wide regional reliability entity and be afforded deference and delegation by ERO (or successor organization); and

2.2.4 fair and open processes through which practices, policies, and standards are developed and implemented based on sound technical and policy analysis.

2.2.5 Promote an efficient western electric market by reducing or eliminating conflict, duplication and overlap among electric organizations in the Western Interconnection.

2.2.6 Allow access to WECC data by individuals who can demonstrate a legitimate business need for the data, provided such individuals agree to such protections and non-disclosure restrictions which may be necessary due to the nature of the data sought to be accessed and agree to pay the incremental costs of providing the data which may be requested.

3. Definitions.

The capitalized terms used in these Bylaws shall have the meanings set forth below, or if not set forth below, shall have the meanings given them in the NERC Glossary of Terms Used in NERC Reliability Standards.

3.1 Affiliate.

An Entity that directly or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, another Entity. An Entity “controls” any Entity in which it has the power to vote, directly or indirectly, 5% or more of the voting interests in such entity or, in the case of a partnership, if it is a general partner. Notwithstanding the foregoing definition, for purposes of these Bylaws: 1) electric distribution cooperatives that are member-owners of a generation and transmission cooperative are not Affiliates of the generation and transmission cooperative or of each other; 2) an entity controlled by or operating as a unit, agency, or subdivision of a local, state, provincial, or U.S. federal or Canadian or Mexican national government will not be considered an Affiliate of any other entity controlled by or operating as a unit, agency, or subdivision of a local, state, provincial, or federal government; 3) separate agencies of a single state or province, or of the U.S. federal or Canadian or Mexican national government will not be considered Affiliates of each other, regardless of any commonality of political control; 4) members of any joint powers authority, and such joint powers authority, will not be considered Affiliates of each other; and 5) members of an RTO will not be considered Affiliates of such RTO or of each other solely as a result of such membership.

3.2 Annual Meeting.

The annual membership meeting of WECC, as described in Section 5.3.

3.3 Applicable Regulatory Authority.

The FERC or any state or provincial government agency with jurisdiction to regulate or directly affect the transmission of electricity within the Western Interconnection.

3.4 Backstop Authority.

The ability, obligation, or responsibility of WECC to address an issue when the WECC Board determines that a Local Regional Entity(ies) holding Primary Authority has not resolved an issue, has created incompatible resolutions or has not acted. In each case where these Bylaws authorize WECC to exercise Backstop Authority, the provisions that

authorize Backstop Authority will also specify the conditions necessary to trigger Backstop Authority and the actions that fall within WECC's exercise of Backstop Authority.

3.5 Balancing Authority.

The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

3.6 Ballot Body.

The Ballot Body consists of WECC members and non-members that have been determined eligible for the voting sectors described in the Reliability Standards Development Procedures and may, therefore, vote on Regional Criteria and Regional Reliability Standards.

3.7 Board of Directors (Board).

WECC Board of Directors, collectively, as described in Section 6.

3.8 Class.

A grouping of Members described in Sections 4.2.1 through 4.2.7 and 4.3.

3.9 Commercial Practices.

The products and practices involved in trading electricity. The term "Commercial Practices" only refers to an interaction among market entities that does not affect or require assistance from Grid Operating Entities that have grid reliability responsibilities.

3.10 Compliance Hearing Body.

The hearing body used for the purpose of providing a balanced compliance panel to conduct hearings for the resolution of disputes concerning compliance with or enforcement of Reliability Standards that may arise between WECC (acting as Compliance Enforcement Authority for the Western Interconnection) and a Registered Entity.

3.11 Delegation Agreement.

An agreement between the ERO and WECC pursuant to Section 215 of the Federal Power Act by which the ERO delegates to WECC designated powers, rights and responsibilities regarding the administration within the Western Interconnection of electric Reliability Standards adopted or approved by the ERO and the FERC.

3.12 Director.

An individual member of the WECC's Board of Directors.

3.13 Electric Line of Business.

The generation, transmission, distribution, or trading of electricity or the provision of related energy services in the Western Interconnection.

3.14 Electric Reliability Organization (ERO).

- The organization certified by FERC under 18 C.F.R. §39.3, the purpose of which is to establish and enforce Reliability Standards for the Bulk-Electric System in the United States, subject to FERC review.
- 3.15 Entity.**
Any individual, person, corporation, partnership, association, governmental body or organization of any kind.
- 3.16 FERC.**
The Federal Energy Regulatory Commission or any successor.
- 3.17 Grid Operating Entity.**
Any operating entity, such as a Balancing Authority, that is certified pursuant to Section 2.1.5 of these Bylaws to be responsible for reliable operation of a portion of the Western Interconnection.
- 3.18 International Reliability Agreement.**
An agreement between WECC and any appropriate Canadian or Mexican authority related to WECC's powers, rights and responsibilities regarding the administration of electric reliability standards applicable within such authority's geographic area of the Western Interconnection.
- 3.19 Local Regional Entity.**
A regional transmission organization or some other formally or informally constituted regional organization or group within the Western Interconnection, including but not limited to a Balancing Authority, a group of Balancing Authorities acting in concert, or a group of Entities that own or operate Transmission Facilities acting in concert. These Local Regional Entity boundaries can be reevaluated or modified over time.
- 3.20 Market Interface.**
Market Interface involves all interactions among market entities and Grid Operating Entities related to transmission service and physical delivery.
- 3.21 Material External Impacts (MEI).**
Significant effects on another Local Regional Entity or market within the Western Interconnection but outside of the Local Regional Entity or market adopting a policy, standard, practice or procedure, or implementing an action.
- 3.22 Member.**
Any entity that has applied and been accepted for membership in WECC and is current in the payment of dues.
- 3.23 Participating Stakeholder.**
Any person or entity that is not a WECC Member, but is an interested stakeholder and has applied and been granted, pursuant to Section 8.7.2, the participation and voting rights set forth in Section 8.7.1.

- 3.24 Primary Authority.**
The ability, obligation, or responsibility of an entity to address an issue in the first instance.
- 3.25 Regional Criteria**
The term Regional Criteria shall have the definition set forth in the NERC Rules of Procedure as may be amended from time to time.
- 3.26 Regional Entity (RE).**
An entity having enforcement authority pursuant to 18 C.F.R. §39.8.
- 3.27 Registered Entity.**
An owner, operator, or user of the Bulk-Electric System or the entities registered as their delegates for the purpose of compliance in the North American Electric Reliability Corporation Compliance Registry or similar Entity operating in Canada or Mexico and which could be registered in the Compliance Registry if it operated in the United States.
- 3.28 Reliability Management System**
The contracts, separate from these Bylaws, by which Members and other parties agree to certain procedures and sanctions intended to enforce specified Reliability Practices to maintain reliable electric service throughout the Western Interconnection.
- 3.29 Reliability Standard.**
A requirement approved by FERC under section 215 of the Federal Power Act, to provide for reliable operation of the Bulk-Electric System in the United States. Regional Reliability Standards are specific to the Western Interconnection and shall be established using the WECC Standards Development Procedures.
- 3.30 Reliability Standards Development Procedures.**
The process for developing and approving WECC Regional Reliability Standards (or its successor) attached as Exhibit C to the Delegation Agreement between WECC and North American Electric Reliability Corporation.
- 3.31 Transmission Facilities.**
Those facilities that are defined as “transmission facilities” by FERC for purposes of the open access requirements of Section 210 and 211 of the Federal Power Act or any facilities which would be so defined if the Member were subject to FERC jurisdiction.
- 3.32 Western Interconnection.**
The geographic area containing the synchronously operated electric transmission grid in the western part of North America, which includes in the United States Arizona, California, Idaho, Nevada, Oregon, Utah, and Washington, as well as parts of Montana, Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Colorado; parts of the Canadian Provinces of British Columbia and Alberta; and Baja California Norte, Mexico.

4. Members and Membership.

4.1 Voluntary Membership.

Except as otherwise may be required by applicable authority, membership in WECC is voluntary. A Member may withdraw upon giving the Secretary thirty (30) days' advance written notice. Notwithstanding such notice of withdrawal, all contracts, FERC orders, unpaid Member costs, and decisions of arbitration in effect or pending as of the date of the written notice of withdrawal will be followed through to completion, pursuant to these Bylaws, by the withdrawing Member; however. Nothing herein will relieve any Member withdrawing from WECC from any obligation it may have under applicable law including, but not limited to, Section 215 of the Federal Power Act. A Member that withdraws is obligated to pay any unpaid dues owed through the remainder of the fiscal year in which its withdrawal becomes effective.

4.2 Eligibility for Membership.

Subject to Section 4.5, any Entity that is an interested stakeholder or that meets the criteria for membership in the membership classes described in Sections 4.2.1 through 4.2.5 may be a Member of WECC:

- 4.2.1 Class 1. Electric Line of Business Entities owning, controlling or operating more than 1000 circuit miles of transmission lines of 115 kV and higher voltages within the Western Interconnection.
- 4.2.2 Class 2. Electric Line of Business Entities owning, controlling or operating transmission or distribution lines, but not more than 1,000 circuit miles of transmission lines of 115 kV or greater, within the Western Interconnection.
- 4.2.3 Class 3. Electric Line of Business Entities doing business in the Western Interconnection that do not own, control or operate transmission or distribution lines in the Western Interconnection, including power marketers, independent power producers, load serving entities, any other Entities whose primary business is the provision of energy services, and those Entities that are not eligible for membership in the other Member Classes and who have a substantial interest in the purposes of WECC.
- 4.2.4 Class 4. End users of significant amounts of electricity in the Western Interconnection, including industrial, agricultural, commercial and retail entities as well as organizations in the Western Interconnection that represent the interests of a substantial number of end users or a substantial number of persons interested in the impacts of electric systems on the public or the environment.
- 4.2.5 Class 5. Representatives of states and provinces in the Western Interconnection, provided that such representatives will have policy or regulatory roles and do not represent state or provincial agencies and departments whose function involves significant direct participation in the market as end users or in Electric Line of Business activities.

4.2.6 **Sub-Class Organization.** A Member Class may subdivide in up to three subclasses based on a majority desire within that class for purposes of electing Member Advisory Committee representation.

4.3 Designation of Membership Class.

A Member of WECC may not belong to more than one Class. An applicant for membership will designate the Class for which it qualifies based upon the criteria for membership set forth in Section 4.2, however any Member owning, controlling or operating Transmission Facilities or distribution facilities must belong to Class 1 or 2 unless the Board grants the Member's petition for a change in Member Class pursuant to the provisions of Section 4.4 of these Bylaws. Applications for membership will be submitted to WECC. WECC staff will review the application to verify eligibility for membership and Member Class designation. An applicant whose application has been rejected or any Member who disputes the WECC staff's determination regarding the appropriate Member Class designation may request review by the Governance Committee. If the applicant or any Member disagrees with the Governance Committee's decision, the applicant or such Member may appeal this decision to the Board.

4.4 Changes in Membership Class.

Notwithstanding any other provision of these Bylaws, upon a petition from a Member, the WECC staff (subject to review by the Governance Committee and appeal to the Board) may allow the Member to change Member Class if the interest of the Member is more closely aligned with the proposed Class than the Member's current Class.

4.5 Affiliates and Distinct Business Entities.

An Affiliate of a Member that satisfies the membership qualifications may also become a Member provided:

4.5.1 The Affiliate applying for membership and the Member disclose to the Chief Executive Officer all Affiliates that are WECC Members and the Classes to which the Affiliates belong. Every Member will promptly notify the Chief Executive Officer whenever it becomes, or ceases to be, an Affiliate of any other Member.

4.5.2 Affiliates may be members of the same Class; provided, however, a group of Affiliates within a single Class may only have one vote in any WECC forum. Except as set forth in Section 8.7.6, a group of Affiliates within a single Class may, by providing at least three (3) business days advance written notice to the Chief Executive Officer, split their single vote equally amongst all Affiliates or designate a single Affiliate as the group's voting Member.

4.5.3 For good cause shown and with the express approval of the Board, a company or organization containing functionally distinct entities within it may obtain separate memberships for such entities; provided that such entities will be considered Affiliates.

- 4.5.4 The Board may adopt a policy regarding whether Members may share the benefits of membership (including the right to receive information that is only available to Members) with a non-member Affiliate.

4.6 Rights and Obligations of Membership.

Except as otherwise provided in these Bylaws or other applicable authority, Members of WECC have the following general rights and obligations:

- 4.6.1 The right to elect and remove Directors as described in Section 6.5;
- 4.6.2 The right to amend these Bylaws, and to review and rescind any Board amendment of these Bylaws, in accordance with Section 12;
- 4.6.3 The right to receive appropriate meeting notices, as well as reports and information produced by WECC;
- 4.6.4 The right to attend, participate and vote in all WECC Member meetings and the right to attend Board meetings (other than closed sessions of Board meetings) and to comment upon all matters considered in such meetings;
- 4.6.5 The right to be a member of, attend meetings of, and to introduce motions, debate and to vote in the deliberations of WECC committees, subject to the limitations of these Bylaws and such other reasonable limitations as the Board may adopt from time to time;
- 4.6.6 The right to invoke the dispute resolution provisions of these Bylaws;
- 4.6.7 The right to petition the Board to take any action consistent with applicable law (including Section 215 of the Federal Power Act and implementing orders and regulations), these Bylaws and the articles of incorporation and to have such petition voted upon in a reasonable and timely manner;
- 4.6.8 The obligation to abide by these Bylaws, decisions resulting from the dispute resolution process, and all standards or decisions of WECC, subject to the exceptions set forth in Section 4.7 and the enforcement provisions of Section 4.8.
- 4.6.9 The obligation to notify the Chief Executive Officer promptly of changes with respect to Affiliates as provided in Section 4.5.1 of these Bylaws; and
- 4.6.10 The obligation to pay in a timely manner the membership dues pursuant to Section 11.
- 4.6.11 The obligation to provide system data that the Board has determined is necessary for WECC functions and does not impose an undue burden on the Members; provided, however, that the Board shall adopt appropriate limitations on this

obligation or procedures that protect and avoid unnecessary collection of confidential, privileged, trade secret, cybersecurity or critical energy infrastructure information or other information that the Board determines merits such protection consistent with applicable law.

4.6.12 The obligation to support surfacing minority and majority opinions or views within their Member Class, along with supporting rationale to enable the Board of Directors to make decisions based on informed judgment aligned with WECC's vision, mission and these Bylaws.

4.7 Limitations on Member Obligations.

4.7.1 The obligation of Members pursuant to Section 4.6.8 will not require any Member to take any action which the Member in good faith determines: 1) would exceed the physical capabilities of the Member's electric system (or any part of another's electric system that the Member has the legal right to cause to comply with a WECC action governed by Section 4.6.8); 2) would create serious and immediate risks to public health or safety (provided, however, that the shedding of load shall not in and of itself be deemed a serious and immediate risk to public health and safety for the purpose of this section); 3) would create an immediate risk of serious damage to facilities or equipment within its electric system or cause it to operate any of its electric facilities or equipment in an unsafe manner; 4) would cause the Member to violate or improperly implement an applicable law, regulation, rule, order, FERC license provision or other legal obligation; or 5) would conflict with any non-power requirement applicable to the Member (including without limitation any obligation under environmental laws, regulations, court and administrative decisions or biological opinions).

4.7.2 Each Member shall retain sole control of its facilities and the use thereof, and a Member shall not be required to construct or dedicate facilities for the benefit of any other Member, or be required to take action, or refrain from action, as may be deemed necessary to maintain reliable service to its own customers and/or to fulfill its obligations to third parties; provided, that a Member shall comply with duly-adopted reliability standards applicable to its system and shall comply with any directives under existing security coordination agreements. Nothing in these Bylaws is intended to preclude application of Section 210 or 211 of the Federal Power Act. The above limitations shall not be construed as altering a Member's obligation to comply with applicable Reliability Standards or enforcement orders, or any other obligation arising under 18 C.F.R. Part 39.

4.8 Compliance and Enforcement.

The power of WECC to enforce Member obligations other than compliance with Reliability Standards and other obligations arising under 18 C.F.R. Part 39 and applicable Canadian and Mexican regulatory requirements is limited to suspension or termination of membership as set forth in this Section; provided, however, that: 1) nothing in this Section will limit the power of Members to agree to additional enforcement provisions in separate

contracts (such as contracts pursuant to the Reliability Management System); 2) nothing in this Section will limit the power of WECC to propose solutions regarding Market Interface issues to any Applicable Regulatory Authority as described in Section 2.1.10; and 3) nothing in this Section will limit WECC's delegated authority under Section 215 of the Federal Power Act and 18 C.F.R. Part 39 and applicable Canadian and Mexican regulatory requirements to enforce reliability standards and perform other delegated or contractual functions within the Western Interconnection. The Board may suspend or, to the extent consistent with applicable law, terminate the membership of any Member for a material failure to meet any obligation of membership set forth in these Bylaws, including, but not limited to: 1) non-payment of dues sixty (60) days after the dues become delinquent; 2) intentionally or repeatedly violating any WECC Bylaw; 3) materially breaching or intentionally violating any FERC order or arbitration decision issued pursuant to these Bylaws; 4) willfully obstructing any lawful purpose or activity of WECC; or 5) remaining inactive as described in Section 5.9. The Board will give the affected Member not less than twenty-one (21) days prior written notice of any proposed suspension or termination, which will include the specific basis for the proposed action and, if applicable, instructions on curing the problem. Prior to terminating a membership, the Board will consider any information provided by the Member in response to the notice described herein.

4.8.1 Suspension. The suspension of a Member will not affect the Member's rights and obligations other than that the Member will not be entitled to vote at any meeting of the Members, Classes, subclasses, or any committee until the suspension is removed except that a suspended Member may participate in the WECC proposed Reliability Standards Development Procedure.

4.8.2 Termination. The termination of membership will have the same effect, and be subject to the same continuing obligations, as such Member's withdrawal pursuant to Section 4.1, except that it will be effective as of the issuance date of the notice provided pursuant to Section 4.8.

4.9 WECC Structure and Governance Review.

At least each five years, the Board of Directors will conduct a thorough assessment of whether WECC is fulfilling its purposes in a manner that is consistent with: 1) the provisions of Section 2.2 of these Bylaws; and 2) the then-current state and the expected future evolution of the electric power industry within the Western Interconnection. Unless determined otherwise by a majority vote of both the Board of Directors and the Members Advisory Committee (MAC), the initial review required under this Section 4.9 will commence after the completion of the first full year of operation under these Bylaws as amended in June 2013 and will be done collaboratively with the MAC and to the extent practical, will be coordinated with any similar structure and governance reviews being conducted by Peak Reliability. In particular, the Board will focus on whether the standards, obligations, processes, and decisions WECC imposes on its Members are timely, fair, effective, and reasonable in view of the commercial, legal, regulatory, and economic needs and objectives of the affected Members. The Board will evaluate WECC's Board composition, Member Class structure, committee structure and activities, and staff responsibilities as they relate to the foregoing considerations. The assessment required by this Section 4.9 will be accompanied by Board recommendations for any changes the Board determines are

warranted by the assessment. The assessment and recommendations prepared by the Board in accordance with this Section 4.9 will be submitted in writing to the Members at the first annual Member meeting held after they are completed.

5. Procedures for Member Decisions.

5.1 Quorum and Alternative Voting.

With the exception of voting on Regional Reliability Standards and Regional Criteria under the oversight of the WECC Standards Committee, members may conduct business and take votes only at duly noticed Member meetings. Members may not conduct any business of the membership as a whole at any meeting unless a quorum is first established.

5.1.1 Quorum. A majority of all Members, including a majority in at least three (3) Classes, will constitute a quorum for all meetings of the membership as a whole. A majority of the members of a Class or subclass will constitute a quorum for all Member Class or subclass meetings. Members participating through a designated alternative representative or through submission of an absentee ballot will be counted in determination of a quorum. Inactive Members, as defined in Section 5.9 of these Bylaws, will not be counted in determining a quorum at Member, Member Class or subclass meetings. A quorum, once established, will be deemed to continue for the balance of any Member, Member Class, or subclass meeting, except that no election of Directors may occur without a quorum being present. Members may designate an alternate representative or submit an absentee ballot in a form consistent with Section 5.1.2 for any Member, Member Class, or subclass meeting.

5.1.2 Alternate or Absentee Voting: In the event that a Member's designated voting representative cannot attend a meeting of the Membership or a Member Class meeting where Directors are being elected or amendments to these Bylaws are considered, a Member may designate an alternate voting Member representative, with two (2) days written notice to the Corporate Secretary, or a Member may cast an absentee ballot pursuant to the procedures established by the Corporate Secretary.

5.2 General Membership Meetings.

All business of the Members acting as a whole will be conducted at meetings called by advance notice to all WECC Members provided in accordance with Section 5.5. Unless stated otherwise in these Bylaws, decisions at all meetings of the Members, Member Classes, or subclasses will be by simple majority vote of the Members present or otherwise represented in accordance with these Bylaws, with each Member having one vote, unless other Bylaw provisions provide for the allocation of the Member's vote. The Chair of the Board will preside over all Members acting-as-a-whole meetings.

5.3 Annual Member Meetings.

WECC will hold an Annual Meeting of all Members at a time and place determined by the Board. At the Annual Meeting, and at other times as provided for in these Bylaws, in

addition to such other actions the Members may take, Member Classes will elect Directors for vacant director positions.

5.4 Special Member Meetings.

Members may hold special meetings whenever called by the Board. The Board will call special Member meetings whenever a majority of the Members of any Class request a special meeting or at such other times as it deems appropriate. The Chair of the Board will preside over all special Member meetings.

5.5 Member Class and Subclass Meetings

An individual WECC Member Class or subclass may hold a meeting for any purpose relevant to the interests of Class or subclass Members. Such meeting will be initiated by request by one or more Class or subclass Member(s), and agreement by at least fifty percent (50%) of Class or subclass Members.

5.6 Notice of Member Meetings.

5.6.1 Annual Meeting. The Chief Executive Officer will provide at least thirty (30) days' advance notice to all Members and the Board of the date, place and time of the Annual Meeting of the Members and an agenda of the business to be conducted at such meeting.

5.6.2 Other Member Meetings. The Chief Executive Officer will provide notice of regularly scheduled and special meetings of the Members to the Members not less than fifteen (15) days before the meeting if delivered by first-class mail, or not less than ten (10) days before the meeting if the notice is delivered personally, by telephone, by facsimile, electronic mail or express mail. If mailed, such notice will be deemed given when deposited in the United States mail, with first-class postage thereon prepaid, addressed to a Member. Such notice will state the date, time and place of the meeting and the meeting agenda.

5.6.3 Public and Website Notice. Public notice of each meeting of the Members will be placed on WECC's website at least ten (10) days before such meeting. In addition, the Chief Executive Officer will provide notice in the same manner and time as set forth in Section 5.6.2 of each meeting to each member of the public who so requests and who has provided appropriate information regarding delivery of notice.

5.7 Open Meetings.

All Membership meetings are open to observation by the public.

5.8 Policymaking Authority.

The Board of Directors may adopt policies for the interpretation and implementation of the meeting and voting procedures established in this Section 5.

5.9 Minimum Participation Requirement.

In order to be counted for quorum purposes at a meeting of the membership as a whole, Class, or subclass meeting, a WECC Member must actively participate (by attending in

person, sending an alternate, or voting absentee) in at least one WECC meeting (including meetings of the Board, committees and subcommittees) each year. If the Member does not meet this minimum participation requirement, the Member will be considered an “inactive” Member until its active status is restored by participation in at least one WECC meeting (including meetings of the Board, committees and subcommittees) by attending in person, sending an alternate, or voting absentee. An inactive Member will not be counted toward establishing a quorum of the membership as a whole, of a Class, or of a subclass. An applicant for WECC membership or a WECC Member may at any time self-designate itself an inactive Member. Such designation will be effective until the Member is reinstated to “active” status. If a Member does not participate for twenty four (24) consecutive months, the Member’s membership will be terminated. If a Member’s membership is so terminated, reapplication for membership may be made at any subsequent time.

6. Governance.

6.1 Board of Directors.

Subject to those matters expressly requiring approval of the Membership, a Board of Directors elected by the Members will govern WECC. The Board of Directors will elect its own Chair and Vice-Chair from those individuals serving as Directors.

6.2 Composition of the Board and Board Member Qualifications.

6.2.1 The Board of Directors shall consist of nine (9) Directors. At all times, subject to temporary vacancies, the Board of Directors shall include at least three directors who have at least ten years of experience in the utility industry, preferably in the Western Interconnection, including at least one director who has transmission operations experience, at least one director who has transmission planning experience, and at least one director who has generation operations experience. At any time where the membership of the Member Advisory Committee (MAC) is modified, as may be provided in other provisions of these bylaws, to include representation for Entities of the two Canadian Provinces of British Columbia and Alberta and the Mexican State of Baja California, at least one Director, elected subsequent to such MAC representation, shall have international experience corresponding to such geographic area(s) and/or representation in the MAC.

6.2.2 The remaining members of the Board of Directors shall be selected in an effort to ensure diversity of background and experience. Desirable categories of experience may include: regulatory or legal; accounting, finance or economics; environmental; end-user advocacy; information technology; compliance or standards; public sector; and international.

6.2.2.1 Transmission operations experience shall preferably include experience in control center operations at the senior management or officer level.

- 6.2.2.2 Transmission planning experience shall preferably include experience in modeling and/or planning transmission facilities, including economic and reliability modeling at the senior management or officer level.
- 6.2.2.3 Generation operations experience shall preferably include experience in development or operation of generation facilities, including economic and reliability modeling at the senior management or officer level.
- 6.2.2.4 Regulatory or legal experience shall preferably include at least one of the following types of experience: state, provincial or federal industry regulation; significant litigation experience ideally at the appellate level; evaluation of complex legal arguments; and advising clients with respect to settlements.
- 6.2.2.5 Accounting, finance or economic experience shall preferably include experience as a Chief Financial Officer, a Chief Account Officer, a Corporate Risk Officer, a Certified Public Accountant, or the equivalent thereof.
- 6.2.2.6 Environmental experience shall preferably include experience advocating environmental interests before local, state or federal agencies or boards, and/or leadership experience in representing environmental interests in relation to energy issues.
- 6.2.2.7 End-user advocacy experience shall preferably include experience advocating end-user economic interests before local, state or federal ratemaking agencies or boards.
- 6.2.2.8 Information technology experience shall preferably include experience as a senior level manager responsible for integrating information technology services with organizational needs in areas such as capacity planning, budget and finance, acquisition and deployment, operations, change management, application development, trade ally relationships, user support, data quality, security and similar areas.
- 6.2.2.9 Compliance or standards experience shall preferably include experience as a senior level officer or manager for corporate compliance with internally and/or externally imposed requirements, rules or standards.
- 6.2.2.10 Public sector experience shall preferably include experience representing the public interests with respect to energy issues.
- 6.2.2.11 International experience shall preferably include experience as described in the previously listed experience categories, but in the Canadian

provinces of British Columbia or Alberta, or the Mexican state of Baja California.

6.2.3 Director Affiliation Restrictions. A Director may not be a full time employee of a Registered Entity. Nor may a Director be affiliated with any Member or Registered Entity operating in the Western Interconnection, nor a Director of an entity performing the function of Reliability Coordinator in the Western Interconnection.

6.2.3.1 For the purposes of this section, “affiliated” shall mean (1) an employee of, (2) a contractor for, (3) an employee of a contractor for, or (4) an equity owner of Registered Entity or Member. For purposes of determining whether a Director is “affiliated” the term “Director” shall include a spouse and/or minor child of the Director.

6.2.3.2 A Director with an equity interest in private or publicly traded companies that are end-users of electricity in the Western Interconnection but are not otherwise “affiliated” pursuant to the restrictions set forth in Section 6.2.2 shall not be considered to be “affiliated”.

6.2.3.3 A Director with an equity ownership in a broadly diversified mutual fund which may from time to time include interests in one of the types of organizations described in Section 6.2.2, shall “not be considered to be “affiliated, provided that such equity interest cannot confer a controlling interest in a Member or Registered Entity within the Western Interconnection.

6.2.3.4 A Director receiving post-employment compensation, which compensation is not indexed to the success of the disbursing entity shall not be considered “affiliated”.

6.2.3.5 A Director shall not be considered “affiliated” solely by having a contractual relationship with a state government that has one or more agencies that are Members, provided that the Director cannot be affiliated with the Member agency or agencies.

6.2.3.6 A Director shall not be considered “affiliated” for being a residential or small business end-user of electricity or for being affiliated with, a member of, or a contributor to an organization that represents a substantial number of end users or a substantial number of persons interested in the impacts of electric systems on the public interests or the environment, but a Director shall be considered “affiliated” if the Director is an employee of, or serves as a director, trustee, or officer or in any other policy-setting capacity with respect to any such organization.

6.2.3.7 The affiliation restrictions set forth in this Section are not all encompassing. Candidates and Board members are expected to disclose all known potential financial or relationship conflicts, including any known relationships between companies they have affiliation with and/or entities described in Section 6.2.2. Furthermore, any Nominating Committee will be expected to investigate and evaluate all potential conflicts, whether financial or otherwise.

6.2.4 In addition, the Board may provide for the Chief Executive Officer (“CEO”) of WECC to be a voting, additional tenth, member of the Board through the inclusion of such a provision in the resolution the Board adopts appointing WECC’s CEO. Such provision shall not permit the CEO to be a member of a Board committee or to cast either a tie-breaking vote or a vote that creates a tie. The CEO may not serve as the Chair or Vice-Chair of the Board.

6.3 Term of Office.

Directors will hold office for staggered terms of three (3) years, three Directors’ terms ending each year. Each three (3) year term shall commence upon the adjournment of the portion of the Annual Member Meeting provided for in Section 5.3, in which all Members are counted for purposes of determining a quorum. Similarly, the three year terms of outgoing Directors shall end upon the adjournment of that portion of the Annual Member Meeting in which all Members are counted for purposes of determining a quorum, whether that results in a longer or shorter term than exactly three years.

6.4 Nomination, Selection and Compensation of Directors.

6.4.1 Nominating Committee. Candidates for a Director position shall be nominated by a Nominating Committee. The Nominating Committee shall consist of seven members. Three members shall be Directors, not standing for re-election, designated by the Board Chair. The remaining four Nominating Committee members shall be designated by the Member Advisory Committee and come from individuals serving on the Member Advisory Committee, with two (2) members being from Classes 1, 2, and/or 3, and two (2) members being from Classes 4 and/or 5.

6.4.1.1 If the Member Advisory Committee does not designate MAC members to serve on the Nominating Committee within 30 days of being notified of the Board Chair’s designation of the three Directors to serve on the Nominating Committee, the Board Chair may designate MAC members to serve.

6.4.1.2 A Nominating Committee shall be formed each year not less than 180 days prior to the Annual Meeting. A Nominating Committee will continue to function until a replacement Nominating Committee is formed, but may not continue for a period longer than twelve (12) months from its creation, provided however, that the Board, by resolution, may authorize a

Nominating Committee to function beyond twelve (12) months as the Board may determine is necessary.

6.4.2 Director Candidate Nominations.

6.4.2.1 The Nominating Committee shall develop candidate pools and make candidate nominations to the Members. The Nominating Committee may consider any qualified applicant in developing the candidate pool, and may identify applicants through the following process: (1) selecting and utilizing an independent search firm to provide the Nominating Committee with a list of qualified applicants for each Director position subject to election; (2) consider an incumbent Director who is willing to stand for reelection, including a review of such Director's tenure on the Board of Directors; (3) consider external nominations.

6.4.2.2 External parties, including but not limited to Members and Western Interconnection stakeholders, may recommend candidates (self-recommendations and third party recommendations) to the Nominating Committee for consideration, by submitting the following: the candidate's resume, a summary of the candidate's relevant experience, a disclosure statement from the candidate, and a letter of interest from the candidate. All recommendations from external parties must be submitted to the Nominating Committee within sufficient time for the Nominating Committee to evaluate the candidate prior to the notification required in Section 6.4.2.5.

6.4.2.3 The Nominating Committee shall review the qualifications of the potential candidates and put forth one nominee for each Director position up for election.

6.4.2.4 Five (5) affirmative votes of the Nominating Committee shall be necessary to put forth a nominee to the Members.

6.4.2.5 At least sixty (60) days in advance of the Annual Meeting, the Nominating Committee shall notify the Board Chair whether or not it has finalized all Director nominations. If the Committee fails to put forth a nomination for an open position, then the Board Chair may form a new Nominating Committee with different Board and Member Advisory Committee members, who shall be tasked with developing any remaining nominations for open Director positions.

6.4.2.6 Each nominee, put forth by the Nominating Committee, shall be presented for separate election by the Members.

6.4.3 Director Elections. Members will vote for each vacant Director position separately. A candidate will be elected to the Board upon majority vote of the Members as a whole in

addition to a majority of the Classes (three of the five) having a majority vote from the Members of the individual Class.

6.4.4 Should a candidate fail to receive the required vote of the Members or Member Classes, the Board may:

6.4.4.1 conduct a new election of an alternate candidate put forward by the Nominating Committee, if any, or the Board may ask the Chair to establish a new Nominating Committee to recommence the nomination and election process. Where a candidate has not received the required vote of the Members and Member Classes, the director position shall remain vacant until a candidate is elected, except as provided in Section 6.7.2.

6.4.5 Annual Compensation of Directors. Every two years, or sooner if, in the discretion of the CEO, a new survey is required, the CEO shall contract with an appropriate firm to conduct a national compensation survey, which shall provide an independent review of the compensation paid independent directors. The latest survey so procured shall be used by the Nominating Committee to make an annual recommendation for the compensation of Directors for the following year. Any such recommendation shall require five (5) affirmative votes of Nominating Committee members. This recommendation shall be presented to the MAC no later than one hundred fifty (150) days prior to the Annual Meeting. The MAC shall set the compensation for the Directors at least one hundred and twenty (120) days prior to the Annual Meeting. When making this decision, the MAC shall consider the recommendation of the Nominating Committee and any other material relevant to setting Director compensation. If the Nominating Committee is unable to reach the five (5) vote majority necessary to make a compensation recommendation, the MAC shall make no changes to the compensation paid Directors for the following year.

6.5 Removal of Directors.

The Members or the Board may remove a Director before completion of the Director's term of office pursuant to the following provisions.

6.5.1 Removal by the Members. Directors may be removed only for gross negligence, violation of local, state, provincial, or federal laws, gross misconduct, or failure to meet the fiduciary obligations of Directors.

6.5.1.1 Removal of a Director will be by a vote of a majority of all the WECC Members, not just those Members voting, in addition to a majority of the Classes (three of the five) having a majority vote from the Members of the individual Class. Removal may only take place at a meeting called for that purpose by notice provided in accordance with the notice requirements for member meetings. A vote, by all Members, to consider removal of a Director will occur based upon a petition, for such an all-Member vote, supported by twenty percent (20%), each, of the Members of three of the five Member Classes.

6.5.2 Removal by the Board. The Board may remove any Director for gross negligence, violation of local, state, provincial, or federal laws, gross misconduct, or failure to meet the fiduciary obligations of Directors. Such removal will only occur upon the affirmative vote of not less than six (6) Directors.

6.6 Resignation.

Any Director may resign from their position at any time by written notice to the Board by delivery to the Chair. The acceptance of a resignation will not be required to make it effective.

6.7 Procedures for Filling Vacant Director Positions.

6.7.1 Director Vacancies. If the position of any Director becomes vacant prior to its normal term expiration, the remaining Directors may charge the Nominating Committee with selecting a successor immediately. The Nominating Committee will follow the requirements set out in Sections 6.2.1 and 6.2.2 in its selection of any successor Director. Alternatively, if less than one (1) year remains in the term of that Director, the remaining Directors may choose to leave the position vacant for the remainder of the term.

6.7.2 Holdover to Cure Procedural Vacancies. Whenever an incumbent Director is a candidate for a Director position and a vacancy would be created due to expiration of the Director's term, the Director may continue to serve, for up to an additional 12 months, until such time as an election of the Director's position can be conducted, provided the vacancy arises from a lack of quorum or other procedural inability to elect a candidate for the Director position.

6.7.3 Should the number of serving Directors fall below seven (7), the Board may appoint one or more individuals to serve as temporary Directors until such time as replacement Directors can be elected by the Members.

6.7.3.1 In appointing temporary Directors, the Board shall select individuals who meet the requirements of Section 6.2.

6.8 Duties of Directors.

The Directors will have the following duties:

6.8.1 Fiduciary Obligation to WECC: All Directors, will have a fiduciary obligation to WECC consistent with the requirements for Directors of Utah non-profit corporations. Members of the Board will at all times act in conformance with such requirements, these Bylaws and the Standards of Conduct set forth in Appendix A.

6.8.2 Preserve Non-Affiliated Status: Throughout their terms, Directors will have a duty to avoid any affiliation that is inconsistent with the qualifications for Directors in Section 6.2.2 of these Bylaws. If a Director becomes aware of any intervening disqualification, he/she must either resign or eliminate the disqualification (e.g., dispose of securities) within sixty (60) days.

6.9 Powers of Directors.

The management of all the property and affairs of WECC will be vested in the Board of Directors. The Board will hold annual elections to select a Board Chair and to fill any other Board officer positions that may be created by the Board or required by applicable law. The Board may exercise all the powers of WECC and do all lawful acts and things (including the adoption of such rules and regulations for the conduct of its meetings, the exercise of its powers and the management of WECC) as are consistent with these Bylaws and the Articles of Incorporation. The Board will give serious consideration to the Member Advisory Committee's and the Western Interconnection Regional Advisory Board's (or any successor) recommendations. The Board will respond to Member Advisory Committee and Western Interconnection Regional Advisory Board recommendations through a means which the Board determines appropriate.

6.10 Delegation of Board Authority.

The Board may delegate to the Chief Executive Officer or to any Board Committee formed pursuant to Section 7.7.3 any or all of its powers and authority except: 1) any power which it may not delegate pursuant to applicable Utah law; 2) the power to adopt any reliability standard; 3) the power to determine when to exercise the Backstop Authority of WECC; 4) the power to approve budgets; 5) the power to form committees; 6) the power to amend the Bylaws; 7) the power to elect the Chair and other officers of the Board; and 8) the power to hire, fire or set the terms of employment of the Chief Executive Officer. The Board may also delegate to any Member committee the power to make specific decisions, subject to the right of any Member to appeal any of such decisions to the Board within 30 days of the committee vote on the decision by writing a letter to the Chief Executive Officer that describes in reasonable detail the grounds for appeal, and requests that the appeal be considered by the Board at its next regularly scheduled meeting, subject to applicable notice requirements. Delegation will be by express decision and will require the affirmative vote of not less than a majority of the Directors. Any Director may call for a vote to rescind such delegation at any time and such delegation will be rescinded if a majority of the Directors vote to do so.

6.10.1 Notice to Members. Within seven (7) days of any decision delegated pursuant to Section 6.10, except for routine decisions of the Chief Executive Officer, Members will be notified of the decision by electronic mail, posting on the WECC website and any other means determined appropriate by the Board. Routine decisions of the Chief Executive Officer will be noticed in periodic reports to the Board and Members as determined by the Board, which will be sent to Members by electronic mail and posted on the WECC website.

6.10.2 Board Review of Delegated Decisions. Decisions delegated pursuant to Section 6.10 will be reviewed by the Board at the request of any Director, provided such request is lodged with the Secretary within thirty (30) days of the notice. Whenever it determines that a matter requires an urgent decision, the Board may shorten the deadline for requests for review, provided that: 1) the notice and opportunity for review will be reasonable under the circumstances; and 2) notices to Members will

always contain clear notification of the procedures and deadlines for Board review. A request for review of a decision will stay the effect of the decision pending review unless the Board in making the delegation expressly determines otherwise.

7. Procedures for Board Decisions.

7.1 Quorum.

No business will be conducted by the Board unless at least five (5) Directors are present, or six (6) Directors if the CEO is counted to determine a Board quorum.

7.2 Majority Vote.

A decision of the Board will require an affirmative vote of a majority of Directors present and not abstaining; provided that no decision of the Board shall be made with fewer than three (3) affirmative votes, or four (4) affirmative votes if the CEO is counted to determine a Board quorum. Directors may not vote by proxy or by absentee ballot, but Directors may participate in Board meetings by telephone as provided in Section 7.3 of these Bylaws.

7.3 Attendance at Board Meetings by Teleconference.

Any or all of WECC's Directors may participate in any meeting of the Board by telephone conference or any other means of communication that enable all Directors participating in the meeting to simultaneously hear one another. Every Director participating in a meeting in the manner described in the preceding sentence will be deemed to be present in person at that meeting.

7.4 Board Action by Unanimous Consent.

7.4.1 Action Without a Meeting. Unless WECC's Articles of Incorporation or applicable law provides otherwise, action required or permitted to be taken at a meeting of the Board may be taken without a meeting through one or more written consents describing the action taken. Any Board action taken by written consent must be signed by all Directors in office at the time the action is taken. Such actions must be noticed to Members in accordance with Section 7.5 and Members must be given an opportunity to comment prior to the Board taking such actions through electronic mail, comments on the website or other appropriate means. The required notice of such meeting may generally describe the arrangements (rather than the place) for the holding of the meeting. All other provisions herein contained or referred to will apply to such meeting as though it were physically held at a single place. All Board actions by written consent must be filed with WECC's Board meeting minutes. Action taken under this Section is effective when the last Director signs the consent, unless the consent specifies an earlier or later effective date. Any action by written consent has the same effect as a meeting vote and may be described as such in any document.

7.4.2 Waiver of Procedures. For any specific action at any noticed meeting of the Board, and under exigent or unusual circumstances, the Board by unanimous vote of those present may waive any procedural requirement applicable to Board decision-making, including any requirement for notice of a specific potential action, except

for the following: 1) the requirement for notice of the time and place of the meeting pursuant to Section 7.5; 2) the quorum and voting requirements of Sections 7.1 and 7.2; and 3) any non-procedural limitation on the power of the Board to make a decision, including, but not limited to, those restrictions in Sections 6.10 (limiting the power to delegate) and 12.1 (limiting the power to amend the Bylaws). Whenever such action is taken, a statement describing the action, the exigent or unusual circumstances, the specific procedure waived, the basis for the waiver and the votes of all Directors present shall be posted on the website and communicated in writing or by e-mail to all Members within five (5) days.

7.5 Notice of Board Meetings.

- 7.5.1 Regular Meetings. Except as set forth in Section 7.5.2 regarding urgent business, all regular business of the Board will occur at the Board meetings, at least twenty-one (21) days' advance notice of which has been provided by the Chief Executive Officer to all Directors and all Members. Notice will include an agenda that will identify those matters on which a vote will be taken at the meeting. The foregoing requirement shall not preclude the Board from taking an action that is different from the specific proposed action identified in the agenda, as long as the relevant subject matter has been reasonably identified in the agenda. The Directors will establish a regular meeting schedule that will be made available to the Members. The schedule will include not less than two meetings of the Board annually.
- 7.5.2 Special Meetings. Whenever the Chair of the Board or any three (3) Directors find that there is urgent business requiring Board action before the next regular Board meeting, a special meeting of the Board may be called. Such special meetings will be held upon as much written notice to each Board Member and all Members as is possible under the circumstances, which will not be less than three (3) days. However, this notice of special meetings may be waived if: 1) the waiver is by a writing signed by a quorum of Board members; and 2) as much notice of the meeting as practicable has been given to WECC Members via e-mail and posting on the WECC website.
- 7.5.3 Public and Website Notice. Public notice of each meeting of the Board will be placed on WECC's website at least ten (10) days before such meeting (or such lesser time as provided pursuant to Section 7.5.2). In addition, the Chief Executive Officer will provide notice of each meeting by first-class mail, facsimile or electronic mail to each member of the public who so requests and who has provided appropriate information regarding delivery of notice.

7.6 Open Meetings.

Except as provided in Section 7.6.1, all regular and special meetings of the Board will be open to observation by any Member and any member of the public.

- 7.6.1 Closed Session. Notwithstanding the provisions of Section 7.6, upon an affirmative vote of two-thirds (2/3) of the Directors present, the Board may meet in closed

session: 1) to consider the employment, evaluation of performance, or dismissal of an employee of WECC and to deliberate regarding decisions the Board may be called upon to make regarding the nomination, qualification, appointment, or removal of a member of the Board of Directors; 2) to discuss pending or proposed litigation and to receive confidential attorney-client communications from legal counsel; and 3) to receive and discuss any information that is privileged, trade secret, cybersecurity, critical energy infrastructure information (as defined by the FERC), protected from public disclosure by law or that the Board determines should be confidential in order to protect a legitimate public interest.

7.6.1.1 Attendance by an Affected Director. Closed sessions of the Board may not be attended by a Director under the following circumstances: 1) where the qualifications or performance of the Director or the Director's spouse or children are being discussed; 2) where the Director is employed by an entity that is or is likely to become a party to the litigation being discussed; and 3) where the Director or the Board determines that the Director would have a serious and substantial conflict of interest by becoming privy to confidential attorney-client or trade secret information that is to be presented to the Board in closed session.

7.6.1.2 Announcement of Closed Session. Before adjourning into closed session, the Chair of the Board will announce the purpose of the closed session in a manner that provides the public an understanding of the general subject matter to be discussed but which does not reveal sensitive or personal information. The Board will not discuss additional items outside the scope of this description.

7.6.1.3 Confidentiality of Closed Session. All Directors and others present will maintain the confidentiality of discussions and decisions made in closed session. The Board will appoint a secretary for closed session to keep a minute book for the purpose of recording the subject matter discussed in closed session and any actions taken in closed session. After a closed session has ended, the Board Chair shall provide the public a general description of the business conducted during the closed session, without breaching the confidentiality of the information used in the session.

7.7 Board Committees.

7.7.1 Governance Committee. The Chair will appoint a Governance Committee that shall: oversee implementation and amendment of these Bylaws and address such other issues pertinent to Governance as the Board may choose to delegate to it. The Chair will designate one of the appointed Directors to be the Chair of the Governance Committee.

7.7.2 Nominating Committee. Constituted as described in Section 6.4.1 of these Bylaws.

- 7.7.3 Other Board Committees. The Board may appoint such Board committees as it deems necessary from time to time to carry out its business affairs. In appointing such committees, the Board will specify their purpose, membership, voting, notice and meeting procedures and such other direction as the Board may deem appropriate. The Board may appoint one or more Members or other persons to participate in Board committees as full voting members or as non-voting advisory members.
- 7.7.4 Standards of Conduct for Board Committee Members. Members of Board committees shall comply with the Board Member Standards of Conduct set forth in Appendix A.

8. Member Committees.

8.1 Purpose.

WECC will have committees composed of its Members to advise and make recommendations to the Board. Such committees will include both standing committees required by these Bylaws and such other committees as the Board may choose to create.

8.2 Standing Committees.

WECC will have the following standing committees:

8.2.1 Member Advisory Committee. This committee is comprised of Member representatives elected by the Member Classes, or subclasses, as set forth herein.

8.2.1.1 The committee shall advise the Board on any matters the Board requests the committee to evaluate or consider; and advise the Board on matters as the committee deems appropriate.

8.2.1.2 The committee's Chair or designee will attend the Board's meetings to provide advice, clarifications or respond to Directors' questions. The Board Chair and committee Chair shall develop guiding principles and procedures as necessary, to ensure open, effective, and efficient dialog between the MAC and Board. Such guiding principles and procedures may be amended by the Board and committee's Chairs.

8.2.2 WECC Standards Committee. This committee will oversee the process for responding to requests for Regional Reliability Standards and Regional Criteria in accordance with the Reliability Standards Development Procedures. The WECC Standards Committee is responsible for determining if a request for a Regional Reliability Standard or a Regional Criteria is within the scope of WECC's activities, and for overseeing the drafting, comment and voting process for a Regional Reliability Standard or Regional Criteria. The WECC Standards Committee shall also oversee the process for responding to requests for interpretations of Regional Reliability Standards and Regional Criteria. The WECC Standards Committee shall consist of one member from each of the WECC Standards Voting Sectors set forth

in the Reliability Standard Development Procedures, and a member of the WECC Board who shall act as chair of this committee. The WECC Board shall approve a Charter for the WECC Standards Committee that describes the WECC Standards Committee membership selection process.

8.2.3 Planning Coordination Committee. This committee will advise and make recommendations to the Board on all matters within the jurisdiction of WECC pertaining to maintaining reliability through evaluating generation and load balance and the adequacy of the physical infrastructure of the interconnected Bulk Electric System within the Western Interconnection.

8.2.4 Operating Committee. This committee will advise and make recommendations to the Board on all matters within the jurisdiction of WECC pertaining to maintaining reliability through the operation and security of the interconnected Bulk Electric System in the Western Interconnection.

8.2.5 Market Interface Committee. This committee will advise and make recommendations to the Board on the development of consistent Market Interface practices and compatible commercial practices within the Western Interconnection. It will consider matters pertaining to the impact of WECC's reliability standards, practices, and procedures on the commercial electricity market in the Western Interconnection, and facilitate analysis of the impact of electricity market practices on electric system reliability.

8.3 Other Committees.

8.3.1 The Board may create such other committees as it may desire from time to time. The Board will specify the functions, duties and responsibilities of any such committee at the time of its creation. The Board will also specify the membership rules, quorum requirements, voting levels and meeting and notice requirements at the time of creation. Any changes in the membership rules, quorum requirements, or voting levels of a committee, once established by the Board, will require a seventy-five percent (75%) vote of the Board to alter. The specific function or sunset date for a committee will be designated by the Board at the time of the committee's creation. The committee will terminate its activities upon the completion of its function or the expiration of the date set by the Board.

8.4 [Repealed]

8.5 Procedures for Member Advisory Committee Decision-Making.

8.5.1 Member Advisory Committee (MAC). The committee shall be comprised of three representatives from each of the five (5) Member Classes, for a total of fifteen (15) members.

- 8.5.1.1 The Board, by resolution, may create up to three additional representative positions on the MAC, to include representation for Entities of the Canadian Provinces of British Columbia, and/or Alberta, and/or the Mexican State of Baja California. The Board resolution shall set forth the terms through which Canadian or Mexican representatives shall be selected and serve.
- 8.5.2 MAC Member Elections. At the Annual Members Meeting, each Member Class shall conduct elections to elect Class member representatives for the committee. As set forth herein, each Class may subdivide into up to three subclasses for purposes of electing a Class' MAC members.
- 8.5.2.1 Committee member terms. Each committee member will serve a three year term. Terms shall be staggered such that one of each Class' representative committee member's terms ends each year. Class committee members may have term limits as determined appropriate by the Class or subclass electing such committee member.
- 8.5.2.2 Subclasses. Each Class will determine the need for diversity within the Class (e.g., geographic, stakeholder issues, etc.) which may lead to the establishment of subclasses. A Class may subdivide into up to three subclasses. Each Class shall determine to establish or discontinue its subclasses, if any, by majority vote of the members in the Class.
- 8.5.2.3 Committee member nominations and elections. Only members of each Class, or subclass, if applicable, may nominate and vote on candidates for election as a MAC member representative for their respective Class or subclass.
- 8.5.2.3.1 A Class or subclass candidate need not be a member of the Class or subclass, neither an employee of a Class or subclass member.
- 8.5.2.3.2 A quorum of a majority of the members of a Class or subclass must be present in order to elect a MAC member for the Class or subclass; election shall be by simple majority of votes cast.
- 8.5.2.3.3 Where there are more candidates for election than positions to fill, absentee ballots shall allow voters to order the candidates by order of preference so that their wishes may be honored in case a runoff is required. Absentee ballots shall be counted in the first ballot based on the top choice, or the top two or three choices if more than one seat is being filled. In any runoff election, absentee ballots shall be counted based on the highest preferences indicated for the candidates who remain in the runoff election.
- 8.5.2.3.4 Other nomination and election procedures, beyond those contained in these bylaws, may be proposed for a Class or

subclass. Contingent upon their approval, by the General Counsel, for their submission to Members, they may be adopted for implementation by majority vote of the Member Class or subclass.

8.5.3 MAC Member Vacancy by Resignation or Removal

8.5.3.1 Resignation. At any time, any MAC member may resign from their position by providing written notice of resignation to the MAC Chair. Such notice shall be effective as of the date the notice is submitted to the MAC chair.

8.5.3.2 Removal. The MAC or the Member Class or subclass which elected a MAC member may remove the MAC member prior to completion of the Mac member's term of office as set forth herein:

8.5.3.2.1 Removal by the MAC. The MAC may remove any MAC member for gross negligence, gross misconduct, violation of local, state, provincial, or federal law, or gross failure to carry out the duties of a MAC member. Such removal will only occur after the affirmative vote of at least two-thirds (2/3) of the MAC members.

8.5.3.2.2 Removal by the Electing Class or Subclass. The electing Member Class or subclass may remove any MAC member representing that respective Class or subclass. Such removal will occur after the affirmative vote of a majority of the Members of the electing Class or subclass.

8.5.3.3 Vacancy. Whenever a MAC vacancy occurs, the MAC Chair shall conduct a proper and effective election, allowing for a reasonable period to select candidates and to organize such an election.

8.5.3.3.1 Whenever a MAC vacancy occurs, the MAC Chair shall, as promptly as feasible, conduct an election consistent with these Bylaws for the Member Class or subclass from which the vacancy arose, allowing for a reasonable period to select candidates and to organize such an election.

8.5.3.3.2 Until an election can be held, the MAC Chair may appoint an interim MAC member to fill the vacancy as may be required to meet the MAC quorum requirements of 8.5.8. The appointee shall serve until an effective election can be held. Any interim appointment must come from Members of the same Class or subclass from which the vacancy arose.

8.5.4 MAC officers. At the Annual Meeting, after incoming MAC members have been duly elected by the Member Classes or subclasses, if applicable, the MAC will elect the MAC Chair and MAC Vice-Chair from the MAC members. The Chair and

Vice-Chair must represent different Classes, and shall serve one year terms, measured from the Annual Meeting to the next Annual Meeting. In the event of the resignation or removal of the Chair or Vice-Chair, the MAC members shall, at their next regular or special meeting, whichever is sooner, elect a new MAC Chair or MAC Vice-Chair, respectively.

8.5.5 MAC Member Duties. All MAC members shall have a duty to represent the interests of their Member Class or subclass. All MAC members shall maintain regular contact with the members of their Member Class as issues are considered by the MAC, and shall make reasonable good faith efforts to present and discuss both majority and minority opinions from their Member Class on matters before the MAC.

8.5.6 Regular and Special Meetings.

8.5.6.1 Regular meetings. All regular business of the MAC shall occur at MAC meetings which are noticed pursuant to Section 8.5.7. The MAC shall meet in person not less than two times per year, including once in conjunction with the Annual Meeting. The MAC shall establish a regular meeting schedule, which will be made available to the Members and Directors electronically, and available to the public through posting on the WECC website.

8.5.6.2 Special Meetings. Whenever the MAC Chair finds, or upon request to the MAC Chair from any five (5) MAC Members, that there is urgent business requiring MAC consideration or action prior to the next regularly scheduled meeting, then a special meeting shall be called with notice given in accordance with Section 8.5.7.

8.5.7 Notice.

8.5.7.1 Regular Meetings. All regular meetings of the MAC shall require at least ten (10) days written notice to the MAC members, the Directors, and the Members. Such notice shall specify the time and place of the meeting, and an agenda of the business to be conducted including those matters upon which a vote will be taken. Notice of regular MAC meetings shall be effective upon electronic distribution, and shall be posted to the WECC website within one (1) business day of electronic distribution.

8.5.7.2 Special Meetings. Any special meetings of the MAC shall require at least ten (10) days written notice to the MAC members, the Directors, and the Members. Such notice shall specify the time and place of the meeting, and an agenda of the business to be conducted, including those matters upon which a vote will be taken. Notice of special MAC meetings shall be effective upon electronic distribution, and shall be posted to the WECC website within one (1) business day of electronic distribution.

- 8.5.8 Quorum. No business shall be conducted by the MAC unless a majority of the MAC members is present, including at least one MAC member from each Member Class which elects MAC members (not including subclass designations).
- 8.5.9 Majority Vote. A decision of the MAC shall be upon a simple majority vote of committee members voting unless otherwise required in other bylaw provisions.
- 8.5.10 Remote Participation at MAC Meetings. Any or all of the MAC members may participate in any meeting of the MAC electronically or by telephone, or by any other means of communications which enables the MAC members to simultaneously hear one another. Every MAC member participating in a meeting in this manner will be deemed to be present in person at the meeting.
- 8.5.11 Reporting to the Board. The MAC Chair, or designee, shall provide a report to the Board at each Board meeting detailing the business carried out by the MAC, and advising the Board of MAC recommendations on matters as set forth in Section 8.2.1 herein. In the event that there are dissenting MAC member opinions regarding a matter on which the MAC is advising or providing recommendations to the Board, the MAC Chair, or designee, shall present dissenting opinions and rationales in conjunction with the respective MAC advice or recommendations.
- 8.5.12 Open Meetings. Except as provided in Section 8.5.13, all regular and special meetings of the MAC will be open to observation by any Member, Director, and/or any member of the public.
- 8.5.13 Closed Session. Notwithstanding the provisions of Section 8.5.12, after a quorum has been established at any MAC meeting and upon an affirmative vote of two-thirds (2/3) of the MAC members present, the MAC may close an open meeting and reconvene in closed session in the following instances: (1) to receive and/or discuss confidential attorney-client privileged information from WECC's counsel; or (2) to receive and discuss any other information which is privileged, confidential, proprietary, trade secret, or otherwise protected from public disclosure by law.
- 8.5.13.1 Attendance by an Affected MAC Member. Closed sessions of the MAC may not be attended by a MAC member under the following circumstances: (1) when the qualification or performance of the MAC member is being discussed; (2) when the MAC member is employed by an entity that is or is likely to become a party to the litigation or legal issue being discussed; or (3) when the MAC Chair determines that the MAC member would have a conflict of interest by becoming privy to the privileged or confidential information that is to be presented to or discussed by the MAC in closed session.

8.5.13.2 Attendance by Directors. Any member of the Board may attend a closed session of the MAC unless the topic considered by the MAC concerns the Director.

8.5.13.3 Announcement and Adjournment of Closed Session. Prior to adjourning to a closed session, the MAC Chair will announce the purpose of the closed session in a manner that provides the public an understanding of the general subject matter to be discussed, but which does not reveal privileged, confidential or otherwise sensitive personal information. The closed session then shall be limited in scope to the publicly stated purpose of the closed session. After the closed session has ended, the MAC Chair shall provide the public a general description of the business conducted during the closed session, without breaching the confidentiality of the information used in the session.

8.5.13.4 Confidentiality of Closed Session. All MAC members and any others present at a closed session shall maintain the confidentiality of the information, discussions, and decisions made in closed session. Unless otherwise required, all MAC members and closed session attendees shall execute an appropriate confidentiality agreement provided by WECC's General Counsel. The MAC Chair will appoint a secretary for the closed session to take minutes of the closed session, which shall be delivered to the WECC Corporate Secretary. Minutes of the closed session will be maintained confidential by the Corporate Secretary.

8.5.14 MAC Committees. The MAC may appoint such subcommittees and work groups as it deems necessary from time to time to carry out its business affairs. In appointing such subcommittees or work groups, the MAC will specify, in a charter, their purpose, membership, voting, notice and meeting procedures, and other such direction as the MAC deems appropriate. The MAC may appoint one or more MAC members or other persons to participate in MAC subcommittees or work groups as full voting members or as non-voting advisory members.

8.5.15 MAC meetings and activities will be self-funded by Members with respect to labor and travel expenses. However, WECC and WECC staff will provide facilitation and coordination support, including payment for the expenses of meeting facilities. A MAC member may seek reimbursement, from WECC, for reasonable and actual travel expenses arising from attendance at MAC meetings, consistent with WECC employee travel expense reimbursements, where such MAC member's travel expenses are not reimbursed by any Member or other source.

8.6 Procedures for Committees other than the Member Advisory Committee.

8.6.1 Reports to Board of Directors. Action by a committee will be in the form of a recommendation for Board action except in those instances in which the Board has, by resolution, specifically delegated to a committee the power to take action subject

to an appeal to the Board by any Member. The recommendation of a committee must be forwarded to the Board for its action along with any minority or dissenting reports filed with the committee Chair or Vice-Chair.

- 8.6.2 Subcommittees, Task Forces and Ad Hoc Groups. Any Board or member committee may create such subcommittees, task forces or other ad hoc groups (“subcommittee”) as it deems appropriate to carry out the committee’s responsibilities consistent with these Bylaws and the direction of the Board. The composition, responsibilities and procedures of such groups shall be specified by the committee as appropriate; provided, however that: 1) the committee may only delegate to such subcommittee responsibilities that are within the scope of the committee’s responsibilities pursuant to these Bylaws and direction of the Board; and 2) the subcommittee may only make recommendations to the committee. A committee may create a subcommittee without prior approval of the Board; provided, however, that the committee shall promptly inform the Board in writing and at the next Board meeting regarding the creation of the subcommittee. The notification to the Board shall include a charter for the subcommittee that describes how members of the subcommittee will be selected, the duties of the subcommittee, and whether the committee has established a sunset date for review of (1) the need for the subcommittee and (2) the charter of the subcommittee.
- 8.6.3 Committee Officers. The Board will appoint the Chair and Vice-Chair of each committee. The Committee Chair or Vice-Chair will preside over all meetings of the committee and will report recommendations of the committee to the Board of Directors. The Chair and Vice-Chair will be responsible for informing the Board regarding minority opinions and other information required by the Board along with overall committee recommendations. Whenever the committee elects to form a subcommittee to represent regions or address specific tasks, the Chair (or in the absence of the Chair, the Vice-Chair) will have the power to appoint the members of such subcommittee from both members of the committees and non-members. Upon resignation of the Committee Chair, the Vice Chair shall serve as Chair until the Board appoints a replacement. Upon resignation of the Vice Chair, the Chair may appoint a temporary Vice Chair to serve until the Board appoints a replacement. Upon resignation of both the Chair and Vice Chair, the Chair of the Board may appoint one or more temporary replacements to serve until the Board appoints permanent replacements.
- 8.6.4 Committee Membership. Except as provided in Sections 8.2.2 and 8.6.4.1, any Member of WECC may designate one representative as its committee member to any standing committee or other committee. The WECC Member will have one vote at any committee meeting through that committee member. Any number of other persons may attend a committee meeting, but such persons will have no right to vote without a prior designation of representation by a WECC Member.

8.6.4.1 Dual Representation for Functionally-Separated Members. A Member which has distinct and functionally-separated interests as both a

transmission provider and a transmission customer may designate two representatives as committee members to any standing committee, one to represent each functionally separate interest. Each such committee member will have one vote. The privilege granted by this Section is subject to revocation by the Board on a case-by-case basis or generally whenever the Board finds, upon petition from any Member or its own motion, that such dual representation creates unfairness or imbalance within a committee.

8.6.5 Committee Voting and Classes.

8.6.5.1 Classes. For purposes of voting, committees, excluding the WECC Standards Committee and the Member Advisory Committee, will have three classes of membership:

8.6.5.1.1 Transmission Provider Members;

8.6.5.1.2 Transmission Customer Members; and

8.6.5.1.3 States and Provincial Members (Member Class 5).

8.6.5.2 Voting. Except as provided in Section 4.5.2, each committee member will have one vote. In order for a recommendation to be made to the Board, such recommendation must receive a simple majority vote of both: 1) committee members present and voting from the Transmission Provider Class; and 2) committee members present and voting from Transmission Customer Class. The Board will adopt voting and record-keeping procedures to ensure that committee voting is conducted consistent with these Bylaws. This requirement will also apply where decision making power has been delegated to a committee pursuant to Section 6.9.1.

8.6.5.2.1 State and Provincial Votes. The position of the state and provincial Class committee members must be recorded, but the failure of a proposed recommendation or decision to obtain a simple majority vote of the state and provincial committee members will not prevent the recommendation or decision from being posted for due process comment or sent to the Board of Directors.

8.6.6 Notice and Review of Committee Recommendations and Decisions (Due Process). Committee recommendations or decisions delegated to a committee pursuant to Section 6.9.1 will be subject to the due process provisions of this Section. Following a committee's development of a proposed recommendation or decision, the committee will post the proposed recommendation or decision on the WECC website for review and comment by other WECC Members, and other interested parties. The committee will provide all Members e-mail notification of the posting and will allow at least thirty (30) days for comment on the proposal. The committee

will consider all such additional input before reaching its final recommendation or decision. If the committee's recommendation or decision changes significantly as a result of comment received, the committee will post the revised recommendation or decision on the website, provide e-mail notification to Members and provide no less than ten (10) days for additional comment before reaching its final recommendation or decision. Upon reaching its final recommendation or decision, the committee will forward it to the Board. Whenever it determines that a matter requires an urgent decision, the Board may shorten any time period set forth in this Section, provided that: 1) notice and opportunity for comment on recommendations or decisions will be reasonable under the circumstances; and 2) notices to Members will always contain clear notification of the procedures and deadlines for comment.

8.7 Procedures for Developing and Voting on Reliability Standards.

8.7.1 Rights and Obligations of WECC Members and Participating Stakeholders. All WECC Members and Participating stakeholders are entitled to participate in the development of and to vote on Reliability Standards, Regional Criteria or revisions, subject to any applicable obligations, limitations and conditions set forth in these Bylaws, and in accordance with the WECC Reliability Standards Development Procedures.

8.7.1.1 Participation. The right to participate in Reliability Standards and Regional Criteria development and voting includes the right to request the development or revision of a Reliability Standard, the right to receive notice of, attend and participate in related WECC discussions, the right to review information relevant to a Reliability Standard or revision, the right to provide written comments on a proposed Reliability Standard, Regional Criteria, or revision, the right to participate in voting on a Reliability Standard, Regional Criteria, or revision and the right to file an appeal requesting review of any decision on a Reliability Standard, Regional Criteria, or revision.

8.7.2 Voting. The procedures and conditions for voting by WECC Members and Participating Stakeholders are set forth in the Reliability Standards Development Procedures.

8.7.3 Board Authority to Address Regulatory Directives. The Board shall have backstop authority to address regulatory directives as described in the Reliability Standards Development Procedures.

8.7.4 Participating Stakeholder Application Process. Any person or entity that is an interested stakeholder may apply to WECC for Participating Stakeholder status and, upon WECC's acceptance of such application, acquire the participation and voting rights set forth above in Section 8.7.1. WECC staff, under the direction of the CEO, will process applications and make the initial determination of eligibility for Participating Stakeholder status. Denial of Participating Stakeholder status may

be appealed to the WECC Governance Committee and, if denied by the Governance Committee, to the WECC Board. A person or entity's Participating Stakeholder status will be maintained so long as the Participating Stakeholder continues to meet the requirements set forth in Section 3.24 and participates in at least one WECC meeting per year at which a Reliability Standard or revision is discussed. In the event a person or entity's Participating Stakeholder status lapses due to failure to meet the above minimum participation requirement, the person or entity may restore Participating Stakeholder status by re-applying for Participating Stakeholder status and attending a WECC meeting at which a Reliability Standard is discussed.

8.7.5 WECC Standards Voting Sectors. WECC staff shall confirm eligibility for the WECC Standards Voting Sectors set forth in the Reliability Standards Development Procedures. Decisions of the staff to approve, deny, or restrict the admission of an entity to a voting sector may be appealed to the Governance Committee. Decisions of the Governance Committee to affirm or reverse such decisions of staff may be appealed to the Board.

8.7.6 WECC staff shall require Ballot Body members to identify their affiliations with other Ballot Body members. Affiliates within a single Standards Voting Sector may only have one vote in that Standards Voting Sector. Affiliates within a single Standards Voting Sector must designate a single Affiliate as the group's Ballot Pool member to vote in that Standards Voting Sector.

8.8 Notice of Committee Meetings.

8.8.1 Standing Committees. The committee Chair, with the assistance of the Chief Executive Officer, will ensure that not less than ten (10) days' notice of all standing committee meetings is posted on the WECC website and is also provided to: 1) members of the committee; 2) Participating Stakeholders (if the meeting concerns development or approval of a Reliability Standard or revision); and 3) any WECC Member or member of the public requesting notice. A committee may take up any matter at a duly noticed meeting including matters not expressly identified in the notice; provided, however, that a final recommendation to the Board must be made in accordance with Section 8.6.1.

8.8.2 Other Committees. Notice of other committee meetings will be provided in the manner adopted for such notice by the affected Members and in accordance with the requirements of Section 8.8.1.

8.9 Open Meetings.

All committee meetings of WECC will be open to any WECC Member, Director and for observation by any member of the public, except as set forth in these bylaws or in policies on closed sessions that the Board may adopt for the purpose of preventing public disclosure of information that the Board might more appropriately discuss in closed session.

9. The Chief Executive Officer, Officers, and Employees.

9.1 Designation of Officers and Terms of Office.

WECC will have a Chief Executive Officer, a Secretary, and any other officers specified by the Board from time to time. The Chief Executive Officer will also hold the title of President of WECC if applicable law requires WECC to have a President. Each officer will be appointed by the Board and will serve for the term of office specified in the Board action appointing the officer and until his or her successor is appointed. Any two or more offices may be held by the same person except the offices of Chief Executive Officer and Secretary.

9.2 Chief Executive Officer Qualifications.

The Chief Executive Officer will be a person with senior management level experience and knowledge of bulk power electric transmission systems reliability, planning and operations.

9.3 Standards Applicable to All Employees.

A person may not be an officer or employee of WECC if: 1) the person is also the employee of or has a contractual relationship with any Entity, or any Affiliate of any Entity, that is eligible for membership in WECC; or 2) the person has a financial interest that, in the judgment of the Board or the Chief Executive Officer, creates the fact or appearance of bias, undue influence or lack of objectivity regarding any action or decision of WECC. The Board will adopt Standards of Conduct for officers and employees setting forth their duty of care, duty of loyalty, duty to avoid conflicts of interest and related matters intended to promote their neutrality, objectivity and professionalism. Upon adoption, such standards shall be attached hereto as Appendix B.

9.3.1 Exemptions from the disqualification criteria found in Section 9.3 are as follows:

9.3.1.1 Status as a residential electricity customer will not disqualify a person from employment with WECC.

9.3.1.2 A candidate for Chief Executive Officer or employee of WECC will not be disqualified for owning shares in a mutual fund because the mutual fund owns an interest in a Member or an Affiliate of a Member.

9.3.1.3 The disqualification standards described in Section 9.3 will not apply to disqualify a candidate who is receiving payments from a pension plan of a Member or an Affiliate of a Member in a form other than securities of such Member or Affiliate if the pension plan payments bear no relationship to the economic performance of the Member or Affiliate.

9.3.2 If an officer or employee receives a gift or inheritance of securities in any Member or Affiliate, he/she must resign or dispose of such securities within six (6) months of the date of receipt. Within six (6) months of the time a new Member is added in which an officer or employee owns securities, the officer or employee will resign or dispose of those securities.

9.4 Employment.

The Chief Executive Officer will be employed by the Board of Directors and will serve at the Board's pleasure. Any contract of employment with a Chief Executive Officer will permit the Board to dismiss the officer with or without cause.

9.5 Chief Executive Officer's Duties.

Subject to the Board's direction, the Chief Executive Officer or his/her designees will have the following duties, among others:

- 9.5.1 Execute policies at the direction of the Board and be responsible to the Board for the performance of the WECC functions described in Section 2;
- 9.5.2 Hire and fire staff within the constraints of the annual budget;
- 9.5.3 Perform administrative duties, such as preparing annual budgets for the approval of the Board, making employment decisions and ensuring conformance with regulatory requirements;
- 9.5.4 Develop and implement employment policies and standards of conduct; and
- 9.5.5 Accept or reject membership applications in accordance with the criteria of these Bylaws.

9.6 Secretary's Duties.

- 9.6.1 Maintain Member and Affiliates Lists. The Secretary will maintain continuously updated lists of all Members and Affiliates.
- 9.6.2 Maintain Official Records. The Secretary will keep minutes of all WECC Board and Member meetings and will receive and maintain minutes of committee meetings and all other official records of WECC. Within five (5) business days after any vote taken by Members, the Board, a Class or any committee, the Secretary will provide notice to all Members and Participating Stakeholders (if applicable) of the results of such a vote through postings on the website, email and/or other means of communication.
- 9.6.3 Maintain Website. The Secretary will oversee the creation, maintenance, and updating of the WECC's website and the information published through it.

10. Dispute Resolution.

Except as may be otherwise provided herein, and subject to the conditions set forth in Appendix C, Section A.1, disputes between Members and/or WECC will be resolved pursuant to the WECC Dispute Resolution Procedures set forth in Appendix C. Matters subject to the jurisdiction of the WECC Compliance Hearing Body are not subject to the procedures in Appendix C.

11. Costs and Finances.

11.1 Funding of Reliability Activities.

11.1.1 U.S. Statutory Funding. WECC shall fund all activities undertaken pursuant to Section 215 of the Federal Power Act in accordance with the funding provisions and procedures of that law and related FERC regulations and orders. The Board shall approve a budget for such activities in time for submission to the ERO and to the FERC for approval of such funding in accordance with applicable requirements.

11.1.2 International Funding. WECC shall fund reliability activities undertaken in accordance with any agreements it enters into with Canadian or Mexican Entities. Specifically:

(a) Subject to (b), in the event that a Canadian or Mexican Entity seeks membership in the WECC, that Entity may elect to negotiate an agreement with WECC that provides the terms upon which that Entity will become a Member and, among other things, participate in and/or fund WECC. In such a case and unless agreed otherwise, the Canadian or Mexican Entity shall not be a Member of WECC and shall not have an obligation to fund activities undertaken by the WECC until the terms of such agreement are executed.

(b) Section 11.1.2(a) shall not apply to any Canadian or Mexican Entity that is a Member as of the date of the approval of these WECC Bylaws. Existing Canadian or Mexican Members shall continue as Members in accordance with the terms and conditions of their membership as of the date of the approval of the WECC Bylaws, including the terms and conditions of any agreements in place as of the date of the approval of these WECC Bylaws. Nothing in the Section precludes existing Canadian or Mexican Members from negotiating an agreement with WECC that modifies the terms of its participation in and funding of WECC at any time.

11.1.3 Equitable Allocation of Funding. In adopting budgets for the costs of reliability activities, the Board shall endeavor to achieve an equitable allocation as between funding through Sections 11.1.1 and 11.1.2 based upon the net energy to load and other relevant factors consistent with applicable law, the Delegation Agreement and any International Reliability Agreements.

11.2 Dues.

The Board may require Members and Participating Stakeholders to pay nominal annual dues consistent with applicable FERC requirements (or those of International Reliability Agreements as applicable) to cover reasonable costs of membership and/or participation in standards development that are not funded through Sections 11.1.1 or 11.1.2. Initial dues of a Member or Participating Stakeholder will be submitted with a completed application for membership or Participating Stakeholder status and will be for the prorated share of the full annual amount based on the Member's or Participating Stakeholder's actual months of membership or participation in the calendar year. In determining nominal dues, the Board

may consider all relevant factors including, but not limited to, the ability of different classes of membership or Participating Stakeholders to pay such dues. The Board may also reduce, defer or eliminate the dues obligation of an individual Member or Participating Stakeholder for good cause shown.

11.3 Funding of Non-Statutory Activities.

To the extent that WECC elects to fund any activities not eligible for funding pursuant to Sections 11.1.1 and 11.1.2, it shall do so through the use of service fees, charges or dues applicable to the persons or entities that voluntarily participate in such activities. Participation in or funding of such activities shall not be a condition of membership in WECC.

12. Amendments to these Bylaws.

These Bylaws may be amended by either the Board or by the Members in accordance with the following procedures.

12.1 Amendment by the Board.

Except for those provisions described below, the Board may approve an amendment of the Bylaws after providing not less than thirty (30) days' notice of the proposed amendment to all Members. Approval of such an amendment requires the affirmative votes of not less than two-thirds (2/3) of the Directors in office. Such amendment will become effective sixty (60) days after its approval by the Board (1) unless the vote is appealed to the Members prior to the sixtieth day, or (2) subsequent regulatory approval is required. A Member appeal shall be sufficient to hold implementation of an amendment if a majority of any Class files a petition with the Secretary seeking appeal of such amendment. If such an appeal is received, the membership will vote on whether to rescind the Board approved amendment at the next Annual Meeting unless the Board calls a special meeting of the Members beforehand. An appeal will only be successful if a majority of all Members and a majority (three of five) of Member Classes vote to rescind the amendment. If the appeal vote is not successful, then the amendment will be deemed approved as of the day of the failed Membership vote. If subsequent regulatory approval is required for the amendment, then the amendment shall be effective upon the effective date of such approval.

12.1.1 Notwithstanding the foregoing, both Board and Member approval is required to amend provisions of these Bylaws concerning Sections 1.1 and 1.2; Section 4.2; Sections 6.2 through 6.8, inclusive; Section 7.2; Section 10; Sections 12.1 through 12.4, inclusive; Appendix C, and any other sections as may be required by Utah law. In such case, the Board shall first vote on the proposed amendment. If approved by the Board by the majority specified in Section 12.1 necessary to attain Board approval, the amendment must then be noticed to Members at least sixty (60) days prior to the Annual Meeting or a Special Member Meeting at which the Member vote will occur. The amendment will then be approved if approved by two thirds (2/3) or more of the Members who vote upon such amendment.

12.2 Amendment by the Members.

Upon petition filed with the Secretary by any Member or Director, at any Annual Meeting the Members may amend any provision of these Bylaws; provided: 1) the proposed amendment has first been presented to the Board and not adopted (this provision will not apply to amendments which the Board is prohibited from adopting); 2) Members have received not less than sixty (60) days' notice of the proposed amendment, the reasons there for and a statement of the Board's position regarding it; and 3) the amendment receives the affirmative votes of not less than two-thirds (2/3) of all Members and a majority of Member Classes.

12.3 Amendments in Response to Mandatory Membership.

If at any time, pursuant to legislation or otherwise, membership becomes mandatory for some or all Members, upon the request of the affected Member(s) the Board will consider amendments to these Bylaws appropriate to such mandatory membership.

12.4 Amendments proposed by FERC.

FERC, upon its own motion or upon complaint, may propose an amendment to these Bylaws pursuant to 18 C.F.R. § 39.10(b).

13. Termination of Organization.

WECC may be terminated upon a vote of a majority of the Members in accordance with the provisions of Utah law, the Federal Power Act and the requirements of the Delegation Agreement and applicable International Reliability Agreements. Immediately upon such a vote, the Board will, after paying all debts of WECC, distribute any remaining assets in accordance with the requirements of Utah law, the Internal Revenue Code and these Bylaws.

14. Miscellaneous Provisions.

14.1 Limitation on Liability.

It is the express intent, understanding and agreement of the Members that the remedies for nonperformance expressly included in Section 4.8 hereof shall be the sole and exclusive remedies available hereunder for any nonperformance of obligations under these Bylaws. Subject to any applicable state or federal law which may specifically limit a Member's ability to limit its liability, no Member, its directors, members of its governing bodies, officers or employees shall be liable to any other Member or Members or to third parties for any loss or damage to property, loss of earnings or revenues, personal injury, or any other direct, indirect, or consequential damages or injury which may occur or result from the performance or nonperformance of these Bylaws, including any negligence, gross negligence, or willful misconduct arising hereunder. This Section 14.1 of these Bylaws applies to such liability as might arise between Members under these Bylaws. This Section 14.1 does not apply to parties to the Agreement Limiting Liability Among Western Interconnected Systems ("WIS Agreement") with respect to matters covered by the WIS Agreement and does not apply to any liability provision in any other agreement.

14.2 Indemnification.

WECC shall indemnify and hold harmless its Directors, officers, employees, agents and advisors against any and all damages, losses, fines, costs and expenses (including attorneys' fees and disbursements), resulting from or relating to, in any way, any claim,

action, proceeding or investigation, instituted or threatened, arising out of or in any way relating to any action taken or omitted to have been taken (or alleged to have been taken or omitted to have been taken) by such person in connection with actions on behalf of WECC, and against any and all damages, losses, fines, costs and expenses (including attorneys' fees and disbursements) incurred in connection with any settlement of any such claim, action, proceeding or investigation unless such action of such person is determined to constitute fraud, gross negligence, bad faith or willful misconduct with respect to the matter or matters as to which indemnity is sought.

14.3 No Third Party Beneficiaries.

Nothing in these Bylaws shall be construed to create any duty to, any standard of care with reference to or any liability to any third party.

14.4 Informal Inquiries for Information.

Nothing in these Bylaws shall preclude: 1) a Member from making an informal inquiry for information outside of the procedures outlined in Section 4.6.11 hereof to another Member and 2) that other Member from responding voluntarily to that informal inquiry, provided, however, that any such response to an informal inquiry for information shall not be binding upon that other Member and shall be used by the Member making the informal inquiry for informational purposes only.

15. Incorporation.

WECC shall organize itself as a non-profit corporation pursuant to the laws of the state of Utah regarding non-profit corporations under the name "Western Electricity Coordinating Council." All Members agree to take no actions that would contravene the ability of WECC to maintain its status as a non-profit corporation existing pursuant to the Utah Act. The Board shall adopt these Bylaws as the Bylaws of WECC as a non-profit corporation.

WECC is intended to qualify as an organization described in Section 501(c)(4) of the Internal Revenue Code. No part of any net earnings of WECC shall inure to the benefit of any Member or individual. Upon liquidation, to the extent consistent with the Internal Revenue Code and Utah law, any monies remaining from assessments paid by Members for the costs of WECC shall be rebated to Members in proportion to their payments. Any remaining assets of WECC shall be transferred to another organization exempt from tax under Section 501(a) of the Internal Revenue Code, or government agency, promoting the same purposes as WECC, as designated by the Board.

16. Governing Law.

Unless otherwise agreed, if any conflict of law arises under these Bylaws among the Members, the laws of the United States of America shall govern, as applicable. The venue for any legal action initiated under these Bylaws shall be the city and state (or province) in which the headquarters of WECC is located.

17. WECC Transition

The provisions of this Section shall apply to that period of time and activities associated with the transition of WECC from a hybrid Board of Directors to an independent Board of Directors with a

Member Advisory Committee.

17.1 Board of Directors transition.

17.1.1 The transition of WECC governance from a hybrid Board to an independent Board of Directors will be effective upon the effective date of Federal Energy Regulatory Commission approval of Section 6.1 establishing an independent Board (“Effective Date”). The non-affiliated directors of WECC, whose terms extend past the Effective Date, so willing to continue to serve, shall form part of the initial cadre of independent Directors. These continuing Directors shall be entitled to serve the remainder of their respective three-year terms of office.

17.2 Transition Exceptions

The nomination, election and term of additional independent Directors shall be in conformance with the requirements of these bylaws, as amended, except:

17.2.1 The requirement that the Nominating Committee notify the Board Chair of the committee’s nominations sixty (60) days prior to an Annual Meeting shall not apply.

17.2.2 Appointments of Member Advisory Committee members to the Nominating Committee shall be made such that no one class can occupy more than one seat at a time and cannot have a representative on the committee more than two years in a row.

17.2.3 Director positions of non-affiliated directors of WECC, whose terms extend beyond the Effective Date, but whose directors resign or indicate they will resign prior to the Effective Date, will be filled through the same nomination and election process used to select additional independent directors as provided above.

17.2.4 Those Directors first elected as a result of this transition from a hybrid to an independent Board will draw lots to determine their term length determined to achieve the staggered terms required by Section 6.3.

17.2.5 The nomination and election of a number of additional Directors needed to seat the entire Independent Board as described in section 6.4 as of the Effective Date may occur prior to the Effective Date. While the nomination and election of an individual to a director position may occur prior to the Effective Date, such nomination and election shall have the full force and effect of these bylaws after the Effective Date.

17.3 Member Advisory Committee transition

17.3.1 Initial Formation. When there is a meeting where Members vote to amend the WECC bylaws to provide for a Member Advisory Committee (MAC), the MAC

will initially be constituted through elections conducted in conjunction with the same meeting.

- 17.3.2 Election of the initial MAC member representatives shall be as provided in these bylaws, as amended, except:
- 17.3.3 Where what had been the Class Seven membership category is combined with the Class Three membership category, Class Seven Members will indicate, prior to the meeting, whether they intend to continue participation in WECC as a member of the newly combined Class Three category. Entities so indicating will be considered members of Class Three for purposes of the initial formation of the MAC and shall be entitled to participate in elections for Class Three member representatives of the MAC.
- 17.3.4 Member Classes will not be allowed to subdivide into subclasses for purposes of electing class representative MAC members at the meeting where the MAC is initially formed and where initial MAC member elections are conducted.
- 17.3.5 The terms of each Class' three (3) initial Class representative members on the MAC shall be allocated, by the drawing of lots, such that the intended staggered terms for MAC members will be obtained, with one of a Class' initial MAC member representatives serving an initial term of one year, another two years, and another three years.

APPENDICES

- A. Board Member Standards of Conduct
- B. Officers and Employees Standards of Conduct
- C. WECC Dispute Resolution Procedures

Appendix A
Standards of Conduct for
Members of the WECC Board of Directors

By accepting appointment to the Board of Directors (the “Board”) of the Western Electricity Coordinating Council (“WECC”), a Director agrees to abide by the duties required of corporate directors and trustees. Utah law (and similar law in other states) imposes quasi-fiduciary duties of care and loyalty on all corporate directors or trustees, including directors and trustees of nonprofit corporations. For as long as he or she remains a member of the Board of Directors of WECC, a Director will abide by the following standards of conduct.

- I. Duty of care. The Directors of a corporation are bound to use due care and to be diligent in respect to the management and administration of the affairs of the corporation. This duty of care is generally thought to have two components: the time and attention devoted to corporate affairs and the skill and judgment reflected in business decisions.
 - A. Each Director will regularly attend Board of Directors meetings, digest the materials sent to him or her, participate in Board discussions and make independent inquiries as needed.
 - B. In voting on any matter before the Board or otherwise acting in his or her capacity as a Director, each Director will:
 1. make reasonable inquiry to inform himself or herself of the nature and consequences of the matter or action at issue;
 2. exercise, at a minimum, the degree of care, skill, and diligence that an ordinarily prudent business person would exercise under similar circumstances; and
 3. act in a manner the Director, in the exercise of his or her independent judgment, believes to be in the best interests of WECC and the membership of WECC, taken as a whole.
 - C. In exercising the duty of care described in paragraphs IA and B above, a Director has the right to rely on statements by the persons immediately in charge of business areas of WECC, to rely on professionals and experts (such as engineers, accountants and lawyers) and to rely on committees of WECC, unless facts or circumstances appear which would prompt further concerns of the ordinarily prudent person.
- II. Duty of loyalty. The duty of loyalty imposes on a Director the obligation to remain loyal to WECC, acting at all times in the best interests of WECC and its Members as a whole and unhampered by any personal pecuniary gain. This duty does not preclude a Director from being employed in a competing or related business so long as the Director acts in good faith and does not interfere with the business of WECC.
 - A. Each Director will carry out his or her duties as a Director in good faith.

- B. Each Director will refrain from using any influence, access, or information gained through his or her service as a Director to confer any improper personal benefit (financial or otherwise) upon himself or herself, any family member, or any person living in the Director's household.
- C. Each Director will refrain from using any influence, access, or information gained through his or her service as a Director to confer an improper benefit (financial or otherwise) on any organization:
 - 1. for which the Director serves as an officer, director, employee, consultant, or in any other compensated or management position; or
 - 2. in which the Director or any family member or person living in the Director's household has a material financial interest (whether as a shareholder, partner, or otherwise).
- D. To the extent permitted by law, each Director will maintain the confidentiality of:
 - 1. any confidential or proprietary information of WECC disclosed or available to the Director;
 - 2. any confidential or proprietary information of WECC Member(s) to which the Director has access by virtue of his or her status as Director; and
 - 3. any confidential or proprietary information of third parties that has been provided to WECC or the Board on condition of confidentiality.
- E. Conflicts of Interest. Because conflicts of interest may arise from time to time, specific guidelines are provided. In general, conflicts of interest involving a Director are not inherently illegal nor are they to be regarded as a reflection on the integrity of the Board or of the Director. It is the manner in which the Director and the Board deal with a disclosed conflict that determines the propriety of the transaction.

Directors of nonprofit corporations may have interests in conflict with those of the corporation. The duty of loyalty requires that a Director be conscious of the potential for such conflicts and act with candor and care in dealing with these situations.

The following are guidelines for Directors with actual or potential conflicts of interest:

- 1. Each Director has a responsibility to recognize potential conflicts of interest and to be guided when acting as a Director by his or her independent judgment of what is in the best interests of WECC and the membership of WECC, taken as a whole. If any Director has questions about whether a conflict of interest exists, he or she may make inquiry to the Chief Executive Officer of WECC for advice.

2. Potential conflicts of interest may arise because of a Director's private, individual interests (personal conflicts of interest) or because of relationships the Director may have with other organizations or interest groups (organizational conflicts of interest). Current or past employment or other compensation-based relationships with one or more WECC Members are examples of potential organizational conflicts of interest. Whether a potential conflict of interest is personal or organizational, in all cases involving WECC affairs a Director's conflicting interests are subordinate to those of WECC and the membership of WECC, taken as a whole.
3. Personal conflicts of interest.
 - a. Personal conflicts of interest exist if a Director, a member of the Director's family, or a person sharing the Director's household: 1) has a material financial interest in a matter or transaction that comes before the Board for action; or 2) stands to receive a benefit (in money, property, or services) from a transaction involving WECC to which the person is not legally entitled.
 - b. In cases of personal conflicts of interest, the affected Director's obligations are to:
 - (1) disclose to the Board, before the Board acts with respect to that matter, the material facts concerning the Director's personal conflict of interest; and
 - (2) refrain from voting, and from attempting to influence the vote of any other Director(s), in those matters in which the Director has a personal conflict of interest.
4. Organizational conflicts of interest.
 - a. An organization has a "direct" conflict of interest if a decision by the Board would confer material benefits on that organization that other WECC Members would not share, or impose material detriments or costs on that organization that other WECC Members would not share. The fact that many if not all Members are affected to some extent by Board decisions on core issues such as standards, new transmission lines and their ratings, does not create or constitute a "direct" conflict of interest.
 - b. It is not a "direct" conflict of interest for a Director to be associated with an organization or an interest group that may stand to benefit from decisions made or actions taken by the Board, so long as the Director does not attempt to use his or her position as a Director to confer special benefits on associated organizations or interest groups when other WECC Members would not share in those benefits.

- c. In cases of potential “direct” organizational conflicts of interest, the affected Director’s obligations are to:
- (1) disclose to the Board, before the Board acts with respect to the matter, the material facts concerning the organizational conflict of interest; and
 - (2) refrain from voting and from attempting to influence the vote of any other Director(s) with respect to the proposed action or decision.

Appendix B Officers and Employee Standards of Conduct

By accepting employment with the Western Electricity Coordinating Council (“WECC”), an Employee agrees to abide by these Standards of Conduct. For the purpose of these Standards, an Employee includes each and all officers, employees and substantially full-time consultants and contractors of WECC.

- I. Duty of care. The Employees of WECC are bound to use due care and to be diligent in respect to the management and administration of the affairs of the corporation. This duty of care is generally thought to have two components: the time and attention devoted to corporate affairs and the skill and judgment reflected in business decisions.

Employees shall not have any outside employment that limits in any way their ability to fulfill their employment responsibilities to WECC. If an Employee has any question about whether outside employment is consistent with this standard, they should consult with their supervisor.

- II. Duty of loyalty. The duty of loyalty imposes on an Employee the obligation to remain loyal to the WECC, acting at all times in the best interests of WECC and its Members as a whole and unhampered by any personal pecuniary gain. WECC expects all Employees to avoid adversely affecting the public’s confidence in the integrity and reputation of WECC. Any conduct or activities of any Employee should be capable of being justified and withstanding public scrutiny.
- A. Each Employee will carry out his or her duties as an Employee in good faith, with integrity and in a manner consistent with these Standards and all applicable laws governing WECC.
- B. Each Employee will refrain from using, or creating the appearance of using, any influence, access, or information gained through his or her service as an Employee to confer any improper personal benefit (financial or otherwise) upon himself or herself, or Family Member.¹ Employees shall not accept gifts or entertainment that would tend to affect, or give the appearance of affecting, the performance of their duties; provided, however, that Employees may accept de minimus food or entertainment or non-cash gifts received as part of a social or special occasion in amounts not to exceed \$1000 per source per year.
- C. Each Employee will refrain from using, or creating the appearance of using, any influence, access, funds or information gained through his or her service as an Employee to confer an improper benefit (financial or otherwise) on any organization. The obligation to avoid the appearance of impropriety shall apply in particular to any organization:

¹ For purposes of these Standards, a Family Member includes a spouse, domestic partner, child of the Employee, or a relative living in the same home as the Employee.

1. for which the Employee is serving or has in the past served as an officer, director, employee, consultant, or in any other compensated or management position; or
 2. in which the Employee, or Family Member has a material financial interest known to the Employee (whether as a shareholder, partner, or otherwise).
- D. Employees shall not use their WECC position, WECC funds or WECC resources to support any political party, candidate or proposition except as expressly authorized by the Board.
- E. To the extent permitted by law, each Employee shall maintain the confidentiality of:
1. any confidential or proprietary information of WECC disclosed or available to the Employee;
 2. any confidential or proprietary information of WECC Member(s) to which the Employee has access by virtue of his or her status as Employee; and
 3. any confidential or proprietary information of third parties that has been provided to WECC or the Board on condition of confidentiality.
- F. Conflicts of Interest. The following conflicts of interest policy shall apply to all WECC Employees. Conflicts of interest may arise from time to time. In general, conflicts of interest involving an Employee are not inherently illegal, nor are they to be regarded as a reflection on the integrity of WECC or of the Employee. It is the manner in which the Employee and WECC deal with a disclosed conflict that determines the propriety of the transaction. The following are guidelines for Employees with actual or potential conflicts of interest:
1. In general, personal conflicts of interest exist if an Employee, or a Family Member, has a material financial interest in a matter or transaction that comes before WECC for action, or stands to receive a benefit (in money, property, or services) from a transaction involving WECC to which the person is not legally entitled. For purposes of determining whether stock constitutes a material financial interest, see Paragraph F(6) below.
 2. Organizational conflicts of interest exist if an Employee, or a Family Member, has a relationship with an organization or interest group that would cause a reasonable person to believe such Employee's judgment, loyalty, or objectivity might be influenced in a way that is adverse to the interests of WECC.
 3. Where there is any question about potential conflicts of interest, the Employee shall disclose to the Chief Executive Officer as soon as possible and prior to when WECC takes action with respect to that matter, the material facts concerning the Employee's personal conflict of interest, and refrain from participating in, or from

attempting to influence the action of any Directors or Employee(s) of WECC regarding those matters in which the Employee has a conflict of interest.

4. No Employee may be an employee, director of, or consultant to or provide services to or be associated in any way with any WECC Member without full disclosure to, and written consent of, the Chief Executive Officer. To the extent that an Employee becomes aware that a Family Member is or will in the future be engaged in activity described in this Paragraph F(4), the Employee shall promptly notify the Chief Executive Officer, who shall review all the material facts and determine whether they constitute a conflict of interest pursuant to Paragraphs F(1) and F(2), above.
5. No Employee shall participate in any electric energy transaction other than for ordinary personal use except to the extent necessary to, and consistent with, the functions of WECC. Participation in an energy transaction includes, but is not limited to, purchasing, selling, marketing, or brokering of electricity, ancillary services, electricity transmission or electricity distribution. To the extent that an Employee becomes aware that a Family Member is or will in the future be engaged in activity described in this Paragraph F(5), the Employee shall promptly notify the Chief Executive Officer who shall review all the material facts and determine whether they constitute a conflict of interest pursuant to Paragraphs F(1) and F(2), above.
6. All Employees shall promptly disclose to the CEO and the Chair of the Board any direct or indirect financial interest in excess of \$5,000 (including the direct or indirect ownership of securities) held by the Employee or a Family Member living with the Employee² in any Electric Line of Business entity as defined in Section 3.15 of the Bylaws doing business in the Western Interconnection. Upon such disclosure, the CEO and the Chair of the Board shall determine whether such financial interest constitutes a conflict of interest, or the appearance thereof, in light of the duties of the Employee, the ability to divest such financial interest without undue hardship and the totality of the circumstances. In response to such disclosure, the CEO and the Chair may impose such remedies as are reasonable under the circumstances and consistent with section 9.3 of the Bylaws. Such remedies may include, but are not limited to, restrictions on the Employee's duties or involvement in certain matters, transfer of the Employee to another position, broader disclosure of the financial interest, voluntary or mandatory divestiture of the interest (in whole or in part) or other remedies. Pursuant to section 9.3.2 of the Bylaws, if an Employee (not a Family Member) receives a gift or inheritance of securities of a Member of WECC, or if a new Member joins WECC in which the

² Nothing in this section shall require an Employee to investigate the financial interests of Family Members not living with the Employee. However, to the extent known to the Employee, the financial interests of a Family Member not living with the Employee may create a potential conflict of interest (or appearance thereof) subject to Sections II(B) and/or II(F)(1) of these standards, in which case disclosure pursuant to Section II(F)(3) is appropriate.

Employee (not a Family Member) holds securities, the Employee must resign or divest such securities within six months thereafter. For the purposes of this section, none of the following shall constitute a direct or indirect financial interest:

- a. An interest that exists through diversified mutual funds;
- b. An interest that exists for six months following receipt of a gift or inheritance of securities of a Market Participant or acceptance of employment with WECC, whichever is later (provided that employees of the WSCC shall have two years from WECC organizational meeting to divest securities in their possession as of that date);
- c. An interest that exists through a pre-existing participation in a qualified defined benefits pension plan or health benefits plan of a Market Participant so long as the benefits under such plan do not vary with the economic performance or value of the securities of such Market Participant.

Appendix C

WECC Dispute Resolution Procedures

C. DISPUTE RESOLUTION.

C.1 Obligation To Comply with Dispute Resolution Procedures. If any dispute concerning one or more issues identified in Section C.2 below arises between a Member and one or more other Members, or between one or more Members and WECC, all of the parties to the dispute shall, to the extent permitted by law, be obligated to comply with the dispute resolution procedures specified in these Bylaws (except to the extent all of the parties to the dispute may agree otherwise as provided in Section C.4 below). Only Members and WECC have the right to invoke the provisions of this Appendix C and, except where all affected parties have separately agreed otherwise with respect to a particular dispute, only Members and WECC are obligated to carry out the dispute resolution procedures set forth herein. Any dispute subject to the provisions of this Appendix C to which WECC is made a party shall be subject to the additional requirements specified in Section C.3 below if the dispute is initiated by a party other than WECC. To the extent permitted by law (and except as otherwise permitted by the provisions of Section C.6.3), no party to a dispute subject to the provisions of this Appendix C may pursue any other available remedy with respect to the dispute until all of the parties to the dispute have fully complied with the dispute resolution procedures specified herein, *provided, however*, that if any party to a dispute subject to the provisions of this Appendix C refuses to comply with the dispute resolution procedures specified herein, all other parties to the dispute shall subsequently be relieved of any further obligation to comply with these dispute resolution procedures before pursuing other remedies in connection with that dispute.

- C.2 Issues Subject to Dispute Resolution Procedures. Any dispute between or among the parties identified in Section C.1 above (that the parties to the dispute do not resolve through negotiations between or among themselves) shall be subject to the dispute resolution procedures set forth in this Appendix C if the dispute concerns: (i) the application, implementation, interpretation, or fulfillment of any guidelines, criteria, policies, procedures, or Bylaws of WECC or the North American Electric Reliability Council (or any successor organization); or (ii) any matter specified in Section C.6.2 below; except that any matter that is subject to the jurisdiction of the WECC Compliance Hearing Body is not subject to the requirements of this Appendix C. Notwithstanding the foregoing provisions of this Section C.2, however, neither WECC nor any Member shall be obligated to comply with the dispute resolution procedures of these Bylaws if: (a) the dispute is between two or more Members (or WECC), all of which, at the time of the dispute, are parties to the WECC Reliability Management System Agreement and the matter is within the scope of the dispute resolution procedures set forth in that agreement; or (b) the dispute is between two or more Members, all of which, at the time of the dispute, are parties to a separate agreement or treaty or where an applicable tariff, rate schedule, or other legal obligation of one of the parties provides for the parties to resolve the dispute in a manner other than in accordance with the provisions of this Appendix C of the Bylaws.
- C.3 Limitations on Members' Rights To Make WECC a Party to a Dispute. In addition to the other provisions of this Appendix C of the Bylaws, any dispute (other than a dispute initiated by WECC) to which WECC is made a party shall be subject to the limitations set forth in Sections C.3.1 and C.3.2 below.

C.3.1 Bases for Using Dispute Resolution Procedures To Challenge WECC Action.

Subject to any limitation set forth in these Bylaws or in applicable statute, regulation or FERC order, one or more Members may use the dispute resolution procedures specified in this Appendix C to challenge any final action of WECC only on one or more of the following bases: (i) the action is contrary to applicable law or regulation; (ii) the action is contrary to WECC's Articles of Incorporation or these Bylaws (including WECC's purposes as set forth in those documents); (iii) the action was taken in violation of applicable procedures of WECC governing that action; or (iv) the action encompasses a decision in which there was plain error material to the decision. For purposes of this Appendix C, action taken by WECC shall be deemed final if: (a) the action has been taken or adopted or approved or accepted by WECC's Board of Directors (other than by a motion specifically providing that the action is conditional or will have temporary application not to exceed six months); (b) all conditions specified to make any conditional action of WECC's Board of Directors effective have been fulfilled; or (c) the action has been taken or adopted or approved or accepted by a committee, subcommittee, task force, or other group or person acting under authority of WECC without any provision making the action subject to further approval or adoption or acceptance by the Board of Directors. Nothing contained in this Appendix C shall limit any rights any Member (or any other party) may have under applicable law or regulation to initiate or participate in an administrative or legal action to which WECC is made a party in accordance with applicable provisions of law or regulation.

C.3.2 Obligation to Bear WECC's Share of Facilitator Costs. If one or more Members initiate a dispute under this Appendix C to challenge an action of WECC, the Member(s) initiating the challenge shall be obligated to bear all of the costs of facilitators' services incurred to comply with the requirement of Section C.5 below, except to the extent WECC agrees to pay a share of the costs of facilitators' services.

C.4 Ability to Modify Dispute Resolution Procedures by Agreement. Any provision of the dispute resolution procedures set forth in this Appendix C may be modified, waived, or omitted by agreement of all of the parties to the dispute. Parties to a dispute subject to these provisions are obligated to comply with its procedures unless all of the parties to the dispute agree to do otherwise. The manner in which the dispute resolution procedures set forth in this Appendix C may be varied include (by way of example and not as limitation): the manner of selecting a facilitator or arbitrator; the procedures or time lines to be followed during mediation or arbitration; the grounds or forum or right to appeal an arbitrator's decision; the manner of allocating fees and costs associated with the dispute; whether the parties are obligated to proceed to arbitration if the dispute is not resolved through mediation; and whether a decision rendered through arbitration is binding on the parties. In addition, any dispute that does not fall within the scope specified in Section C.2 above may be resolved according to the procedures set forth in Appendix C of these Bylaws if all of the parties to the dispute agree to do so.

C.5 Mediation.

C.5.1 Notice to Other Parties and WECC's Chief Executive Officer. To initiate the dispute resolution process with respect to a dispute governed by the provisions of

this Appendix C, the Member or WECC that has elected to initiate the dispute shall deliver to all other parties to the dispute and to WECC's Chief Executive Officer (whether or not WECC is a party to the dispute) written notice invoking the dispute resolution procedures set forth in this Appendix C (a "Dispute Notice").

C.5.1.1 The Dispute Notice shall: (i) include a brief, general description of the matter(s) in dispute; (ii) include a complete list of all other Members the party submitting the Dispute Notice intends to make a party to the dispute; and (iii) state whether or not WECC is to be made a party to the dispute.

C.5.1.2 Within five business days of receiving a Dispute Notice, any party to the dispute may elect to deliver a brief supplemental description of the dispute to WECC's Chief Executive Officer.

C.5.1.3 Within 10 business days of receiving an initial Dispute Notice, WECC's Chief Executive Officer shall: (a) publish (or cause to be published) in WECC's newsletter or on its electronic bulletin board a notice containing a list of the parties to the dispute and a summary of the descriptions of the matter(s) in dispute provided by the parties to the dispute; and (b) deliver to each party to the dispute a copy of WECC's then-current standing list of qualified facilitators, knowledgeable in the matters addressed by WECC (as approved by the Board of Directors).

C.5.1.4 No person may be listed on WECC's standing list of qualified facilitators unless the person has agreed to: (i) disclose, at any time the person is selected to serve as a facilitator under this Appendix C, any personal or financial interest the facilitator may have with respect to the matter(s) in

dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the facilitator's immediate family members); (ii) disclose any relationship the facilitator may have with any party to the dispute that is not permitted under Section C.5.2 below; and (iii) abide by all applicable provisions of these Bylaws, including restrictions on disclosure of matters discussed and information exchanged during mediation as provided in Section C.5.3 below.

C.5.2 Selection of a Facilitator. Within 10 calendar days after the delivery of a Dispute Notice, the parties to the dispute shall select a neutral facilitator by mutual agreement. If the parties to the dispute cannot agree on a facilitator within 10 calendar days after delivery of a Dispute Notice, the facilitator shall be selected from WECC's standing list of qualified facilitators as follows: The parties to the dispute shall take turns striking names from WECC's standing list of qualified facilitators until there is only one name remaining. (The parties to the dispute shall draw lots to determine the order in which they take turns striking names.) The last person whose name remains on the list shall serve as the facilitator. No facilitator other than a facilitator chosen by agreement of all the parties to the dispute may (i) have a personal or financial interest in the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the facilitator's immediate family members); or (ii) be (or have an immediate family member who is) a past or present director, commissioner, officer, employee, consultant, agent, or other representative of any of the parties to the dispute. If the facilitator selected through the process of striking

names specified above is disqualified under the preceding sentence, the facilitator whose name was stricken last shall serve in his or her place. In addition, if WECC is a party to a dispute initiated by one or more Members, turns striking names from the standing list of qualified facilitators shall alternate between WECC on the one hand and all other parties to the dispute on the other.

C.5.3 Mediation Process. The facilitator and representatives of all of the parties to the dispute shall meet within 14 calendar days after the facilitator has been selected and attempt in good faith to negotiate a resolution to the dispute. Each party's representative designated to participate in the mediation process must have the authority to settle the dispute (or, at a minimum, be authorized to negotiate on behalf of the party and make recommendations with respect to settlement of the dispute if final authority to approve a settlement is reserved to a party's board, executive committee, commission, or other governing body). At the parties' initial meeting with the facilitator, the facilitator shall, after soliciting input from the parties to the dispute, set the schedule for further meetings among the parties to the dispute (subject to the 60-day maximum mediation period specified in Section C.5.6 below). The parties to the dispute shall comply with the schedule set by the facilitator and attempt in good faith at every meeting to negotiate a resolution to the dispute. To the extent permitted by law, neither the facilitator nor any party to the dispute may publicly disclose, rely on, or introduce as evidence in any subsequent arbitration, FERC proceeding, Canadian Regulatory Authority proceeding, proceeding before a Mexican Regulatory Authority, appeal, or litigation concerning the same or any related dispute: (i) any views expressed or suggestions made by another party to the dispute with respect to a possible settlement of the dispute; (ii) admissions made by another party to the dispute in the course of the mediation

proceedings; (iii) proposals made or views expressed by the facilitator; or (iv) the fact that another party to the dispute has or has not indicated willingness to accept a proposal for settlement made by the facilitator. In those cases in which a party to a dispute subject to the provisions of this Appendix C of the Bylaws is a membership organization (including WECC, if applicable), nothing in the preceding sentence shall prohibit that organization from reasonably communicating with its members and governing body to share general information about the dispute, such as the parties, status, disputed issues, and positions of each of the parties with respect to the disputed issues.

C.5.4 Referral for Resolution. With the consent of all parties to the dispute, a resolution may include referring the matter to a technical body (such as a technical advisory panel of WECC) for resolution or an advisory opinion, to arbitration, directly to FERC or, in a dispute involving a Canadian Member, directly to the appropriate Canadian Regulatory Authority, or, in a dispute involving a Mexican Member, directly to the appropriate Mexican Regulatory Authority.

C.5.5 Mediation Participation by WECC Staff When WECC Not a Party. If, during the course of mediation to which WECC is not a party, the facilitator or any party to the dispute wishes to solicit the views of WECC concerning the application, implementation, interpretation, or fulfillment of any guidelines, criteria, standards, policies, or procedures of WECC, the facilitator may request or permit the submission of WECC staff views only if: (i) any participation by WECC staff takes place exclusively in the presence of all parties to the dispute; (ii) participating WECC staff members agree to be equally available upon request to all parties to the dispute; and (iii) participating WECC staff members agree to comply with the restrictions on disclosure contained in Section C.5.3.

C.5.6 Mediation Deemed at Impasse After 60 Days. If the parties to the dispute have met and negotiated in good faith in accordance with the schedule set by the facilitator but have not succeeded in negotiating a resolution of the dispute within 60 calendar days after the first meeting with the facilitator pursuant to Section C.5.3 above, the parties to the dispute shall be deemed to be at impasse and, except as otherwise provided in Section C.5.6.2 below, shall also be deemed to have fulfilled their obligations under Section C.1 of these Bylaws to fully comply with the dispute resolution provisions before pursuing any other available remedy. If any party participating in the mediation process is subject to a contractual or statutory limitations period with respect to the matter in dispute, and the limitations period will expire before the 60-day period for mediation under this Section C.5.6 is completed, then the parties shall be deemed at impasse on the seventh calendar day preceding the expiration of the shortest applicable limitations period.

C.5.6.1 Disputes Not Subject to Provisions of Section C.6.2. Unless the matter in dispute is subject to the provisions of Section C.6.2 below, at any time after the parties to the dispute are deemed at impasse, the dispute may be submitted to binding arbitration in accordance with the procedures set forth in Section C.7 of these Bylaws (but only by agreement of all of the parties to the dispute). If the matter in dispute is subject to the provisions of Section C.6.2 below, the parties' obligations with respect to submitting the matter to binding arbitration under Sections C.6 and C.7 of these Bylaws shall be as specified in Section C.5.6.2 below. In all other cases, if the parties to the dispute do not agree to submit the dispute to binding arbitration in accordance with the procedures set forth in Section C.7 of these Bylaws, any party to the dispute may at any time thereafter pursue any other remedy available under regulation, law, or equity (subject to the restrictions on disclosure set forth in Section C.5.3 above).

C.5.6.2 Disputes Covered by Section C.6.2. If the parties to a dispute concerning a matter subject to the provisions of Section C.6.2 either: (i) are deemed at impasse after attempting to resolve the matter through mediation as provided in Sections C.5.1 through C.5.6 above; or (ii) have agreed to submit the matter directly to binding arbitration without attempting to resolve the matter through mediation as provided in Sections C.5.1 through C.5.6 above, the parties to the dispute shall submit the matter to binding arbitration in accordance with the procedures set forth in Sections C.6 and C.7 of these Bylaws.

C.5.7 Costs of Facilitator's Services. Except as otherwise provided under Section C.3.2, the costs of the facilitator's services shall be born equally by all parties to the dispute unless the parties to the dispute agree otherwise, but the parties also intend that the costs of mediation should be taken into account in any resolution proposed through the mediation process.

C.5.8 Notice to WECC of Completion of Mediation. Within 10 calendar days after either: (i) reaching a negotiated resolution through the mediation process set forth in Section C.5; or (ii) reaching deemed impasse in accordance with Section C.5.6 above, the parties to the dispute shall jointly deliver to WECC's Chief Executive Officer a written notice briefly describing the outcome of the mediation process. Promptly after receiving written notice describing the outcome of a mediation conducted in accordance with Section C.5, WECC's Chief Executive Officer shall publish (or cause to be published) in WECC's newsletter or on its electronic bulletin board a brief description of the outcome of the mediation, together with a list of all of the parties to the dispute.

C.6 General Provisions Relating to Binding Arbitration.

C.6.1 Matters for Which Binding Arbitration is Elective. Except with respect to any dispute that concerns one or more matters specified in Section C.6.2 below, the binding arbitration procedures set forth in Section C.7 may be invoked only by agreement of all of the parties to the dispute to be arbitrated and are solely for the convenience of WECC and its Members. If a dispute governed by this Appendix C does not concern a matter specified in Section C.6.2 below, a party to the dispute shall be deemed to have fulfilled its obligations to comply with Appendix C of these Bylaws (irrespective of whether the parties to the dispute agree to proceed with binding arbitration) to the extent that either: (i) that party has fully performed the obligations set forth in Sections C.1 through C.5.8; or (ii) all of the parties to the dispute have agreed to a different process for resolving the dispute and the agreed-upon process has been fully carried out.

C.6.2 Matters for Which Binding Arbitration Is Obligatory. If a dispute is governed by Appendix C of these Bylaws and is not resolved through the process of mediation in accordance with Sections C.5.1 through C.5.6 above, the parties shall be obligated to submit the matter to binding arbitration in accordance with the procedures set forth in Section C.7 (subject to the limitations on the arbitrator's authority set forth in Section C.6.3 below) if the dispute concerns one or more of the following matters:

- C.6.2.1 a decision of WECC’s Board of Directors or a Committee of the Board acting on the recommendation of, or on a matter within the jurisdiction of, the Operating Transfer Capability Policy Group (“OTCPG”) or successor;
- C.6.2.2 a transmission path rating, or a modification to a transmission path rating, assigned to one or more transmission paths operated by a Member (or jointly operated by more than one Member);
- C.6.2.3 transmission access, pursuant to Sections 10.1.2, 10.1.3, and 10.5; or
- C.6.2.4 any matter that, by vote of both WECC’s Board of Directors and WECC’s Membership, is designated as a matter to be subject to the provisions of Section C.6.2 of these Bylaws, provided that any matter submitted to WECC’s Membership pursuant to this provision must be approved by at least the number of votes required to amend these Bylaws under Section 13.2.

C.6.3 Limitations on Arbitrator’s Authority with Respect to Matters Specified in Section C.6.2. Unless all of the parties to a dispute agree otherwise, an arbitrator rendering a decision with respect to any matter specified in Section C.6.2 above shall have no authority to consider or award remedies for past economic harm or damages of any kind, including without limitation actual or direct damages; indirect, consequential, or incidental damages; or exemplary or punitive damages. Nothing in this Section C.6.3 shall: (i) limit any rights that a party to a dispute concerning a matter specified in Section C.6.2 above may have to pursue legal claims for damages or other economic remedies after the arbitrator has rendered his or her decision on that matter (within the scope of his or her authority under this Section C.6.3); or (ii)

limit an arbitrator's authority under Section C.8 below to shift costs or impose monetary sanctions for "good cause" (as that term is defined in Section C.8).

C.6.4 Arbitration Decisions Not To Modify Underlying Rights and Obligations. Unless all of the parties to a dispute agree otherwise, the resolution through binding arbitration of any dispute governed by this Appendix C shall not have the effect of increasing, decreasing, or otherwise modifying WECC's or any Member's obligation to abide by, or ability to enforce or impose penalties or sanctions with respect to, any guidelines, criteria, standards, policies, procedures, decisions, or Bylaws of WECC or any limitation on the foregoing, whether established by law; regulation; judicial, executive, or administrative order, decree, or decision; tariff; contract; course of performance; treaty; or otherwise.

C.6.5 Laws Relating to Binding Arbitration. WECC and its Members recognize that some Members may be subject to laws (including without limitation United States federal or state laws, Canadian or provincial laws, or Mexican laws) that limit or define those Members' ability to agree in advance to be subject to binding arbitration. If a Member has the right or obligation under applicable law to refuse to submit to binding arbitration in connection with any dispute that would otherwise be subject to binding arbitration under Section C.6.2 of these Bylaws, that Member shall not be obligated to comply with the binding arbitration procedures set forth in Sections C.6 and C.7. Any Member subject to any law or other legally binding authority that may limit (or permit the Member to limit) its obligation to comply with the provisions requiring binding arbitration under Sections C.6 and C.7 or to fully comply with a valid arbitrator's decision rendered in accordance with this Appendix

C shall provide notice to this effect to all other disputing parties and WECC's Chief Executive Officer upon initiation of any dispute involving that Member if the dispute is subject to Section C.6.2. Upon receiving a notice under Section C.6.5, any other party to the dispute shall thereafter be relieved of any obligation to comply with the provisions Sections C.6 and C.7 in connection with that dispute, except to the extent that the Member giving notice agrees to be fully bound by procedures governing and results of any arbitration proceeding. If there are more than two parties to a dispute covered by the preceding sentence, however, then all parties to the dispute other than the party giving notice under Section C.6.5 shall make good faith efforts to establish a mutually acceptable approach for resolving among themselves whatever aspects of the dispute can reasonably be resolved through the procedures set forth in this Appendix C without the participation of the party giving notice under Section C.6.5. If any Member fails to submit to binding arbitration, or fails to abide by a valid arbitrator's decision rendered in accordance with this Appendix C, that Member shall thereafter have no right to enforce any of the provisions of Section C.6.2 (concerning obligations to submit specified disputes to binding arbitration) against any other Member or WECC until such time as the WECC Board of Directors, or a delegate designated by the Board, determines that it is appropriate to restore the Member's ability to enforce the provisions of Section C.6.2.

C.6.6 Consistency with Laws, Regulatory Jurisdiction and Orders, Etc. Nothing contained in this Appendix C and no arbitrator's decision rendered in accordance with Section C.7 shall be construed to require or shall otherwise operate to cause

any Member or WECC to incur any obligation or take any action that is contrary to: (i) any applicable law or regulation; (ii) any applicable authority, order, decree, rule, or decision of a regulatory, judicial, administrative, executive, or other governmental body having jurisdiction over one or more of the matters or parties subject to this Appendix C or covered by an arbitrator's decision; or (iii) any applicable rate schedule, tariff, treaty, or valid, pre-existing contractual obligation with which any party subject to this Appendix C or covered by an arbitrator's decision is legally obligated to comply.

C.7 Arbitration Procedures.

C.7.1 Notice to WECC of Initiation of Binding Arbitration. Within 10 calendar days after all of the parties to a dispute have agreed (or become obligated under Section C.6.2 above) to submit the dispute to binding arbitration under Sections C.6 and C.7, the parties to the dispute shall deliver written notice to WECC's Chief Executive Officer (an "Arbitration Notice").

C.7.1.1 The Arbitration Notice shall: (i) include a brief, general description of the issues to be arbitrated; and (ii) identify all parties who have agreed (or become obligated) to submit the dispute to binding arbitration under Sections C.6 and C.7.

C.7.1.2 Within five business days of receiving an Arbitration Notice, WECC's Chief Executive Officer shall: (a) publish (or cause to be published) in WECC's newsletter or on its electronic bulletin board a notice containing a list of the parties to the arbitration and the parties' brief, general description of the issues to be arbitrated; and (b) deliver to each party to the dispute a

copy of WECC's then-current standing list of qualified arbitrators, knowledgeable in matters addressed by WECC (as approved by the Board of Directors).

C.7.1.3 No person may be listed on WECC's standing list of qualified arbitrators unless the person has agreed to: (a) disclose, at any time the person is selected to serve as a arbitrator under this Appendix C, any personal or financial interest the arbitrator may have with respect to the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the arbitrator's immediate family members); (b) disclose any relationship the arbitrator may have with any party to the dispute that is not permitted under Section C.7.2 below; (c) assemble a complete record of the arbitration process and the materials received as evidence by the arbitrator if any of the parties to the dispute elect to appeal or contest the arbitrator's decision; and (d) abide by all applicable provisions of and procedures specified by Sections C.6 and C.7.

C.7.2 Selection of an Arbitrator. Within 10 calendar days after all of the parties to a dispute have agreed (or become obligated) to submit the dispute to binding arbitration under Sections C.6 and C.7, the parties to the dispute shall select an arbitrator by mutual agreement. If the parties cannot agree on an arbitrator within 10 calendar days after agreeing to arbitrate their dispute, the arbitrator shall be selected from WECC's standing list of qualified arbitrators as follows: The parties to the dispute shall take turns striking names from WECC's standing list of

qualified arbitrators until there is only one name remaining. (The parties to the dispute shall draw lots to determine the order in which they take turns striking names.) The last person whose name remains on the list shall serve as the arbitrator. No arbitrator other than an arbitrator chosen by agreement of all the parties to the dispute may (i) have a personal or financial interest in the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the arbitrator's immediate family members); or (ii) be (or have an immediate family member who is) a past or present director, commissioner, officer, employee, consultant, agent, or other representative of any of the parties to the dispute. If the arbitrator selected through the process of striking names specified above is disqualified under the preceding sentence, the arbitrator whose name was stricken last shall serve in his or her place.

C.7.3 Initial Statements and Proposed Arbitration Decisions. Within 10 calendar days after the selection of an arbitrator under Section C.7.2 above, each party to the dispute shall submit a statement in writing to all other parties to the dispute and to the arbitrator. Each disputing party's statement shall set forth in reasonable detail the nature of the dispute, the issues to be arbitrated, and the party's reasonable, good faith proposal for resolving the dispute. As provided in Section C.5.3 above, to the extent permitted by law, no party to an arbitration conducted under Sections C.6 and C.7 shall publicly disclose, rely on, or introduce as evidence in any arbitration, FERC proceeding, Canadian Regulatory Authority proceeding, proceeding before a Mexican Regulatory Authority, appeal, or litigation concerning

the same or any related dispute any information required to be kept confidential by the terms of Section C.5.3.

C.7.4 Procedural Matters. The arbitrator shall determine discovery procedures, how evidence shall be taken, what written submittals may be made, and other such procedural matters, taking into account the complexity of the issues involved, the extent to which factual matters are disputed and the extent to which the credibility of witnesses is relevant to a resolution. Each party to the dispute shall produce all evidence determined by the arbitrator to be relevant and material to the issues presented. If such evidence involves proprietary or confidential information, the party submitting the evidence shall petition the arbitrator for a protective order, and to the extent the arbitrator determines there is good cause the arbitrator shall issue an appropriate protective order and all parties to the dispute shall comply with the protective order. The arbitrator may elect to resolve the arbitration matter solely on the basis of written evidence and arguments.

C.7.5 Out-of-Court Sworn Testimony. At the request of any disputing party, the arbitrator shall have the discretion to allow that party to examine witnesses through sworn out-of-court testimony (referred to in the United States as “deposition” and in Canada as “discovery”) to the extent the arbitrator deems the evidence sought to be relevant and appropriate. In general, out-of-court witness examinations shall be limited to a maximum of three per party and shall be held within 30 calendar days after the making of a request. Each witness examination shall be limited to a maximum of three hours’ duration. The arbitrator shall have the discretion to permit the number and duration of examination sessions allowed under this Section C.7.5

to be increased, and to extend the 30-day time limit, upon request for good cause shown. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information.

C.7.6 Intervention by Other Parties. Unless all of the parties to the dispute agree otherwise, no one (whether a Member, WECC, or any other entity or person) that is not a party to a dispute at the initiation of arbitration under Sections C.6 and C.7 shall have the right to intervene in the arbitration. Any party wishing to intervene in an arbitration under Sections C.6 and C.7 may petition the arbitrator for permission to intervene, provided that the petition is submitted to the arbitrator not more than 30 calendar days after notice of the arbitration is posted by WECC's Chief Executive Officer in accordance with Section C.7.1. The arbitrator shall have the discretion to permit a party to intervene if the arbitrator determines that the party petitioning to intervene has a direct and substantial interest in the outcome of the arbitration. In exercising his or her discretion concerning a requested intervention, the arbitrator shall also consider any additional complexity or delay that may be caused by allowing the intervention and also any other remedies available to the party requesting intervention. Any party that is granted the privilege of intervening in an arbitration under Sections C.6 and C.7 shall be permitted to intervene subject to the same terms, conditions, limitations, rights, and obligations of all other parties to the dispute, including without limitation the binding effect of arbitrator's decision, limitations on rights of appeal, the obligation to share equally in the costs of the arbitrator, and the obligation to be subject to the provisions of Section C.8.

C.7.7 Consideration of WECC Criteria, Etc. The Arbitrator shall give due consideration to the reliability criteria, standards, guidelines, policies, and procedures of WECC and the North American Electric Reliability Council (or any successor organization) to the extent they are relevant to resolution of the matter(s) in dispute. If the arbitrator's decision will include interpretation of any of WECC's reliability criteria, standards, guidelines, policies, and procedures, (and WECC is not a party to the arbitration), the arbitrator shall, before rendering his or her decision, consult with WECC (subject to the provisions of Section C.7.10 below) concerning the interpretation of WECC's applicable reliability criteria, standards, guidelines, policies, and procedures.

C.7.8 Evidence and Rebuttal. The arbitrator shall consider all issues material to the matter(s) in dispute. The arbitrator shall take evidence submitted by the parties to the dispute in accordance with procedures established by the arbitrator and may request additional information the arbitrator deems material to the resolution of the dispute. With the consent of all parties to the dispute, the arbitrator's request for additional information may include the opinion of any individual or organization with recognized expertise in the matter(s) in dispute, subject to the following conditions: (i) any verbal communication with an expert consulted by the arbitrator must take place exclusively in the presence of all parties to the dispute and copies of any written communications must be provided to all parties to the dispute; (ii) any expert consulted by the arbitrator must agree to be equally available upon request to all of the parties to the dispute; (iii) any expert consulted by the arbitrator must agree to comply with the restrictions on disclosure contained in Section C.5.3;

and (iv) all parties to the dispute shall be afforded a reasonable opportunity to question the expert and to rebut any additional information submitted by the expert at the request of the arbitrator.

C.7.9 Arbitrator's Decision. The arbitrator shall make all reasonable efforts to complete hearings (if applicable) and submissions of written evidence not more than 90 calendar days after receiving initial statements submitted under Section C.7.3 above. As soon as practicable, but in no event more than 30 calendar days after the completion of hearings and evidence submittals, the arbitrator shall render his or her final decision for resolving the dispute. By agreement of all of the parties to the dispute or at the discretion of the arbitrator for good cause, the foregoing deadline for delivery of the arbitrator's decision may be extended. The arbitrator's decision shall be based on the arbitrator's good faith determination of a resolution that will: (i) be consistent with any laws, rules, and regulations applicable to the matter(s) in dispute; (ii) be consistent with any valid pre-existing agreements among the parties to the dispute that bear on the matter(s) in dispute; (iii) not require any party to the dispute to take action that is not in compliance with any of WECC's reliability criteria, standards, guidelines, policies, and procedures; and (iv) best serve to promote or maintain reliable operation of the interconnected Bulk Electric System of the Western Interconnection, without imposing inequitable burdens or benefits on any of the parties to the dispute or others that may be affected by implementation of the arbitrator's decision. The arbitrator shall deliver to each of the parties to the dispute, along with his or her decision, a written statement including specific findings of fact, conclusions of law (if applicable), and an

explanation of the arbitrator's basis for rendering his or her decision. Subject to any protective order that may have been issued under Section C.7.4 above, WECC's Chief Executive Officer shall publish (or cause to be published) in WECC's newsletter or electronic bulletin board a brief summary of the arbitrator's decision. An arbitrator's decision that is not appealed shall not be deemed to be precedential in any other arbitration related to a different dispute.

C.7.10 WECC Staff Participation in Arbitration When WECC Not a Party. If, during the course of binding arbitration conducted under Sections C.6 and C.7 (in which WECC is not a party) the arbitrator or any party to the dispute wishes to solicit the views of WECC staff concerning the application, implementation, interpretation, or fulfillment of any guidelines, criteria, standards, policies, or procedures of WECC, the arbitrator may request or permit the submission of WECC staff views only with the consent of all of the parties to the dispute and only if: (i) any participation by WECC staff takes place exclusively in the presence of all parties to the dispute; (ii) participating WECC staff members agree to be equally available upon request to all parties to the dispute; and (iii) participating WECC staff members agree to comply with the restrictions on disclosure contained in Section C.5.3.

C.7.11 Compliance and Costs. Unless one or more of the parties to the dispute initiates and notifies all other parties to the dispute that it has initiated a process to contest or appeal the arbitrator's decision under Sections C.9 through C.13, upon the decision by the arbitrator, the parties to the dispute shall, within the time frame specified by the arbitrator, and, subject to Section C.6.6 above, take whatever action

is required to comply with the arbitrator's decision to the extent the arbitrator's decision does not require regulatory action. To the extent the arbitrator's decision affects jurisdictional rates, terms and conditions of service, or facilities or otherwise requires local, state, federal, or provincial approval or regulatory action, or a FERC filing or a Canadian Regulatory Authority filing by a Canadian Member or a Mexican Regulatory Authority filing by a Mexican Member, the affected Member (or WECC, if WECC is the party with the obligation to seek regulatory action) shall, within the time frame specified by the arbitrator, submit the arbitrator's decision or an appropriate filing to implement the arbitrator's decision and support the appropriate authority's acceptance or approval of the arbitrator's decision or implementation filing, except in cases where any party to the dispute has given notice of its intent to contest or appeal the arbitrator's decision. All costs associated with the arbitration (not including costs associated with attorney and expert witness fees incurred by the parties to the dispute) shall be divided equally among the parties to the dispute unless: (i) all of the parties to the dispute agree to an alternate method of allocating costs; or (ii) in rendering his or her decision, the arbitrator exercises his or her discretion under Section C.8 below to assess fees, costs, or other monetary sanctions against one or more of the parties to the dispute for good cause.

C.7.12 Entry of Judgment. At any time after an arbitrator has rendered his or her decision in an arbitration conducted under Sections C.6 and C.7 (provided that the time provided for initiating an appeal under Sections C.11.1 and C.12 below has expired and no appeal or other means of contesting the arbitrator's decision has been initiated), judgment on the decision rendered by the arbitrator may be entered by

any court of competent jurisdiction (subject to the provisions of Sections C.6.3, C.6.4, and C.6.6 above). If the award is against the United States, a party to the arbitration may apply to the United States District Court for the district in which the principal office of the applicable United States department or agency is located for an order confirming the award pursuant to 5 U.S.C. § 580.

C.8 Arbitrator's Discretion to Shift Costs or Impose Sanctions for Cause. Each party to any dispute submitted to arbitration under Sections C.6 and C.7 shall bear its own costs and fees associated with representation and participation in the arbitration process, and shall share equally in the arbitrator's fees except that the arbitrator shall have the discretion, to the extent permitted by law, to require one or more of the parties to the dispute to pay part or all of the costs and fees (including without limitation attorneys' and arbitrator's fees) of one or more other parties to the dispute, or to impose monetary sanctions on some other basis that is reasonable under the circumstances, for good cause. As used in this Section C.8, "good cause" means conduct involving serious abuse of or failure to comply with the dispute resolution process set forth in this Appendix C, willfully undertaken to harass or delay other parties to the dispute or to substantially impede the arbitrator's ability to render a decision consistent with the provisions set forth in Section C.7.9.

C.9 Rights to Appeal Arbitration Decisions. Except to the extent otherwise provided by applicable United States state or federal law, applicable Canadian or provincial law, or applicable Mexican law, a party to a dispute resolved by arbitration under Sections C.6 and C.7 may appeal or contest the arbitrator's decision only on one or more of the bases specified in Section C.9.1 below and only in accordance with the procedures set forth in Sections C.9.2 through C.13.

C.9.1 Grounds for Appealing Arbitration Decisions. A party to a dispute resolved by arbitration under Sections C.6 and C.7 may contest or appeal the arbitrator's decision only on the basis that: (i) the arbitrator's decision is contrary to applicable law or regulation (including without limitation the FPA or FERC's then-applicable standards or policies, or comparable types of provisions that may apply under applicable Canadian, provincial, Mexican, or other laws and regulations); (ii) the arbitrator's decision is demonstrably arbitrary and capricious and without support in the record assembled during the arbitration; (iii) the arbitrator failed to afford one or more parties to the dispute an opportunity for a fair and meaningful hearing; (iv) the arbitrator engaged in serious misconduct in connection with the arbitration; (v) the arbitrator exceeded the authority conferred upon him or her under this Appendix C or as otherwise established by agreement of all the parties to the dispute; or (vi) the arbitrator's decision is contrary to the provisions of Section C.6.6.

C.9.2 Matter and One or More Parties to Dispute Subject to FERC Jurisdiction. If (i) the subject matter of a dispute arbitrated under Sections C.6 and C.7 is within the jurisdiction of FERC, and (ii) the conditions specified in Section C.12.1 or C.12.2 are satisfied, the rights of the parties to contest or appeal the arbitrator's decision shall be as set forth in Sections C.10 and C.12 below (subject also to the provisions of Section C.9.1 above). Notwithstanding the foregoing, nothing herein shall be construed or operate to require any Canadian or Mexican party or any other party that is not a "public utility" within the meaning of the FPA to make any filing with FERC under Sections 205 or 206 of the FPA.

C.9.3 All Parties and Matters in Dispute Subject to Jurisdiction of a Canadian Regulatory Authority. If all of the parties to an arbitrated dispute are subject to the jurisdiction of a particular Canadian Regulatory Authority, and if all matters in dispute are also subject to the jurisdiction of the same Canadian Regulatory Authority, any disputing party may appeal an arbitrator's decision to that Canadian Regulatory Authority, where such Canadian Regulatory Authority has jurisdiction to hear the appeal, or to the appropriate Canadian court. Any appeal to a Canadian Regulatory Authority or Canadian court shall be subject to the provisions set forth in Sections C.10 and C.11 below.

C.9.4 All Parties and the Matter in Dispute Subject to Jurisdiction of a Mexican Regulatory Authority. If all of the parties to an arbitrated dispute are subject to the jurisdiction of a particular Mexican Regulatory Authority, and if all matters in dispute are also subject to the jurisdiction of the same Mexican Regulatory Authority, any disputing party may appeal an arbitrator's decision to the appropriate Mexican Regulatory Authority, subject to the provisions set forth in Sections C.10 and C.11 below.

C.9.5 Appeal to Court. If none of the preceding provisions concerning appealing or contesting an arbitrator's decision before FERC, a Canadian Regulatory Authority, or a Mexican Regulatory Authority apply to an arbitrated dispute, any party to an arbitrator's decision rendered in accordance with the provisions of Sections C.6 and C.7 may appeal the arbitrator's decision to a court of competent jurisdiction as provided under Section C.13 below.

C.10 Appealing or Contesting Arbitrator's Decision to FERC or a Presiding Authority. Subject to the conditions specified in Sections C.9.1 through C.9.5 above, any disputing party may appeal or contest an arbitrator's decision to FERC or an appropriate Presiding Authority as follows:

C.10.1 Record on Appeal. Except as otherwise provided in Section C.10.3 below, any appeal or action to contest an arbitrator's decision to FERC or a Presiding Authority shall be based solely upon the record assembled by the arbitrator. All parties to arbitrations conducted under Sections C.6 and C.7 intend that: (i) the FERC or other Presiding Authority should afford substantial deference to the factual findings of the arbitrator; (ii) the portion, if any, of the arbitrator's decision relating to issues not of first impression (i.e., matters previously decided by the FERC or other Presiding Authority or a court of competent jurisdiction in cases involving comparable facts and circumstances) should be afforded appropriate deference by the FERC or other Presiding Authority; and (iii) the portion, if any, of the arbitrator's decision relating to issues of first impression should be afforded no deference by the FERC or other Presiding Authority.

C.10.2 No Expansion of Record on Appeal. Except as otherwise provided in Section C.10.3 below, no Member, non-Member, or WECC that has been a party to an arbitration under Sections C.6 and C.7 shall seek to expand the factual record before FERC or a Presiding Authority beyond that assembled by the arbitrator.

C.10.3 Exceptions to Limitations on Record on Appeal. If the arbitrator fails to assemble a complete record of the evidence submitted with respect to an arbitrated decision that is appealed pursuant to Sections C.9 through C.13, the parties to the appeal

shall, notwithstanding the provisions of Sections C.10.1 and C.10.2 above, have the right to supplement the arbitrator's record before FERC or the Presiding Authority with any materials received into evidence by the arbitrator but omitted from the record assembled by the arbitrator. If an arbitrator's decision is appealed under Section C.9.1(iii) or (iv) above on the grounds that the arbitrator improperly excluded evidence so as to materially prejudice the outcome of the arbitration with respect to one or more of the parties to the dispute, any party to the appeal may submit the evidence asserted to be improperly excluded, but only as a basis to request that FERC or the Presiding Authority vacate the arbitrator's decision and remand the matter to the arbitrator (or, if FERC or the Presiding Authority determines that the arbitrator engaged in serious misconduct, to a newly selected arbitrator) for reconsideration of the matter with inclusion of the improperly excluded evidence. If an arbitrator's decision is appealed under Section C.9.1(iv) above on the grounds of serious misconduct by the arbitrator, any party to the appeal may offer new evidence relating to the arbitrator's alleged misconduct.

C.11 Procedures for Appeals to Presiding Authority. If any party to an arbitration under Sections C.6 and C.7 desires to appeal an arbitrator's decision to an appropriate Presiding Authority, it shall provide written notice to that effect to all other parties to the arbitration, the arbitrator, and WECC's Chief Executive Officer within 14 calendar days following the date of the arbitrator's decision. If notice of appeal is timely provided:

C.11.1 Within 30 calendar days after the date of the appealing party's first notice of appeal, the party providing notice of appeal shall file its statement of position regarding the appeal with the Presiding Authority, together with the complete evidentiary record

of the arbitration and a copy of the arbitrator's decision. The statement of position shall state that the appeal requested has been the subject of an arbitration pursuant to this Agreement.

C.11.2 Within 30 calendar days after the date of the appealing party's first notice of appeal, any other party that was a party to the arbitration may file its statement of position regarding the appeal with the Presiding Authority.

C.11.3 Copies of all materials filed with the Presiding Authority by any party during the course of an appeal shall be delivered to all other parties to the arbitration and to WECC's Chief Executive Officer.

C.11.4 Implementation of the arbitrator's decision shall be deemed stayed pending an appeal unless and until, at the request of a disputing party, the Presiding Authority issues an order shortening or extending the stay of implementation.

C.11.5 WECC's Chief Executive Officer shall publish (or cause to be published) a summary of each appeal in WECC's newsletter or electronic bulletin board.

C.11.6 The Members and WECC intend that any Presiding Authority's order resulting from an appeal under Sections C.9 and C.11 shall be subject to judicial review pursuant to laws governing the Presiding Authority and the matter in dispute that provide for judicial review of Presiding Authority action.

C.12 Procedures for Contesting or Appealing Arbitrator's Decision Before FERC. If any party to a dispute arbitrated under Sections C.6 and C.7 elects, subject to the limitations set forth in Sections C.9.1 through C.9.5 above, to contest or appeal an arbitrator's decision before FERC, the party so electing shall provide written notice to that effect to all other parties to the arbitration, the arbitrator, and WECC's Chief Executive Officer within 14 calendar

days following the date of the arbitrator's decision. The provisions contained in Sections C.10.1, C.10.2, and C.10.3 above shall apply with respect to the record of the arbitration submitted to FERC. In addition, the following provisions shall apply:

C.12.1 FERC Filing by Prevailing Party. If the arbitrator's decision requires the prevailing party to take action that must have FERC approval or involves the provision of FERC-jurisdictional service by the prevailing party, the prevailing party shall file the arbitrator's decision or make an appropriate filing with FERC to implement the arbitrator's decision. Provided that it has given notice as required under Section C.12 above, any non-prevailing party may contest the prevailing party's filing in accordance's with FERC's applicable rules and regulations.

C.12.2 Complaint to FERC by Prevailing Party. If the arbitrator's decision requires a non-prevailing party to take action that must have FERC approval or involves the provision of FERC-jurisdictional service by any non-prevailing party, then, if the non-prevailing party has given notice as required under Section C.12 above, the prevailing party may submit the arbitrator's decision to FERC in the form of a complaint.

C.13 Appeal to Court. If none of the provisions that govern appealing or contesting an arbitrator's decision before FERC, a Canadian Regulatory Authority, or a Mexican Regulatory Authority as set forth in Sections C.9.2, C.9.3, or C.9.4 above apply, any disputing party may appeal an arbitrator's decision to any court of competent jurisdiction, subject to the conditions specified in Section C.9.1 above. Except as otherwise provided in Section C.10.3 above (substituting the words "court of competent jurisdiction" for "FERC or the Presiding Authority"), any appeal to a court shall be based solely upon the

record assembled by the arbitrator, and no Member, non-Member, or WECC who is a party to an arbitration under Sections C.6 and C.7 shall seek to expand the factual record before the court beyond that assembled by the arbitrator.

Appendix of Additional Definitions Relating to Alternative Dispute Resolution Provisions

Arbitration Notice has the meaning specified in Section C.7.1 of these Bylaws.

Canadian Regulatory Authority. The agency or agencies established under the laws of Canada or the applicable Provinces of Canada and having jurisdiction over facilities, interconnections, transmission rates, charges, terms, and conditions of service of a Canadian Member.

Dispute Notice has the meaning specified in Section C.5.1 of these Bylaws.

FERC. The Federal Energy Regulatory Commission or a successor agency.

FPA. The Federal Power Act (16 U.S.C. §§ 824 *et. seq.*), as it may be amended from time to time.

Mexican Regulatory Authority. The agency or agencies established under the laws of Mexico or the applicable states of Mexico and having jurisdiction over facilities, interconnections, transmission rates, charges, terms, and conditions of service of a Mexican Member.

Presiding Authority. As used in Sections C.10 and C.11, the term “Presiding Authority” has the following meanings: with respect to an appeal to an appropriate Canadian Regulatory Authority, “Presiding Authority” means the presiding Canadian Regulatory Authority or Canadian court with jurisdiction to hear the appeal; and with respect to an appeal to an appropriate Mexican Regulatory Authority, “Presiding Authority” means the presiding Mexican Regulatory Authority or Mexican court with jurisdiction to hear the appeal.

ATTACHMENT 2

Amended Western Electricity Coordinating Council Bylaws — Redlined version

BYLAWS
OF
THE
WESTERN ELECTRICITY COORDINATING COUNCIL

Approved by the WECC Board May 15, 2014
Approved by FERC December 23, 2014

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APPENDICES:

- A. Board Member Standards of Conduct
- B. Officers and Employees Standards of Conduct
- C. WECC Dispute Resolution Procedures

BYLAWS
Of
The
WESTERN ELECTRICITY COORDINATING COUNCIL

1. Vision and Mission.

1.1 Vision.

The Western Electricity Coordinating Council (“WECC”) shall seek to achieve the appropriate level of Bulk Electric System reliability at least cost considering all costs throughout the economy.

1.2 Mission

WECC is a Utah nonprofit corporation with the mission to foster and promote reliability and efficient coordination in the Western Interconnection. WECC will lead the stakeholders in the Western Interconnection to achieve appropriate system reliability, be the premier source of unbiased information, and serve as the trusted thought leader for the Western Interconnection by providing, consistent with these Bylaws: 1) impartial independent review and analysis of reliability issues impacting the Western Interconnection 2) development of electric reliability standards incorporating Western Interconnection experience and knowledge; 3) consistent and fair monitoring and enforcement activities for compliance with reliability standards; 4) event analysis and lessons-learned from system events; and 5) value for its membership through cost effective and efficient services and practices through: a) being a centralized repository of reliable information relating to the planning and operation of the Bulk Electric System in the Western Interconnection, b) coordinating system planning and modeling, c) sharing of, and providing comment on adherence to, recognized industry best practices, d) facilitating resolution of market seams and coordination issues, e) secure sharing of critical reliability data, and f) providing a robust stakeholder forum.

2. Furtherance of WECC’s Mission

2.1 Activities to Carry Out WECC’s Mission.

2.1.1 Compliance with the Federal Power Act. WECC will carry out responsibilities and exercise rights of a Regional Entity organized on an interconnection-wide basis pursuant to Section 215 of the Federal Power Act, including any responsibilities and rights delegated to it by the ERO pursuant to a Delegation Agreement.

2.1.2 Agreements with Canada and Mexico. WECC will carry out responsibilities and exercise rights pursuant to International Reliability Agreements with Canadian or Mexican authorities.

- 2.1.3 Regional Coordination. WECC will act as a coordinating entity for the entire Western Interconnection for activities of regional organizations with responsibilities for reliability and market functions.
- 2.1.4 Standard Setting. WECC will develop and adopt reliability, operating, and planning standards, criteria and guidelines necessary to maintain the reliable operation of the Western Interconnection's interconnected Bulk Electric System, including seeking, as appropriate, variances from standards of the ERO (or any successor organization which may be created by legislation or otherwise), as well as providing a process for regional variances.
- 2.1.5 Certification of Grid Operating Entities. WECC will assist in certifying Grid Operating Entities in the Western Interconnection.
- 2.1.6 Reliability Assessment. WECC will ensure that interconnected Bulk Electric System reliability assessments are conducted as needed. WECC will do this work in conjunction with the Regional Entities to the greatest extent possible. WECC will also facilitate coordinated reliability assessments among Regional Entities.
- 2.1.7 Compliance Activities. With respect to enforcement of reliability standards, WECC will:
 - 2.1.7.1 implement the Reliability Management System in effect as of WECC's formation and as the Reliability Management System may be subsequently modified in accordance with its terms;
 - 2.1.7.2 implement any monitoring and enforcement mechanisms delegated to it pursuant to Section 215 of the Federal Power Act and any Delegation Agreement with the ERO, or required by any International Reliability Agreement with a Canadian or Mexican authority; and
 - 2.1.7.3 administer any other monitoring and enforcement mechanisms where WECC is designated to perform administration.
- 2.1.8 Coordinated Regional Planning. With respect to the coordination of regional planning activities, WECC:
 - 2.1.8.1 will develop coordinated planning policies and procedures for the Western Interconnection, including facilitation of market-based solutions, consistent with WECC/ERO standards and FERC policy.
 - 2.1.8.2 will review and assess Local Regional Entity planning processes to determine whether WECC planning procedures have been satisfied;

2.1.8.3 will refer planning matters back to the originating Local Regional Entity for revision or other corrective actions when the WECC Board determines that WECC planning procedures have not been satisfied; and

2.1.8.4 may perform other interconnection-wide studies as needed.

2.1.9 Coordinated Operations. With respect to coordinating reliable operating activities within the Western Interconnection, WECC will develop, coordinate and promote consistent interregional operating policies and procedures for the Western Interconnection, consistent with WECC/ERO standards and FERC policy.

2.1.10 Market Interface Issues. With respect to Market Interface issues WECC will:

2.1.10.1 facilitate development of compatible and efficient practices across the Western Interconnection; and

2.1.10.2 exercise Backstop Authority where an unresolved Market Interface issue will cause Material External Impacts by taking some or all of the following actions: 1) providing a forum for and coordinating voluntary solutions among Members; 2) recommending specific solutions for voluntary adoption by Members; and 3) if necessary, proposing solutions to an Applicable Regulatory Authority.

2.1.11 Dispute Resolution. WECC will provide a process for the timely resolution of disputes between WECC Members as set forth in Section 11.

2.2 Organizational Characteristics.

As WECC carries out activities to fulfill its mission, it will seek to develop and maintain the following characteristics:

2.2.1 dedication to serving the individuals, businesses, and other organizations that generate, transmit, distribute, market, and use electrical energy in the Western Interconnection;

2.2.2 efficiency in its administration, decision-making, policy and standards development, and dispute resolution processes;

2.2.3 the ability to maintain status as an Interconnection-wide regional reliability entity and be afforded deference and delegation by ERO (or successor organization); and

2.2.4 fair and open processes through which practices, policies, and standards are developed and implemented based on sound technical and policy analysis.

2.2.5 Promote an efficient western electric market by reducing or eliminating conflict, duplication and overlap among electric organizations in the Western Interconnection.

2.2.6 Allow access to WECC data by individuals who can demonstrate a legitimate business need for the data, provided such individuals agree to such protections and non-disclosure restrictions which may be necessary due to the nature of the data sought to be accessed and agree to pay the incremental costs of providing the data which may be requested.

3. Definitions.

The capitalized terms used in these Bylaws shall have the meanings set forth below, or if not set forth below, shall have the meanings given them in the NERC Glossary of Terms Used in NERC Reliability Standards.

3.1 Affiliate.

An Entity that directly or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, another Entity. An Entity “controls” any Entity in which it has the power to vote, directly or indirectly, 5% or more of the voting interests in such entity or, in the case of a partnership, if it is a general partner. Notwithstanding the foregoing definition, for purposes of these Bylaws: 1) electric distribution cooperatives that are member-owners of a generation and transmission cooperative are not Affiliates of the generation and transmission cooperative or of each other; 2) an entity controlled by or operating as a unit, agency, or subdivision of a local, state, provincial, or U.S. federal or Canadian or Mexican national government will not be considered an Affiliate of any other entity controlled by or operating as a unit, agency, or subdivision of a local, state, provincial, or federal government; 3) separate agencies of a single state or province, or of the U.S. federal or Canadian or Mexican national government will not be considered Affiliates of each other, regardless of any commonality of political control; 4) members of any joint powers authority, and such joint powers authority, will not be considered Affiliates of each other; and 5) members of an RTO will not be considered Affiliates of such RTO or of each other solely as a result of such membership.

3.2 Annual Meeting.

The annual membership meeting of WECC, as described in Section 5.3.

3.3 Applicable Regulatory Authority.

The FERC or any state or provincial government agency with jurisdiction to regulate or directly affect the transmission of electricity within the Western Interconnection.

3.4 Backstop Authority.

The ability, obligation, or responsibility of WECC to address an issue when the WECC Board determines that a Local Regional Entity(ies) holding Primary Authority has not resolved an issue, has created incompatible resolutions or has not acted. In each case where these Bylaws authorize WECC to exercise Backstop Authority, the provisions that

authorize Backstop Authority will also specify the conditions necessary to trigger Backstop Authority and the actions that fall within WECC's exercise of Backstop Authority.

3.5 Balancing Authority.

The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

3.6 Ballot Body.

The Ballot Body consists of WECC members and non-members that have been determined eligible for the voting sectors described in the Reliability Standards Development Procedures and may, therefore, vote on Regional Criteria and Regional Reliability Standards.

3.7 Board of Directors (Board).

WECC Board of Directors, collectively, as described in Section 6.

3.8 Class.

A grouping of Members described in Sections 4.2.1 through 4.2.7 and 4.3.

3.9 Commercial Practices.

The products and practices involved in trading electricity. The term "Commercial Practices" only refers to an interaction among market entities that does not affect or require assistance from Grid Operating Entities that have grid reliability responsibilities.

3.10 Compliance Hearing Body.

The hearing body used for the purpose of providing a balanced compliance panel to conduct hearings for the resolution of disputes concerning compliance with or enforcement of Reliability Standards that may arise between WECC (acting as Compliance Enforcement Authority for the Western Interconnection) and a Registered Entity.

3.11 Delegation Agreement.

An agreement between the ERO and WECC pursuant to Section 215 of the Federal Power Act by which the ERO delegates to WECC designated powers, rights and responsibilities regarding the administration within the Western Interconnection of electric Reliability Standards adopted or approved by the ERO and the FERC.

3.12 Director.

An individual member of the WECC's Board of Directors.

3.13 Electric Line of Business.

The generation, transmission, distribution, or trading of electricity or the provision of related energy services in the Western Interconnection.

3.14 Electric Reliability Organization (ERO).

- The organization certified by FERC under 18 C.F.R. §39.3, the purpose of which is to establish and enforce Reliability Standards for the Bulk-Electric System in the United States, subject to FERC review.
- 3.15 Entity.**
Any individual, person, corporation, partnership, association, governmental body or organization of any kind.
- 3.16 FERC.**
The Federal Energy Regulatory Commission or any successor.
- 3.17 Grid Operating Entity.**
Any operating entity, such as a Balancing Authority, that is certified pursuant to Section 2.1.5 of these Bylaws to be responsible for reliable operation of a portion of the Western Interconnection.
- 3.18 International Reliability Agreement.**
An agreement between WECC and any appropriate Canadian or Mexican authority related to WECC's powers, rights and responsibilities regarding the administration of electric reliability standards applicable within such authority's geographic area of the Western Interconnection.
- 3.19 Local Regional Entity.**
A regional transmission organization or some other formally or informally constituted regional organization or group within the Western Interconnection, including but not limited to a Balancing Authority, a group of Balancing Authorities acting in concert, or a group of Entities that own or operate Transmission Facilities acting in concert. These Local Regional Entity boundaries can be reevaluated or modified over time.
- 3.20 Market Interface.**
Market Interface involves all interactions among market entities and Grid Operating Entities related to transmission service and physical delivery.
- 3.21 Material External Impacts (MEI).**
Significant effects on another Local Regional Entity or market within the Western Interconnection but outside of the Local Regional Entity or market adopting a policy, standard, practice or procedure, or implementing an action.
- 3.22 Member.**
Any entity that has applied and been accepted for membership in WECC and is current in the payment of dues.
- 3.23 Participating Stakeholder.**
Any person or entity that is not a WECC Member, but is an interested stakeholder and has applied and been granted, pursuant to Section 8.7.2, the participation and voting rights set forth in Section 8.7.1.

- 3.24 Primary Authority.**
The ability, obligation, or responsibility of an entity to address an issue in the first instance.
- 3.25 Regional Criteria**
The term Regional Criteria shall have the definition set forth in the NERC Rules of Procedure as may be amended from time to time.
- 3.26 Regional Entity (RE).**
An entity having enforcement authority pursuant to 18 C.F.R. §39.8.
- 3.27 Registered Entity.**
An owner, operator, or user of the Bulk-Electric System or the entities registered as their delegates for the purpose of compliance in the North American Electric Reliability Corporation Compliance Registry or similar Entity operating in Canada or Mexico and which could be registered in the Compliance Registry if it operated in the United States.
- 3.28 Reliability Management System**
The contracts, separate from these Bylaws, by which Members and other parties agree to certain procedures and sanctions intended to enforce specified Reliability Practices to maintain reliable electric service throughout the Western Interconnection.
- 3.29 Reliability Standard.**
A requirement approved by FERC under section 215 of the Federal Power Act, to provide for reliable operation of the Bulk-Electric System in the United States. Regional Reliability Standards are specific to the Western Interconnection and shall be established using the WECC Standards Development Procedures.
- 3.30 Reliability Standards Development Procedures.**
The process for developing and approving WECC Regional Reliability Standards (or its successor) attached as Exhibit C to the Delegation Agreement between WECC and North American Electric Reliability Corporation.
- 3.31 Transmission Facilities.**
Those facilities that are defined as “transmission facilities” by FERC for purposes of the open access requirements of Section 210 and 211 of the Federal Power Act or any facilities which would be so defined if the Member were subject to FERC jurisdiction.
- 3.32 Western Interconnection.**
The geographic area containing the synchronously operated electric transmission grid in the western part of North America, which includes in the United States Arizona, California, Idaho, Nevada, Oregon, Utah, and Washington, as well as parts of Montana, Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Colorado; parts of the Canadian Provinces of British Columbia and Alberta; and Baja California Norte, Mexico.

4. Members and Membership.

4.1 Voluntary Membership.

Except as otherwise may be required by applicable authority, membership in WECC is voluntary. A Member may withdraw upon giving the Secretary thirty (30) days' advance written notice. Notwithstanding such notice of withdrawal, all contracts, FERC orders, unpaid Member costs, and decisions of arbitration in effect or pending as of the date of the written notice of withdrawal will be followed through to completion, pursuant to these Bylaws, by the withdrawing Member; however. Nothing herein will relieve any Member withdrawing from WECC from any obligation it may have under applicable law including, but not limited to, Section 215 of the Federal Power Act. A Member that withdraws is obligated to pay any unpaid dues owed through the remainder of the fiscal year in which its withdrawal becomes effective.

4.2 Eligibility for Membership.

Subject to Section 4.5, any Entity that is an interested stakeholder or that meets the criteria for membership in the membership classes described in Sections 4.2.1 through 4.2.5 may be a Member of WECC:

- 4.2.1 Class 1. Electric Line of Business Entities owning, controlling or operating more than 1000 circuit miles of transmission lines of 115 kV and higher voltages within the Western Interconnection.
- 4.2.2 Class 2. Electric Line of Business Entities owning, controlling or operating transmission or distribution lines, but not more than 1,000 circuit miles of transmission lines of 115 kV or greater, within the Western Interconnection.
- 4.2.3 Class 3. Electric Line of Business Entities doing business in the Western Interconnection that do not own, control or operate transmission or distribution lines in the Western Interconnection, including power marketers, independent power producers, load serving entities, any other Entities whose primary business is the provision of energy services, and those Entities that are not eligible for membership in the other Member Classes and who have a substantial interest in the purposes of WECC.
- 4.2.4 Class 4. End users of significant amounts of electricity in the Western Interconnection, including industrial, agricultural, commercial and retail entities as well as organizations in the Western Interconnection that represent the interests of a substantial number of end users or a substantial number of persons interested in the impacts of electric systems on the public or the environment.
- 4.2.5 Class 5. Representatives of states and provinces in the Western Interconnection, provided that such representatives will have policy or regulatory roles and do not represent state or provincial agencies and departments whose function involves significant direct participation in the market as end users or in Electric Line of Business activities.

4.2.6 **Sub-Class Organization.** A Member Class may subdivide in up to three subclasses based on a majority desire within that class for purposes of electing Member Advisory Committee representation.

4.3 Designation of Membership Class.

A Member of WECC may not belong to more than one Class. An applicant for membership will designate the Class for which it qualifies based upon the criteria for membership set forth in Section 4.2, however any Member owning, controlling or operating Transmission Facilities or distribution facilities must belong to Class 1 or 2 unless the Board grants the Member's petition for a change in Member Class pursuant to the provisions of Section 4.4 of these Bylaws. Applications for membership will be submitted to WECC. WECC staff will review the application to verify eligibility for membership and Member Class designation. An applicant whose application has been rejected or any Member who disputes the WECC staff's determination regarding the appropriate Member Class designation may request review by the Governance Committee. If the applicant or any Member disagrees with the Governance Committee's decision, the applicant or such Member may appeal this decision to the Board.

4.4 Changes in Membership Class.

Notwithstanding any other provision of these Bylaws, upon a petition from a Member, the WECC staff (subject to review by the Governance Committee and appeal to the Board) may allow the Member to change Member Class if the interest of the Member is more closely aligned with the proposed Class than the Member's current Class.

4.5 Affiliates and Distinct Business Entities.

An Affiliate of a Member that satisfies the membership qualifications may also become a Member provided:

4.5.1 The Affiliate applying for membership and the Member disclose to the Chief Executive Officer all Affiliates that are WECC Members and the Classes to which the Affiliates belong. Every Member will promptly notify the Chief Executive Officer whenever it becomes, or ceases to be, an Affiliate of any other Member.

4.5.2 Affiliates may be members of the same Class; provided, however, a group of Affiliates within a single Class may only have one vote in any WECC forum. Except as set forth in Section 8.7.6, a group of Affiliates within a single Class may, by providing at least three (3) business days advance written notice to the Chief Executive Officer, split their single vote equally amongst all Affiliates or designate a single Affiliate as the group's voting Member.

4.5.3 For good cause shown and with the express approval of the Board, a company or organization containing functionally distinct entities within it may obtain separate memberships for such entities; provided that such entities will be considered Affiliates.

- 4.5.4 The Board may adopt a policy regarding whether Members may share the benefits of membership (including the right to receive information that is only available to Members) with a non-member Affiliate.

4.6 Rights and Obligations of Membership.

Except as otherwise provided in these Bylaws or other applicable authority, Members of WECC have the following general rights and obligations:

- 4.6.1 The right to elect and remove Directors as described in Section 6.5;
- 4.6.2 The right to amend these Bylaws, and to review and rescind any Board amendment of these Bylaws, in accordance with Section 12;
- 4.6.3 The right to receive appropriate meeting notices, as well as reports and information produced by WECC;
- 4.6.4 The right to attend, participate and vote in all WECC Member meetings and the right to attend Board meetings (other than closed sessions of Board meetings) and to comment upon all matters considered in such meetings;
- 4.6.5 The right to be a member of, attend meetings of, and to introduce motions, debate and to vote in the deliberations of WECC committees, subject to the limitations of these Bylaws and such other reasonable limitations as the Board may adopt from time to time;
- 4.6.6 The right to invoke the dispute resolution provisions of these Bylaws;
- 4.6.7 The right to petition the Board to take any action consistent with applicable law (including Section 215 of the Federal Power Act and implementing orders and regulations), these Bylaws and the articles of incorporation and to have such petition voted upon in a reasonable and timely manner;
- 4.6.8 The obligation to abide by these Bylaws, decisions resulting from the dispute resolution process, and all standards or decisions of WECC, subject to the exceptions set forth in Section 4.7 and the enforcement provisions of Section 4.8.
- 4.6.9 The obligation to notify the Chief Executive Officer promptly of changes with respect to Affiliates as provided in Section 4.5.1 of these Bylaws; and
- 4.6.10 The obligation to pay in a timely manner the membership dues pursuant to Section 11.
- 4.6.11 The obligation to provide system data that the Board has determined is necessary for WECC functions and does not impose an undue burden on the Members; provided, however, that the Board shall adopt appropriate limitations on this

obligation or procedures that protect and avoid unnecessary collection of confidential, privileged, trade secret, cybersecurity or critical energy infrastructure information or other information that the Board determines merits such protection consistent with applicable law.

- 4.6.12 The obligation to support surfacing minority and majority opinions or views within their Member Class, along with supporting rationale to enable the Board of Directors to make decisions based on informed judgment aligned with WECC's vision, mission and these Bylaws.

4.7 Limitations on Member Obligations.

- 4.7.1 The obligation of Members pursuant to Section 4.6.8 will not require any Member to take any action which the Member in good faith determines: 1) would exceed the physical capabilities of the Member's electric system (or any part of another's electric system that the Member has the legal right to cause to comply with a WECC action governed by Section 4.6.8); 2) would create serious and immediate risks to public health or safety (provided, however, that the shedding of load shall not in and of itself be deemed a serious and immediate risk to public health and safety for the purpose of this section); 3) would create an immediate risk of serious damage to facilities or equipment within its electric system or cause it to operate any of its electric facilities or equipment in an unsafe manner; 4) would cause the Member to violate or improperly implement an applicable law, regulation, rule, order, FERC license provision or other legal obligation; or 5) would conflict with any non-power requirement applicable to the Member (including without limitation any obligation under environmental laws, regulations, court and administrative decisions or biological opinions).

- 4.7.2 Each Member shall retain sole control of its facilities and the use thereof, and a Member shall not be required to construct or dedicate facilities for the benefit of any other Member, or be required to take action, or refrain from action, as may be deemed necessary to maintain reliable service to its own customers and/or to fulfill its obligations to third parties; provided, that a Member shall comply with duly-adopted reliability standards applicable to its system and shall comply with any directives under existing security coordination agreements. Nothing in these Bylaws is intended to preclude application of Section 210 or 211 of the Federal Power Act. The above limitations shall not be construed as altering a Member's obligation to comply with applicable Reliability Standards or enforcement orders, or any other obligation arising under 18 C.F.R. Part 39.

4.8 Compliance and Enforcement.

The power of WECC to enforce Member obligations other than compliance with Reliability Standards and other obligations arising under 18 C.F.R. Part 39 and applicable Canadian and Mexican regulatory requirements is limited to suspension or termination of membership as set forth in this Section; provided, however, that: 1) nothing in this Section will limit the power of Members to agree to additional enforcement provisions in separate

contracts (such as contracts pursuant to the Reliability Management System); 2) nothing in this Section will limit the power of WECC to propose solutions regarding Market Interface issues to any Applicable Regulatory Authority as described in Section 2.1.10; and 3) nothing in this Section will limit WECC's delegated authority under Section 215 of the Federal Power Act and 18 C.F.R. Part 39 and applicable Canadian and Mexican regulatory requirements to enforce reliability standards and perform other delegated or contractual functions within the Western Interconnection. The Board may suspend or, to the extent consistent with applicable law, terminate the membership of any Member for a material failure to meet any obligation of membership set forth in these Bylaws, including, but not limited to: 1) non-payment of dues sixty (60) days after the dues become delinquent; 2) intentionally or repeatedly violating any WECC Bylaw; 3) materially breaching or intentionally violating any FERC order or arbitration decision issued pursuant to these Bylaws; 4) willfully obstructing any lawful purpose or activity of WECC; or 5) remaining inactive as described in Section 5.9. The Board will give the affected Member not less than twenty-one (21) days prior written notice of any proposed suspension or termination, which will include the specific basis for the proposed action and, if applicable, instructions on curing the problem. Prior to terminating a membership, the Board will consider any information provided by the Member in response to the notice described herein.

4.8.1 Suspension. The suspension of a Member will not affect the Member's rights and obligations other than that the Member will not be entitled to vote at any meeting of the Members, Classes, subclasses, or any committee until the suspension is removed except that a suspended Member may participate in the WECC proposed Reliability Standards Development Procedure.

4.8.2 Termination. The termination of membership will have the same effect, and be subject to the same continuing obligations, as such Member's withdrawal pursuant to Section 4.1, except that it will be effective as of the issuance date of the notice provided pursuant to Section 4.8.

4.9 WECC Structure and Governance Review.

At least each five years, the Board of Directors will conduct a thorough assessment of whether WECC is fulfilling its purposes in a manner that is consistent with: 1) the provisions of Section 2.2 of these Bylaws; and 2) the then-current state and the expected future evolution of the electric power industry within the Western Interconnection. Unless determined otherwise by a majority vote of both the Board of Directors and the Members Advisory Committee (MAC), the initial review required under this Section 4.9 will commence after the completion of the first full year of operation under these Bylaws as amended in June 2013 and will be done collaboratively with the MAC and to the extent practical, will be coordinated with any similar structure and governance reviews being conducted by Peak Reliability. In particular, the Board will focus on whether the standards, obligations, processes, and decisions WECC imposes on its Members are timely, fair, effective, and reasonable in view of the commercial, legal, regulatory, and economic needs and objectives of the affected Members. The Board will evaluate WECC's Board composition, Member Class structure, committee structure and activities, and staff responsibilities as they relate to the foregoing considerations. The assessment required by this Section 4.9 will be accompanied by Board recommendations for any changes the Board determines are

warranted by the assessment. The assessment and recommendations prepared by the Board in accordance with this Section 4.9 will be submitted in writing to the Members at the first annual Member meeting held after they are completed.

5. Procedures for Member Decisions.

5.1 Quorum and Alternative Voting.

With the exception of voting on Regional Reliability Standards and Regional Criteria under the oversight of the WECC Standards Committee, members may conduct business and take votes only at duly noticed Member meetings. Members may not conduct any business of the membership as a whole at any meeting unless a quorum is first established.

5.1.1 Quorum. A majority of all Members, including a majority in at least three (3) Classes, will constitute a quorum for all meetings of the membership as a whole. A majority of the members of a Class or subclass will constitute a quorum for all Member Class or subclass meetings. Members participating through a designated alternative representative or through submission of an absentee ballot will be counted in determination of a quorum. Inactive Members, as defined in Section 5.9 of these Bylaws, will not be counted in determining a quorum at Member, Member Class or subclass meetings. A quorum, once established, will be deemed to continue for the balance of any Member, Member Class, or subclass meeting, except that no election of Directors may occur without a quorum being present. Members may designate an alternate representative or submit an absentee ballot in a form consistent with Section 5.1.2 for any Member, Member Class, or subclass meeting.

5.1.2 Alternate or Absentee Voting: In the event that a Member's designated voting representative cannot attend a meeting of the Membership or a Member Class meeting where Directors are being elected or amendments to these Bylaws are considered, a Member may designate an alternate voting Member representative, with two (2) days written notice to the Corporate Secretary, or a Member may cast an absentee ballot pursuant to the procedures established by the Corporate Secretary.

5.2 General Membership Meetings.

All business of the Members acting as a whole will be conducted at meetings called by advance notice to all WECC Members provided in accordance with Section 5.5. Unless stated otherwise in these Bylaws, decisions at all meetings of the Members, Member Classes, or subclasses will be by simple majority vote of the Members present or otherwise represented in accordance with these Bylaws, with each Member having one vote, unless other Bylaw provisions provide for the allocation of the Member's vote. The Chair of the Board will preside over all Members acting-as-a-whole meetings.

5.3 Annual Member Meetings.

WECC will hold an Annual Meeting of all Members at a time and place determined by the Board. At the Annual Meeting, and at other times as provided for in these Bylaws, in

addition to such other actions the Members may take, Member Classes will elect Directors for vacant director positions.

5.4 Special Member Meetings.

Members may hold special meetings whenever called by the Board. The Board will call special Member meetings whenever a majority of the Members of any Class request a special meeting or at such other times as it deems appropriate. The Chair of the Board will preside over all special Member meetings.

5.5 Member Class and Subclass Meetings

An individual WECC Member Class or subclass may hold a meeting for any purpose relevant to the interests of Class or subclass Members. Such meeting will be initiated by request by one or more Class or subclass Member(s), and agreement by at least fifty percent (50%) of Class or subclass Members.

5.6 Notice of Member Meetings.

5.6.1 Annual Meeting. The Chief Executive Officer will provide at least thirty (30) days' advance notice to all Members and the Board of the date, place and time of the Annual Meeting of the Members and an agenda of the business to be conducted at such meeting.

5.6.2 Other Member Meetings. The Chief Executive Officer will provide notice of regularly scheduled and special meetings of the Members to the Members not less than fifteen (15) days before the meeting if delivered by first-class mail, or not less than ten (10) days before the meeting if the notice is delivered personally, by telephone, by facsimile, electronic mail or express mail. If mailed, such notice will be deemed given when deposited in the United States mail, with first-class postage thereon prepaid, addressed to a Member. Such notice will state the date, time and place of the meeting and the meeting agenda.

5.6.3 Public and Website Notice. Public notice of each meeting of the Members will be placed on WECC's website at least ten (10) days before such meeting. In addition, the Chief Executive Officer will provide notice in the same manner and time as set forth in Section 5.6.2 of each meeting to each member of the public who so requests and who has provided appropriate information regarding delivery of notice.

5.7 Open Meetings.

All Membership meetings are open to observation by the public.

5.8 Policymaking Authority.

The Board of Directors may adopt policies for the interpretation and implementation of the meeting and voting procedures established in this Section 5.

5.9 Minimum Participation Requirement.

In order to be counted for quorum purposes at a meeting of the membership as a whole, Class, or subclass meeting, a WECC Member must actively participate (by attending in

person, sending an alternate, or voting absentee) in at least one WECC meeting (including meetings of the Board, committees and subcommittees) each year. If the Member does not meet this minimum participation requirement, the Member will be considered an “inactive” Member until its active status is restored by participation in at least one WECC meeting (including meetings of the Board, committees and subcommittees) by attending in person, sending an alternate, or voting absentee. An inactive Member will not be counted toward establishing a quorum of the membership as a whole, of a Class, or of a subclass. An applicant for WECC membership or a WECC Member may at any time self-designate itself an inactive Member. Such designation will be effective until the Member is reinstated to “active” status. If a Member does not participate for twenty four (24) consecutive months, the Member’s membership will be terminated. If a Member’s membership is so terminated, reapplication for membership may be made at any subsequent time.

6. Governance.

6.1 Board of Directors.

Subject to those matters expressly requiring approval of the Membership, a Board of Directors elected by the Members will govern WECC. The Board of Directors will elect its own Chair and Vice-Chair from those individuals serving as Directors.

6.2 Composition of the Board and Board Member Qualifications.

6.2.1 The Board of Directors shall consist of nine (9) Directors. At all times, subject to temporary vacancies, the Board of Directors shall include at least three directors who have at least ten years of experience in the utility industry, preferably in the Western Interconnection, including at least one director who has transmission operations experience, at least one director who has transmission planning experience, and at least one director who has generation operations experience. At any time where the membership of the Member Advisory Committee (MAC) is modified, as may be provided in other provisions of these bylaws, to include representation for Entities of the two Canadian Provinces of British Columbia and Alberta and the Mexican State of Baja California, at least one Director, elected subsequent to such MAC representation, shall have international experience corresponding to such geographic area(s) and/or representation in the MAC.

6.2.2 The remaining members of the Board of Directors shall be selected in an effort to ensure diversity of background and experience. Desirable categories of experience may include: regulatory or legal; accounting, finance or economics; environmental; end-user advocacy; information technology; compliance or standards; public sector; and international.

6.2.2.1 Transmission operations experience shall preferably include experience in control center operations at the senior management or officer level.

- 6.2.2.2 Transmission planning experience shall preferably include experience in modeling and/or planning transmission facilities, including economic and reliability modeling at the senior management or officer level.
- 6.2.2.3 Generation operations experience shall preferably include experience in development or operation of generation facilities, including economic and reliability modeling at the senior management or officer level.
- 6.2.2.4 Regulatory or legal experience shall preferably include at least one of the following types of experience: state, provincial or federal industry regulation; significant litigation experience ideally at the appellate level; evaluation of complex legal arguments; and advising clients with respect to settlements.
- 6.2.2.5 Accounting, finance or economic experience shall preferably include experience as a Chief Financial Officer, a Chief Account Officer, a Corporate Risk Officer, a Certified Public Accountant, or the equivalent thereof.
- 6.2.2.6 Environmental experience shall preferably include experience advocating environmental interests before local, state or federal agencies or boards, and/or leadership experience in representing environmental interests in relation to energy issues.
- 6.2.2.7 End-user advocacy experience shall preferably include experience advocating end-user economic interests before local, state or federal ratemaking agencies or boards.
- 6.2.2.8 Information technology experience shall preferably include experience as a senior level manager responsible for integrating information technology services with organizational needs in areas such as capacity planning, budget and finance, acquisition and deployment, operations, change management, application development, trade ally relationships, user support, data quality, security and similar areas.
- 6.2.2.9 Compliance or standards experience shall preferably include experience as a senior level officer or manager for corporate compliance with internally and/or externally imposed requirements, rules or standards.
- 6.2.2.10 Public sector experience shall preferably include experience representing the public interests with respect to energy issues.
- 6.2.2.11 International experience shall preferably include experience as described in the previously listed experience categories, but in the Canadian

provinces of British Columbia or Alberta, or the Mexican state of Baja California.

6.2.3 Director Affiliation Restrictions. A Director may not be a full time employee of a Registered Entity. Nor may a Director be affiliated with any Member or Registered Entity operating in the Western Interconnection, nor a Director of an entity performing the function of Reliability Coordinator in the Western Interconnection.

6.2.3.1 For the purposes of this section, “affiliated” shall mean (1) an employee of, (2) a contractor for, (3) an employee of a contractor for, or (4) an equity owner of Registered Entity or Member. For purposes of determining whether a Director is “affiliated” the term “Director” shall include a spouse and/or minor child of the Director.

6.2.3.2 A Director with an equity interest in private or publicly traded companies that are end-users of electricity in the Western Interconnection but are not otherwise “affiliated” pursuant to the restrictions set forth in Section 6.2.2 shall not be considered to be “affiliated”.

6.2.3.3 A Director with an equity ownership in a broadly diversified mutual fund which may from time to time include interests in one of the types of organizations described in Section 6.2.2, shall “not be considered to be “affiliated, provided that such equity interest cannot confer a controlling interest in a Member or Registered Entity within the Western Interconnection.

6.2.3.4 A Director receiving post-employment compensation, which compensation is not indexed to the success of the disbursing entity shall not be considered “affiliated”.

6.2.3.5 A Director shall not be considered “affiliated” solely by having a contractual relationship with a state government that has one or more agencies that are Members, provided that the Director cannot be affiliated with the Member agency or agencies.

6.2.3.6 A Director shall not be considered “affiliated” for being a residential or small business end-user of electricity or for being affiliated with, a member of, or a contributor to an organization that represents a substantial number of end users or a substantial number of persons interested in the impacts of electric systems on the public interests or the environment, but a Director shall be considered “affiliated” if the Director is an employee of, or serves as a director, trustee, or officer or in any other policy-setting capacity with respect to any such organization.

6.2.3.7 The affiliation restrictions set forth in this Section are not all encompassing. Candidates and Board members are expected to disclose all known potential financial or relationship conflicts, including any known relationships between companies they have affiliation with and/or entities described in Section 6.2.2. Furthermore, any Nominating Committee will be expected to investigate and evaluate all potential conflicts, whether financial or otherwise.

6.2.4 In addition, the Board may provide for the Chief Executive Officer (“CEO”) of WECC to be a voting, additional tenth, member of the Board through the inclusion of such a provision in the resolution the Board adopts appointing WECC’s CEO. Such provision shall not permit the CEO to be a member of a Board committee or to cast either a tie-breaking vote or a vote that creates a tie. The CEO may not serve as the Chair or Vice-Chair of the Board.

6.3 Term of Office.

Directors will hold office for staggered terms of three (3) years, three Directors’ terms ending each year. Each three (3) year term shall commence upon the adjournment of the portion of the Annual Member Meeting provided for in Section 5.3, in which all Members are counted for purposes of determining a quorum. Similarly, the three year terms of outgoing Directors shall end upon the adjournment of that portion of the Annual Member Meeting in which all Members are counted for purposes of determining a quorum, whether that results in a longer or shorter term than exactly three years.

6.4 Nomination, Selection and Compensation of Directors.

6.4.1 Nominating Committee. Candidates for a Director position shall be nominated by a Nominating Committee. The Nominating Committee shall consist of seven members. Three members shall be Directors, not standing for re-election, designated by the Board Chair. The remaining four Nominating Committee members shall be designated by the Member Advisory Committee and come from individuals serving on the Member Advisory Committee, with two (2) members being from Classes 1, 2, and/or 3, and two (2) members being from Classes 4 and/or 5.

6.4.1.1 If the Member Advisory Committee does not designate MAC members to serve on the Nominating Committee within 30 days of being notified of the Board Chair’s designation of the three Directors to serve on the Nominating Committee, the Board Chair may designate MAC members to serve.

6.4.1.2 A Nominating Committee shall be formed each year not less than 180 days prior to the Annual Meeting. A Nominating Committee will continue to function until a replacement Nominating Committee is formed, but may not continue for a period longer than twelve (12) months from its creation, provided however, that the Board, by resolution, may authorize a

Nominating Committee to function beyond twelve (12) months as the Board may determine is necessary.

6.4.2 Director Candidate Nominations.

6.4.2.1 The Nominating Committee shall develop candidate pools and make candidate nominations to the Members. The Nominating Committee may consider any qualified applicant in developing the candidate pool, and may identify applicants through the following process: (1) selecting and utilizing an independent search firm to provide the Nominating Committee with a list of qualified applicants for each Director position subject to election; (2) consider an incumbent Director who is willing to stand for reelection, including a review of such Director's tenure on the Board of Directors; (3) consider external nominations.

6.4.2.2 External parties, including but not limited to Members and Western Interconnection stakeholders, may recommend candidates (self-recommendations and third party recommendations) to the Nominating Committee for consideration, by submitting the following: the candidate's resume, a summary of the candidate's relevant experience, a disclosure statement from the candidate, and a letter of interest from the candidate. All recommendations from external parties must be submitted to the Nominating Committee within sufficient time for the Nominating Committee to evaluate the candidate prior to the notification required in Section 6.4.2.5.

6.4.2.3 The Nominating Committee shall review the qualifications of the potential candidates and put forth one nominee for each Director position up for election.

6.4.2.4 Five (5) affirmative votes of the Nominating Committee shall be necessary to put forth a nominee to the Members.

6.4.2.5 At least sixty (60) days in advance of the Annual Meeting, the Nominating Committee shall notify the Board Chair whether or not it has finalized all Director nominations. If the Committee fails to put forth a nomination for an open position, then the Board Chair may form a new Nominating Committee with different Board and Member Advisory Committee members, who shall be tasked with developing any remaining nominations for open Director positions.

6.4.2.6 Each nominee, put forth by the Nominating Committee, shall be presented for separate election by the Members.

6.4.3 Director Elections. Members will vote for each vacant Director position separately. A candidate will be elected to the Board upon majority vote of the Members as a whole in

addition to a majority of the Classes (three of the five) having a majority vote from the Members of the individual Class.

6.4.4 Should a candidate fail to receive the required vote of the Members or Member Classes, the Board may:

6.4.4.1 conduct a new election of an alternate candidate put forward by the Nominating Committee, if any, or the Board may ask the Chair to establish a new Nominating Committee to recommence the nomination and election process. Where a candidate has not received the required vote of the Members and Member Classes, the director position shall remain vacant until a candidate is elected, except as provided in Section 6.7.2.

6.4.5 Annual Compensation of Directors. Every two years, or sooner if, in the discretion of the CEO, a new survey is required, the CEO shall contract with an appropriate firm to conduct a national compensation survey, which shall provide an independent review of the compensation paid independent directors. The latest survey so procured shall be used by the Nominating Committee to make an annual recommendation for the compensation of Directors for the following year. Any such recommendation shall require five (5) affirmative votes of Nominating Committee members. This recommendation shall be presented to the MAC no later than one hundred fifty (150) days prior to the Annual Meeting. The MAC shall set the compensation for the Directors at least one hundred and twenty (120) days prior to the Annual Meeting. When making this decision, the MAC shall consider the recommendation of the Nominating Committee and any other material relevant to setting Director compensation. If the Nominating Committee is unable to reach the five (5) vote majority necessary to make a compensation recommendation, the MAC shall make no changes to the compensation paid Directors for the following year.

6.5 Removal of Directors.

The Members or the Board may remove a Director before completion of the Director's term of office pursuant to the following provisions.

6.5.1 Removal by the Members. Directors may be removed only for gross negligence, violation of local, state, provincial, or federal laws, gross misconduct, or failure to meet the fiduciary obligations of Directors.

6.5.1.1 Removal of a Director will be by a vote of a majority of all the WECC Members, not just those Members voting, in addition to a majority of the Classes (three of the five) having a majority vote from the Members of the individual Class. Removal may only take place at a meeting called for that purpose by notice provided in accordance with the notice requirements for member meetings. A vote, by all Members, to consider removal of a Director will occur based upon a petition, for such an all-Member vote, supported by twenty percent (20%), each, of the Members of three of the five Member Classes.

6.5.2 Removal by the Board. The Board may remove any Director for gross negligence, violation of local, state, provincial, or federal laws, gross misconduct, or failure to meet the fiduciary obligations of Directors. Such removal will only occur upon the affirmative vote of not less than six (6) Directors.

6.6 Resignation.

Any Director may resign from their position at any time by written notice to the Board by delivery to the Chair. The acceptance of a resignation will not be required to make it effective.

6.7 Procedures for Filling Vacant Director Positions.

6.7.1 Director Vacancies. If the position of any Director becomes vacant prior to its normal term expiration, the remaining Directors may charge the Nominating Committee with selecting a successor immediately. The Nominating Committee will follow the requirements set out in Sections 6.2.1 and 6.2.2 in its selection of any successor Director. Alternatively, if less than one (1) year remains in the term of that Director, the remaining Directors may choose to leave the position vacant for the remainder of the term.

6.7.2 Holdover to Cure Procedural Vacancies. Whenever an incumbent Director is a candidate for a Director position and a vacancy would be created due to expiration of the Director's term, the Director may continue to serve, for up to an additional 12 months, until such time as an election of the Director's position can be conducted, provided the vacancy arises from a lack of quorum or other procedural inability to elect a candidate for the Director position.

6.7.3 Should the number of serving Directors fall below seven (7), the Board may appoint one or more individuals to serve as temporary Directors until such time as replacement Directors can be elected by the Members.

6.7.3.1 In appointing temporary Directors, the Board shall select individuals who meet the requirements of Section 6.2.

6.8 Duties of Directors.

The Directors will have the following duties:

6.8.1 Fiduciary Obligation to WECC: All Directors, will have a fiduciary obligation to WECC consistent with the requirements for Directors of Utah non-profit corporations. Members of the Board will at all times act in conformance with such requirements, these Bylaws and the Standards of Conduct set forth in Appendix A.

6.8.2 Preserve Non-Affiliated Status: Throughout their terms, Directors will have a duty to avoid any affiliation that is inconsistent with the qualifications for Directors in Section 6.2.2 of these Bylaws. If a Director becomes aware of any intervening disqualification, he/she must either resign or eliminate the disqualification (e.g., dispose of securities) within sixty (60) days.

6.9 Powers of Directors.

The management of all the property and affairs of WECC will be vested in the Board of Directors. The Board will hold annual elections to select a Board Chair and to fill any other Board officer positions that may be created by the Board or required by applicable law. The Board may exercise all the powers of WECC and do all lawful acts and things (including the adoption of such rules and regulations for the conduct of its meetings, the exercise of its powers and the management of WECC) as are consistent with these Bylaws and the Articles of Incorporation. The Board will give serious consideration to the Member Advisory Committee's and the Western Interconnection Regional Advisory Board's (or any successor) recommendations. The Board will respond to Member Advisory Committee and Western Interconnection Regional Advisory Board recommendations through a means which the Board determines appropriate.

6.10 Delegation of Board Authority.

The Board may delegate to the Chief Executive Officer or to any Board Committee formed pursuant to Section 7.7.3 any or all of its powers and authority except: 1) any power which it may not delegate pursuant to applicable Utah law; 2) the power to adopt any reliability standard; 3) the power to determine when to exercise the Backstop Authority of WECC; 4) the power to approve budgets; 5) the power to form committees; 6) the power to amend the Bylaws; 7) the power to elect the Chair and other officers of the Board; and 8) the power to hire, fire or set the terms of employment of the Chief Executive Officer. The Board may also delegate to any Member committee the power to make specific decisions, subject to the right of any Member to appeal any of such decisions to the Board within 30 days of the committee vote on the decision by writing a letter to the Chief Executive Officer that describes in reasonable detail the grounds for appeal, and requests that the appeal be considered by the Board at its next regularly scheduled meeting, subject to applicable notice requirements. Delegation will be by express decision and will require the affirmative vote of not less than a majority of the Directors. Any Director may call for a vote to rescind such delegation at any time and such delegation will be rescinded if a majority of the Directors vote to do so.

6.10.1 Notice to Members. Within seven (7) days of any decision delegated pursuant to Section 6.10, except for routine decisions of the Chief Executive Officer, Members will be notified of the decision by electronic mail, posting on the WECC website and any other means determined appropriate by the Board. Routine decisions of the Chief Executive Officer will be noticed in periodic reports to the Board and Members as determined by the Board, which will be sent to Members by electronic mail and posted on the WECC website.

6.10.2 Board Review of Delegated Decisions. Decisions delegated pursuant to Section 6.10 will be reviewed by the Board at the request of any Director, provided such request is lodged with the Secretary within thirty (30) days of the notice. Whenever it determines that a matter requires an urgent decision, the Board may shorten the deadline for requests for review, provided that: 1) the notice and opportunity for review will be reasonable under the circumstances; and 2) notices to Members will

always contain clear notification of the procedures and deadlines for Board review. A request for review of a decision will stay the effect of the decision pending review unless the Board in making the delegation expressly determines otherwise.

7. Procedures for Board Decisions.

7.1 Quorum.

No business will be conducted by the Board unless at least five (5) Directors are present, or six (6) Directors if the CEO is counted to determine a Board quorum.

7.2 Majority Vote.

A decision of the Board will require an affirmative vote of a majority of Directors present and not abstaining; provided that no decision of the Board shall be made with fewer than three (3) affirmative votes, or four (4) affirmative votes if the CEO is counted to determine a Board quorum. Directors may not vote by proxy or by absentee ballot, but Directors may participate in Board meetings by telephone as provided in Section 7.3 of these Bylaws.

7.3 Attendance at Board Meetings by Teleconference.

Any or all of WECC's Directors may participate in any meeting of the Board by telephone conference or any other means of communication that enable all Directors participating in the meeting to simultaneously hear one another. Every Director participating in a meeting in the manner described in the preceding sentence will be deemed to be present in person at that meeting.

7.4 Board Action by Unanimous Consent.

7.4.1 **Action Without a Meeting.** Unless WECC's Articles of Incorporation or applicable law provides otherwise, action required or permitted to be taken at a meeting of the Board may be taken without a meeting through one or more written consents describing the action taken. Any Board action taken by written consent must be signed by all Directors in office at the time the action is taken. Such actions must be noticed to Members in accordance with Section 7.5 and Members must be given an opportunity to comment prior to the Board taking such actions through electronic mail, comments on the website or other appropriate means. The required notice of such meeting may generally describe the arrangements (rather than the place) for the holding of the meeting. All other provisions herein contained or referred to will apply to such meeting as though it were physically held at a single place. All Board actions by written consent must be filed with WECC's Board meeting minutes. Action taken under this Section is effective when the last Director signs the consent, unless the consent specifies an earlier or later effective date. Any action by written consent has the same effect as a meeting vote and may be described as such in any document.

7.4.2 **Waiver of Procedures.** For any specific action at any noticed meeting of the Board, and under exigent or unusual circumstances, the Board by unanimous vote of those present may waive any procedural requirement applicable to Board decision-making, including any requirement for notice of a specific potential action, except

for the following: 1) the requirement for notice of the time and place of the meeting pursuant to Section 7.5; 2) the quorum and voting requirements of Sections 7.1 and 7.2; and 3) any non-procedural limitation on the power of the Board to make a decision, including, but not limited to, those restrictions in Sections 6.10 (limiting the power to delegate) and 12.1 (limiting the power to amend the Bylaws). Whenever such action is taken, a statement describing the action, the exigent or unusual circumstances, the specific procedure waived, the basis for the waiver and the votes of all Directors present shall be posted on the website and communicated in writing or by e-mail to all Members within five (5) days.

7.5 Notice of Board Meetings.

- 7.5.1 Regular Meetings. Except as set forth in Section 7.5.2 regarding urgent business, all regular business of the Board will occur at the Board meetings, at least twenty-one (21) days' advance notice of which has been provided by the Chief Executive Officer to all Directors and all Members. Notice will include an agenda that will identify those matters on which a vote will be taken at the meeting. The foregoing requirement shall not preclude the Board from taking an action that is different from the specific proposed action identified in the agenda, as long as the relevant subject matter has been reasonably identified in the agenda. The Directors will establish a regular meeting schedule that will be made available to the Members. The schedule will include not less than two meetings of the Board annually.
- 7.5.2 Special Meetings. Whenever the Chair of the Board or any three (3) Directors find that there is urgent business requiring Board action before the next regular Board meeting, a special meeting of the Board may be called. Such special meetings will be held upon as much written notice to each Board Member and all Members as is possible under the circumstances, which will not be less than three (3) days. However, this notice of special meetings may be waived if: 1) the waiver is by a writing signed by a quorum of Board members; and 2) as much notice of the meeting as practicable has been given to WECC Members via e-mail and posting on the WECC website.
- 7.5.3 Public and Website Notice. Public notice of each meeting of the Board will be placed on WECC's website at least ten (10) days before such meeting (or such lesser time as provided pursuant to Section 7.5.2). In addition, the Chief Executive Officer will provide notice of each meeting by first-class mail, facsimile or electronic mail to each member of the public who so requests and who has provided appropriate information regarding delivery of notice.

7.6 Open Meetings.

Except as provided in Section 7.6.1, all regular and special meetings of the Board will be open to observation by any Member and any member of the public.

- 7.6.1 Closed Session. Notwithstanding the provisions of Section 7.6, upon an affirmative vote of two-thirds (2/3) of the Directors present, the Board may meet in closed

session: 1) to consider the employment, evaluation of performance, or dismissal of an employee of WECC and to deliberate regarding decisions the Board may be called upon to make regarding the nomination, qualification, appointment, or removal of a member of the Board of Directors; 2) to discuss pending or proposed litigation and to receive confidential attorney-client communications from legal counsel; and 3) to receive and discuss any information that is privileged, trade secret, cybersecurity, critical energy infrastructure information (as defined by the FERC), protected from public disclosure by law or that the Board determines should be confidential in order to protect a legitimate public interest.

7.6.1.1 Attendance by an Affected Director. Closed sessions of the Board may not be attended by a Director under the following circumstances: 1) where the qualifications or performance of the Director or the Director's spouse or children are being discussed; 2) where the Director is employed by an entity that is or is likely to become a party to the litigation being discussed; and 3) where the Director or the Board determines that the Director would have a serious and substantial conflict of interest by becoming privy to confidential attorney-client or trade secret information that is to be presented to the Board in closed session.

7.6.1.2 Announcement of Closed Session. Before adjourning into closed session, the Chair of the Board will announce the purpose of the closed session in a manner that provides the public an understanding of the general subject matter to be discussed but which does not reveal sensitive or personal information. The Board will not discuss additional items outside the scope of this description.

7.6.1.3 Confidentiality of Closed Session. All Directors and others present will maintain the confidentiality of discussions and decisions made in closed session. The Board will appoint a secretary for closed session to keep a minute book for the purpose of recording the subject matter discussed in closed session and any actions taken in closed session. After a closed session has ended, the Board Chair shall provide the public a general description of the business conducted during the closed session, without breaching the confidentiality of the information used in the session.

7.7 Board Committees.

7.7.1 Governance Committee. The Chair will appoint a Governance Committee that shall: oversee implementation and amendment of these Bylaws and address such other issues pertinent to Governance as the Board may choose to delegate to it. The Chair will designate one of the appointed Directors to be the Chair of the Governance Committee.

7.7.2 Nominating Committee. Constituted as described in Section 6.4.1 of these Bylaws.

- 7.7.3 Other Board Committees. The Board may appoint such Board committees as it deems necessary from time to time to carry out its business affairs. In appointing such committees, the Board will specify their purpose, membership, voting, notice and meeting procedures and such other direction as the Board may deem appropriate. The Board may appoint one or more Members or other persons to participate in Board committees as full voting members or as non-voting advisory members.
- 7.7.4 Standards of Conduct for Board Committee Members. Members of Board committees shall comply with the Board Member Standards of Conduct set forth in Appendix A.

8. Member Committees.

8.1 Purpose.

WECC will have committees composed of its Members to advise and make recommendations to the Board. Such committees will include both standing committees required by these Bylaws and such other committees as the Board may choose to create.

8.2 Standing Committees.

WECC will have the following standing committees:

8.2.1 Member Advisory Committee. This committee is comprised of Member representatives elected by the Member Classes, or subclasses, as set forth herein.

8.2.1.1 The committee shall advise the Board on any matters the Board requests the committee to evaluate or consider; and advise the Board on matters as the committee deems appropriate.

8.2.1.2 The committee's Chair or designee will attend the Board's meetings to provide advice, clarifications or respond to Directors' questions. The Board Chair and committee Chair shall develop guiding principles and procedures as necessary, to ensure open, effective, and efficient dialog between the MAC and Board. Such guiding principles and procedures may be amended by the Board and committee's Chairs.

8.2.2 WECC Standards Committee. This committee will oversee the process for responding to requests for Regional Reliability Standards and Regional Criteria in accordance with the Reliability Standards Development Procedures. The WECC Standards Committee is responsible for determining if a request for a Regional Reliability Standard or a Regional Criteria is within the scope of WECC's activities, and for overseeing the drafting, comment and voting process for a Regional Reliability Standard or Regional Criteria. The WECC Standards Committee shall also oversee the process for responding to requests for interpretations of Regional Reliability Standards and Regional Criteria. The WECC Standards Committee shall consist of one member from each of the WECC Standards Voting Sectors set forth

in the Reliability Standard Development Procedures, and a member of the WECC Board who shall act as chair of this committee. The WECC Board shall approve a Charter for the WECC Standards Committee that describes the WECC Standards Committee membership selection process.

8.2.3 Planning Coordination Committee. This committee will advise and make recommendations to the Board on all matters within the jurisdiction of WECC pertaining to maintaining reliability through evaluating generation and load balance and the adequacy of the physical infrastructure of the interconnected Bulk Electric System within the Western Interconnection.

8.2.4 Operating Committee. This committee will advise and make recommendations to the Board on all matters within the jurisdiction of WECC pertaining to maintaining reliability through the operation and security of the interconnected Bulk Electric System in the Western Interconnection.

8.2.5 Market Interface Committee. This committee will advise and make recommendations to the Board on the development of consistent Market Interface practices and compatible commercial practices within the Western Interconnection. It will consider matters pertaining to the impact of WECC's reliability standards, practices, and procedures on the commercial electricity market in the Western Interconnection, and facilitate analysis of the impact of electricity market practices on electric system reliability.

8.3 Other Committees.

8.3.1 The Board may create such other committees as it may desire from time to time. The Board will specify the functions, duties and responsibilities of any such committee at the time of its creation. The Board will also specify the membership rules, quorum requirements, voting levels and meeting and notice requirements at the time of creation. Any changes in the membership rules, quorum requirements, or voting levels of a committee, once established by the Board, will require a seventy-five percent (75%) vote of the Board to alter. The specific function or sunset date for a committee will be designated by the Board at the time of the committee's creation. The committee will terminate its activities upon the completion of its function or the expiration of the date set by the Board.

8.4 [Repealed]

8.5 Procedures for Member Advisory Committee Decision-Making.

8.5.1 Member Advisory Committee (MAC). The committee shall be comprised of three representatives from each of the five (5) Member Classes, for a total of fifteen (15) members.

- 8.5.1.1 The Board, by resolution, may create up to three additional representative positions on the MAC, to include representation for Entities of the Canadian Provinces of British Columbia, and/or Alberta, and/or the Mexican State of Baja California. The Board resolution shall set forth the terms through which Canadian or Mexican representatives shall be selected and serve.
- 8.5.2 MAC Member Elections. At the Annual Members Meeting, each Member Class shall conduct elections to elect Class member representatives for the committee. As set forth herein, each Class may subdivide into up to three subclasses for purposes of electing a Class' MAC members.
- 8.5.2.1 Committee member terms. Each committee member will serve a three year term. Terms shall be staggered such that one of each Class' representative committee member's terms ends each year. Class committee members may have term limits as determined appropriate by the Class or subclass electing such committee member.
- 8.5.2.2 Subclasses. Each Class will determine the need for diversity within the Class (e.g., geographic, stakeholder issues, etc.) which may lead to the establishment of subclasses. A Class may subdivide into up to three subclasses. Each Class shall determine to establish or discontinue its subclasses, if any, by majority vote of the members in the Class.
- 8.5.2.3 Committee member nominations and elections. Only members of each Class, or subclass, if applicable, may nominate and vote on candidates for election as a MAC member representative for their respective Class or subclass.
- 8.5.2.3.1 A Class or subclass candidate need not be a member of the Class or subclass, neither an employee of a Class or subclass member.
- 8.5.2.3.2 A quorum of a majority of the members of a Class or subclass must be present in order to elect a MAC member for the Class or subclass; election shall be by simple majority of votes cast.
- 8.5.2.3.3 Where there are more candidates for election than positions to fill, absentee ballots shall allow voters to order the candidates by order of preference so that their wishes may be honored in case a runoff is required. Absentee ballots shall be counted in the first ballot based on the top choice, or the top two or three choices if more than one seat is being filled. In any runoff election, absentee ballots shall be counted based on the highest preferences indicated for the candidates who remain in the runoff election.
- 8.5.2.3.4 Other nomination and election procedures, beyond those contained in these bylaws, may be proposed for a Class or

subclass. Contingent upon their approval, by the General Counsel, for their submission to Members, they may be adopted for implementation by majority vote of the Member Class or subclass.

8.5.3 MAC Member Vacancy by Resignation or Removal

8.5.3.1 Resignation. At any time, any MAC member may resign from their position by providing written notice of resignation to the MAC Chair. Such notice shall be effective as of the date the notice is submitted to the MAC chair.

8.5.3.2 Removal. The MAC or the Member Class or subclass which elected a MAC member may remove the MAC member prior to completion of the Mac member's term of office as set forth herein:

8.5.3.2.1 Removal by the MAC. The MAC may remove any MAC member for gross negligence, gross misconduct, violation of local, state, provincial, or federal law, or gross failure to carry out the duties of a MAC member. Such removal will only occur after the affirmative vote of at least two-thirds (2/3) of the MAC members.

8.5.3.2.2 Removal by the Electing Class or Subclass. The electing Member Class or subclass may remove any MAC member representing that respective Class or subclass. Such removal will occur after the affirmative vote of a majority of the Members of the electing Class or subclass.

8.5.3.3 Vacancy. Whenever a MAC vacancy occurs, the MAC Chair shall conduct a proper and effective election, allowing for a reasonable period to select candidates and to organize such an election.

8.5.3.3.1 Whenever a MAC vacancy occurs, the MAC Chair shall, as promptly as feasible, conduct an election consistent with these Bylaws for the Member Class or subclass from which the vacancy arose, allowing for a reasonable period to select candidates and to organize such an election.

8.5.3.3.2 Until an election can be held, the MAC Chair may appoint an interim MAC member to fill the vacancy as may be required to meet the MAC quorum requirements of 8.5.8. The appointee shall serve until an effective election can be held. Any interim appointment must come from Members of the same Class or subclass from which the vacancy arose.

8.5.4 MAC officers. At the Annual Meeting, after incoming MAC members have been duly elected by the Member Classes or subclasses, if applicable, the MAC will elect the MAC Chair and MAC Vice-Chair from the MAC members. The Chair and

Vice-Chair must represent different Classes, and shall serve one year terms, measured from the Annual Meeting to the next Annual Meeting. In the event of the resignation or removal of the Chair or Vice-Chair, the MAC members shall, at their next regular or special meeting, whichever is sooner, elect a new MAC Chair or MAC Vice-Chair, respectively.

8.5.5 MAC Member Duties. All MAC members shall have a duty to represent the interests of their Member Class or subclass. All MAC members shall maintain regular contact with the members of their Member Class as issues are considered by the MAC, and shall make reasonable good faith efforts to present and discuss both majority and minority opinions from their Member Class on matters before the MAC.

8.5.6 Regular and Special Meetings.

8.5.6.1 Regular meetings. All regular business of the MAC shall occur at MAC meetings which are noticed pursuant to Section 8.5.7. The MAC shall meet in person not less than two times per year, including once in conjunction with the Annual Meeting. The MAC shall establish a regular meeting schedule, which will be made available to the Members and Directors electronically, and available to the public through posting on the WECC website.

8.5.6.2 Special Meetings. Whenever the MAC Chair finds, or upon request to the MAC Chair from any five (5) MAC Members, that there is urgent business requiring MAC consideration or action prior to the next regularly scheduled meeting, then a special meeting shall be called with notice given in accordance with Section 8.5.7.

8.5.7 Notice.

8.5.7.1 Regular Meetings. All regular meetings of the MAC shall require at least ~~twenty one (21)~~ ten (10) days written notice to the MAC members, the Directors, and the Members. Such notice shall specify the time and place of the meeting, and an agenda of the business to be conducted including those matters upon which a vote will be taken. Notice of regular MAC meetings shall be effective upon electronic distribution, and shall be posted to the WECC website within one (1) business day of electronic distribution.

8.5.7.2 Special Meetings. Any special meetings of the MAC shall require at least ten (10) days written notice to the MAC members, the Directors, and the Members. Such notice shall specify the time and place of the meeting, and an agenda of the business to be conducted, including those matters upon which a vote will be taken. Notice of special MAC meetings shall be effective upon electronic distribution, and shall be posted to the WECC website within one (1) business day of electronic distribution.

- 8.5.8 Quorum. No business shall be conducted by the MAC unless a majority of the MAC members is present, including at least one MAC member from each Member Class which elects MAC members (not including subclass designations).
- 8.5.9 Majority Vote. A decision of the MAC shall be upon a simple majority vote of committee members voting unless otherwise required in other bylaw provisions.
- 8.5.10 Remote Participation at MAC Meetings. Any or all of the MAC members may participate in any meeting of the MAC electronically or by telephone, or by any other means of communications which enables the MAC members to simultaneously hear one another. Every MAC member participating in a meeting in this manner will be deemed to be present in person at the meeting.
- 8.5.11 Reporting to the Board. The MAC Chair, or designee, shall provide a report to the Board at each Board meeting detailing the business carried out by the MAC, and advising the Board of MAC recommendations on matters as set forth in Section 8.2.1 herein. In the event that there are dissenting MAC member opinions regarding a matter on which the MAC is advising or providing recommendations to the Board, the MAC Chair, or designee, shall present dissenting opinions and rationales in conjunction with the respective MAC advice or recommendations.
- 8.5.12 Open Meetings. Except as provided in Section 8.5.13, all regular and special meetings of the MAC will be open to observation by any Member, Director, and/or any member of the public.
- 8.5.13 Closed Session. Notwithstanding the provisions of Section 8.5.12, after a quorum has been established at any MAC meeting and upon an affirmative vote of two-thirds (2/3) of the MAC members present, the MAC may close an open meeting and reconvene in closed session in the following instances: (1) to receive and/or discuss confidential attorney-client privileged information from WECC's counsel; or (2) to receive and discuss any other information which is privileged, confidential, proprietary, trade secret, or otherwise protected from public disclosure by law.
- 8.5.13.1 Attendance by an Affected MAC Member. Closed sessions of the MAC may not be attended by a MAC member under the following circumstances: (1) when the qualification or performance of the MAC member is being discussed; (2) when the MAC member is employed by an entity that is or is likely to become a party to the litigation or legal issue being discussed; or (3) when the MAC Chair determines that the MAC member would have a conflict of interest by becoming privy to the privileged or confidential information that is to be presented to or discussed by the MAC in closed session.

8.5.13.2 Attendance by Directors. Any member of the Board may attend a closed session of the MAC unless the topic considered by the MAC concerns the Director.

8.5.13.3 Announcement and Adjournment of Closed Session. Prior to adjourning to a closed session, the MAC Chair will announce the purpose of the closed session in a manner that provides the public an understanding of the general subject matter to be discussed, but which does not reveal privileged, confidential or otherwise sensitive personal information. The closed session then shall be limited in scope to the publicly stated purpose of the closed session. After the closed session has ended, the MAC Chair shall provide the public a general description of the business conducted during the closed session, without breaching the confidentiality of the information used in the session.

8.5.13.4 Confidentiality of Closed Session. All MAC members and any others present at a closed session shall maintain the confidentiality of the information, discussions, and decisions made in closed session. Unless otherwise required, all MAC members and closed session attendees shall execute an appropriate confidentiality agreement provided by WECC's General Counsel. The MAC Chair will appoint a secretary for the closed session to take minutes of the closed session, which shall be delivered to the WECC Corporate Secretary. Minutes of the closed session will be maintained confidential by the Corporate Secretary.

8.5.14 MAC Committees. The MAC may appoint such subcommittees and work groups as it deems necessary from time to time to carry out its business affairs. In appointing such subcommittees or work groups, the MAC will specify, in a charter, their purpose, membership, voting, notice and meeting procedures, and other such direction as the MAC deems appropriate. The MAC may appoint one or more MAC members or other persons to participate in MAC subcommittees or work groups as full voting members or as non-voting advisory members.

8.5.15 MAC meetings and activities will be self-funded by Members with respect to labor and travel expenses. However, WECC and WECC staff will provide facilitation and coordination support, including payment for the expenses of meeting facilities. A MAC member may seek reimbursement, from WECC, for reasonable and actual travel expenses arising from attendance at MAC meetings, consistent with WECC employee travel expense reimbursements, where such MAC member's travel expenses are not reimbursed by any Member or other source.

8.6 Procedures for Committees other than the Member Advisory Committee.

8.6.1 Reports to Board of Directors. Action by a committee will be in the form of a recommendation for Board action except in those instances in which the Board has, by resolution, specifically delegated to a committee the power to take action subject

to an appeal to the Board by any Member. The recommendation of a committee must be forwarded to the Board for its action along with any minority or dissenting reports filed with the committee Chair or Vice-Chair.

8.6.2 Subcommittees, Task Forces and Ad Hoc Groups. Any Board or member committee may create such subcommittees, task forces or other ad hoc groups (“subcommittee”) as it deems appropriate to carry out the committee’s responsibilities consistent with these Bylaws and the direction of the Board. The composition, responsibilities and procedures of such groups shall be specified by the committee as appropriate; provided, however that: 1) the committee may only delegate to such subcommittee responsibilities that are within the scope of the committee’s responsibilities pursuant to these Bylaws and direction of the Board; and 2) the subcommittee may only make recommendations to the committee. A committee may create a subcommittee without prior approval of the Board; provided, however, that the committee shall promptly inform the Board in writing and at the next Board meeting regarding the creation of the subcommittee. The notification to the Board shall include a charter for the subcommittee that describes how members of the subcommittee will be selected, the duties of the subcommittee, and whether the committee has established a sunset date for review of (1) the need for the subcommittee and (2) the charter of the subcommittee.

8.6.3 Committee Officers. The Board will appoint the Chair and Vice-Chair of each committee. The Committee Chair or Vice-Chair will preside over all meetings of the committee and will report recommendations of the committee to the Board of Directors. The Chair and Vice-Chair will be responsible for informing the Board regarding minority opinions and other information required by the Board along with overall committee recommendations. Whenever the committee elects to form a subcommittee to represent regions or address specific tasks, the Chair (or in the absence of the Chair, the Vice-Chair) will have the power to appoint the members of such subcommittee from both members of the committees and non-members. Upon resignation of the Committee Chair, the Vice Chair shall serve as Chair until the Board appoints a replacement. Upon resignation of the Vice Chair, the Chair may appoint a temporary Vice Chair to serve until the Board appoints a replacement. Upon resignation of both the Chair and Vice Chair, the Chair of the Board may appoint one or more temporary replacements to serve until the Board appoints permanent replacements.

8.6.4 Committee Membership. Except as provided in Sections 8.2.2 and 8.6.4.1, any Member of WECC may designate one representative as its committee member to any standing committee or other committee. The WECC Member will have one vote at any committee meeting through that committee member. Any number of other persons may attend a committee meeting, but such persons will have no right to vote without a prior designation of representation by a WECC Member.

8.6.4.1 Dual Representation for Functionally-Separated Members. A Member which has distinct and functionally-separated interests as both a

transmission provider and a transmission customer may designate two representatives as committee members to any standing committee, one to represent each functionally separate interest. Each such committee member will have one vote. The privilege granted by this Section is subject to revocation by the Board on a case-by-case basis or generally whenever the Board finds, upon petition from any Member or its own motion, that such dual representation creates unfairness or imbalance within a committee.

8.6.5 Committee Voting and Classes.

8.6.5.1 Classes. For purposes of voting, committees, excluding the WECC Standards Committee and the Member Advisory Committee, will have three classes of membership:

8.6.5.1.1 Transmission Provider Members;

8.6.5.1.2 Transmission Customer Members; and

8.6.5.1.3 States and Provincial Members (Member Class 5).

8.6.5.2 Voting. Except as provided in Section 4.5.2, each committee member will have one vote. In order for a recommendation to be made to the Board, such recommendation must receive a simple majority vote of both: 1) committee members present and voting from the Transmission Provider Class; and 2) committee members present and voting from Transmission Customer Class. The Board will adopt voting and record-keeping procedures to ensure that committee voting is conducted consistent with these Bylaws. This requirement will also apply where decision making power has been delegated to a committee pursuant to Section 6.9.1.

8.6.5.2.1 State and Provincial Votes. The position of the state and provincial Class committee members must be recorded, but the failure of a proposed recommendation or decision to obtain a simple majority vote of the state and provincial committee members will not prevent the recommendation or decision from being posted for due process comment or sent to the Board of Directors.

8.6.6 Notice and Review of Committee Recommendations and Decisions (Due Process). Committee recommendations or decisions delegated to a committee pursuant to Section 6.9.1 will be subject to the due process provisions of this Section. Following a committee's development of a proposed recommendation or decision, the committee will post the proposed recommendation or decision on the WECC website for review and comment by other WECC Members, and other interested parties. The committee will provide all Members e-mail notification of the posting and will allow at least thirty (30) days for comment on the proposal. The committee

will consider all such additional input before reaching its final recommendation or decision. If the committee's recommendation or decision changes significantly as a result of comment received, the committee will post the revised recommendation or decision on the website, provide e-mail notification to Members and provide no less than ten (10) days for additional comment before reaching its final recommendation or decision. Upon reaching its final recommendation or decision, the committee will forward it to the Board. Whenever it determines that a matter requires an urgent decision, the Board may shorten any time period set forth in this Section, provided that: 1) notice and opportunity for comment on recommendations or decisions will be reasonable under the circumstances; and 2) notices to Members will always contain clear notification of the procedures and deadlines for comment.

8.7 Procedures for Developing and Voting on Reliability Standards.

8.7.1 Rights and Obligations of WECC Members and Participating Stakeholders. All WECC Members and Participating stakeholders are entitled to participate in the development of and to vote on Reliability Standards, Regional Criteria or revisions, subject to any applicable obligations, limitations and conditions set forth in these Bylaws, and in accordance with the WECC Reliability Standards Development Procedures.

8.7.1.1 Participation. The right to participate in Reliability Standards and Regional Criteria development and voting includes the right to request the development or revision of a Reliability Standard, the right to receive notice of, attend and participate in related WECC discussions, the right to review information relevant to a Reliability Standard or revision, the right to provide written comments on a proposed Reliability Standard, Regional Criteria, or revision, the right to participate in voting on a Reliability Standard, Regional Criteria, or revision and the right to file an appeal requesting review of any decision on a Reliability Standard, Regional Criteria, or revision.

8.7.2 Voting. The procedures and conditions for voting by WECC Members and Participating Stakeholders are set forth in the Reliability Standards Development Procedures.

8.7.3 Board Authority to Address Regulatory Directives. The Board shall have backstop authority to address regulatory directives as described in the Reliability Standards Development Procedures.

8.7.4 Participating Stakeholder Application Process. Any person or entity that is an interested stakeholder may apply to WECC for Participating Stakeholder status and, upon WECC's acceptance of such application, acquire the participation and voting rights set forth above in Section 8.7.1. WECC staff, under the direction of the CEO, will process applications and make the initial determination of eligibility for Participating Stakeholder status. Denial of Participating Stakeholder status may

be appealed to the WECC Governance Committee and, if denied by the Governance Committee, to the WECC Board. A person or entity's Participating Stakeholder status will be maintained so long as the Participating Stakeholder continues to meet the requirements set forth in Section 3.24 and participates in at least one WECC meeting per year at which a Reliability Standard or revision is discussed. In the event a person or entity's Participating Stakeholder status lapses due to failure to meet the above minimum participation requirement, the person or entity may restore Participating Stakeholder status by re-applying for Participating Stakeholder status and attending a WECC meeting at which a Reliability Standard is discussed.

8.7.5 WECC Standards Voting Sectors. WECC staff shall confirm eligibility for the WECC Standards Voting Sectors set forth in the Reliability Standards Development Procedures. Decisions of the staff to approve, deny, or restrict the admission of an entity to a voting sector may be appealed to the Governance Committee. Decisions of the Governance Committee to affirm or reverse such decisions of staff may be appealed to the Board.

8.7.6 WECC staff shall require Ballot Body members to identify their affiliations with other Ballot Body members. Affiliates within a single Standards Voting Sector may only have one vote in that Standards Voting Sector. Affiliates within a single Standards Voting Sector must designate a single Affiliate as the group's Ballot Pool member to vote in that Standards Voting Sector.

8.8 Notice of Committee Meetings.

8.8.1 Standing Committees. The committee Chair, with the assistance of the Chief Executive Officer, will ensure that not less than ten (10) days' notice of all standing committee meetings is posted on the WECC website and is also provided to: 1) members of the committee; 2) Participating Stakeholders (if the meeting concerns development or approval of a Reliability Standard or revision); and 3) any WECC Member or member of the public requesting notice. A committee may take up any matter at a duly noticed meeting including matters not expressly identified in the notice; provided, however, that a final recommendation to the Board must be made in accordance with Section 8.6.1.

8.8.2 Other Committees. Notice of other committee meetings will be provided in the manner adopted for such notice by the affected Members and in accordance with the requirements of Section 8.8.1.

8.9 Open Meetings.

All committee meetings of WECC will be open to any WECC Member, Director and for observation by any member of the public, except as set forth in these bylaws or in policies on closed sessions that the Board may adopt for the purpose of preventing public disclosure of information that the Board might more appropriately discuss in closed session.

9. The Chief Executive Officer, Officers, and Employees.

9.1 Designation of Officers and Terms of Office.

WECC will have a Chief Executive Officer, a Secretary, and any other officers specified by the Board from time to time. The Chief Executive Officer will also hold the title of President of WECC if applicable law requires WECC to have a President. Each officer will be appointed by the Board and will serve for the term of office specified in the Board action appointing the officer and until his or her successor is appointed. Any two or more offices may be held by the same person except the offices of Chief Executive Officer and Secretary.

9.2 Chief Executive Officer Qualifications.

The Chief Executive Officer will be a person with senior management level experience and knowledge of bulk power electric transmission systems reliability, planning and operations.

9.3 Standards Applicable to All Employees.

A person may not be an officer or employee of WECC if: 1) the person is also the employee of or has a contractual relationship with any Entity, or any Affiliate of any Entity, that is eligible for membership in WECC; or 2) the person has a financial interest that, in the judgment of the Board or the Chief Executive Officer, creates the fact or appearance of bias, undue influence or lack of objectivity regarding any action or decision of WECC. The Board will adopt Standards of Conduct for officers and employees setting forth their duty of care, duty of loyalty, duty to avoid conflicts of interest and related matters intended to promote their neutrality, objectivity and professionalism. Upon adoption, such standards shall be attached hereto as Appendix B.

9.3.1 Exemptions from the disqualification criteria found in Section 9.3 are as follows:

9.3.1.1 Status as a residential electricity customer will not disqualify a person from employment with WECC.

9.3.1.2 A candidate for Chief Executive Officer or employee of WECC will not be disqualified for owning shares in a mutual fund because the mutual fund owns an interest in a Member or an Affiliate of a Member.

9.3.1.3 The disqualification standards described in Section 9.3 will not apply to disqualify a candidate who is receiving payments from a pension plan of a Member or an Affiliate of a Member in a form other than securities of such Member or Affiliate if the pension plan payments bear no relationship to the economic performance of the Member or Affiliate.

9.3.2 If an officer or employee receives a gift or inheritance of securities in any Member or Affiliate, he/she must resign or dispose of such securities within six (6) months of the date of receipt. Within six (6) months of the time a new Member is added in which an officer or employee owns securities, the officer or employee will resign or dispose of those securities.

9.4 Employment.

The Chief Executive Officer will be employed by the Board of Directors and will serve at the Board's pleasure. Any contract of employment with a Chief Executive Officer will permit the Board to dismiss the officer with or without cause.

9.5 Chief Executive Officer's Duties.

Subject to the Board's direction, the Chief Executive Officer or his/her designees will have the following duties, among others:

- 9.5.1 Execute policies at the direction of the Board and be responsible to the Board for the performance of the WECC functions described in Section 2;
- 9.5.2 Hire and fire staff within the constraints of the annual budget;
- 9.5.3 Perform administrative duties, such as preparing annual budgets for the approval of the Board, making employment decisions and ensuring conformance with regulatory requirements;
- 9.5.4 Develop and implement employment policies and standards of conduct; and
- 9.5.5 Accept or reject membership applications in accordance with the criteria of these Bylaws.

9.6 Secretary's Duties.

- 9.6.1 Maintain Member and Affiliates Lists. The Secretary will maintain continuously updated lists of all Members and Affiliates.
- 9.6.2 Maintain Official Records. The Secretary will keep minutes of all WECC Board and Member meetings and will receive and maintain minutes of committee meetings and all other official records of WECC. Within five (5) business days after any vote taken by Members, the Board, a Class or any committee, the Secretary will provide notice to all Members and Participating Stakeholders (if applicable) of the results of such a vote through postings on the website, email and/or other means of communication.
- 9.6.3 Maintain Website. The Secretary will oversee the creation, maintenance, and updating of the WECC's website and the information published through it.

10. Dispute Resolution.

Except as may be otherwise provided herein, and subject to the conditions set forth in Appendix C, Section A.1, disputes between Members and/or WECC will be resolved pursuant to the WECC Dispute Resolution Procedures set forth in Appendix C. Matters subject to the jurisdiction of the WECC Compliance Hearing Body are not subject to the procedures in Appendix C.

11. Costs and Finances.

11.1 Funding of Reliability Activities.

11.1.1 U.S. Statutory Funding. WECC shall fund all activities undertaken pursuant to Section 215 of the Federal Power Act in accordance with the funding provisions and procedures of that law and related FERC regulations and orders. The Board shall approve a budget for such activities in time for submission to the ERO and to the FERC for approval of such funding in accordance with applicable requirements.

11.1.2 International Funding. WECC shall fund reliability activities undertaken in accordance with any agreements it enters into with Canadian or Mexican Entities. Specifically:

(a) Subject to (b), in the event that a Canadian or Mexican Entity seeks membership in the WECC, that Entity may elect to negotiate an agreement with WECC that provides the terms upon which that Entity will become a Member and, among other things, participate in and/or fund WECC. In such a case and unless agreed otherwise, the Canadian or Mexican Entity shall not be a Member of WECC and shall not have an obligation to fund activities undertaken by the WECC until the terms of such agreement are executed.

(b) Section 11.1.2(a) shall not apply to any Canadian or Mexican Entity that is a Member as of the date of the approval of these WECC Bylaws. Existing Canadian or Mexican Members shall continue as Members in accordance with the terms and conditions of their membership as of the date of the approval of the WECC Bylaws, including the terms and conditions of any agreements in place as of the date of the approval of these WECC Bylaws. Nothing in the Section precludes existing Canadian or Mexican Members from negotiating an agreement with WECC that modifies the terms of its participation in and funding of WECC at any time.

11.1.3 Equitable Allocation of Funding. In adopting budgets for the costs of reliability activities, the Board shall endeavor to achieve an equitable allocation as between funding through Sections 11.1.1 and 11.1.2 based upon the net energy to load and other relevant factors consistent with applicable law, the Delegation Agreement and any International Reliability Agreements.

11.2 Dues.

The Board may require Members and Participating Stakeholders to pay nominal annual dues consistent with applicable FERC requirements (or those of International Reliability Agreements as applicable) to cover reasonable costs of membership and/or participation in standards development that are not funded through Sections 11.1.1 or 11.1.2. Initial dues of a Member or Participating Stakeholder will be submitted with a completed application for membership or Participating Stakeholder status and will be for the prorated share of the full annual amount based on the Member's or Participating Stakeholder's actual months of membership or participation in the calendar year. In determining nominal dues, the Board

may consider all relevant factors including, but not limited to, the ability of different classes of membership or Participating Stakeholders to pay such dues. The Board may also reduce, defer or eliminate the dues obligation of an individual Member or Participating Stakeholder for good cause shown.

11.3 Funding of Non-Statutory Activities.

To the extent that WECC elects to fund any activities not eligible for funding pursuant to Sections 11.1.1 and 11.1.2, it shall do so through the use of service fees, charges or dues applicable to the persons or entities that voluntarily participate in such activities. Participation in or funding of such activities shall not be a condition of membership in WECC.

12. Amendments to these Bylaws.

These Bylaws may be amended by either the Board or by the Members in accordance with the following procedures.

12.1 Amendment by the Board.

Except for those provisions described below, the Board may approve an amendment of the Bylaws after providing not less than thirty (30) days' notice of the proposed amendment to all Members. Approval of such an amendment requires the affirmative votes of not less than two-thirds (2/3) of the Directors in office. Such amendment will become effective sixty (60) days after its approval by the Board (1) unless the vote is appealed to the Members prior to the sixtieth day, or (2) subsequent regulatory approval is required. A Member appeal shall be sufficient to hold implementation of an amendment if a majority of any Class files a petition with the Secretary seeking appeal of such amendment. If such an appeal is received, the membership will vote on whether to rescind the Board approved amendment at the next Annual Meeting unless the Board calls a special meeting of the Members beforehand. An appeal will only be successful if a majority of all Members and a majority (three of five) of Member Classes vote to rescind the amendment. If the appeal vote is not successful, then the amendment will be deemed approved as of the day of the failed Membership vote. If subsequent regulatory approval is required for the amendment, then the amendment shall be effective upon the effective date of such approval.

12.1.1 Notwithstanding the foregoing, both Board and Member approval is required to amend provisions of these Bylaws concerning Sections 1.1 and 1.2; Section 4.2; Sections 6.2 through 6.8, inclusive; Section 7.2; Section 10; Sections 12.1 through 12.4, inclusive; Appendix C, and any other sections as may be required by Utah law. In such case, the Board shall first vote on the proposed amendment. If approved by the Board by the majority specified in Section 12.1 necessary to attain Board approval, the amendment must then be noticed to Members at least sixty (60) days prior to the Annual Meeting or a Special Member Meeting at which the Member vote will occur. The amendment will then be approved if approved by two thirds (2/3) or more of the Members who vote upon such amendment.

12.2 Amendment by the Members.

Upon petition filed with the Secretary by any Member or Director, at any Annual Meeting the Members may amend any provision of these Bylaws; provided: 1) the proposed amendment has first been presented to the Board and not adopted (this provision will not apply to amendments which the Board is prohibited from adopting); 2) Members have received not less than sixty (60) days' notice of the proposed amendment, the reasons there for and a statement of the Board's position regarding it; and 3) the amendment receives the affirmative votes of not less than two-thirds (2/3) of all Members and a majority of Member Classes.

12.3 Amendments in Response to Mandatory Membership.

If at any time, pursuant to legislation or otherwise, membership becomes mandatory for some or all Members, upon the request of the affected Member(s) the Board will consider amendments to these Bylaws appropriate to such mandatory membership.

12.4 Amendments proposed by FERC.

FERC, upon its own motion or upon complaint, may propose an amendment to these Bylaws pursuant to 18 C.F.R. § 39.10(b).

13. Termination of Organization.

WECC may be terminated upon a vote of a majority of the Members in accordance with the provisions of Utah law, the Federal Power Act and the requirements of the Delegation Agreement and applicable International Reliability Agreements. Immediately upon such a vote, the Board will, after paying all debts of WECC, distribute any remaining assets in accordance with the requirements of Utah law, the Internal Revenue Code and these Bylaws.

14. Miscellaneous Provisions.

14.1 Limitation on Liability.

It is the express intent, understanding and agreement of the Members that the remedies for nonperformance expressly included in Section 4.8 hereof shall be the sole and exclusive remedies available hereunder for any nonperformance of obligations under these Bylaws. Subject to any applicable state or federal law which may specifically limit a Member's ability to limit its liability, no Member, its directors, members of its governing bodies, officers or employees shall be liable to any other Member or Members or to third parties for any loss or damage to property, loss of earnings or revenues, personal injury, or any other direct, indirect, or consequential damages or injury which may occur or result from the performance or nonperformance of these Bylaws, including any negligence, gross negligence, or willful misconduct arising hereunder. This Section 14.1 of these Bylaws applies to such liability as might arise between Members under these Bylaws. This Section 14.1 does not apply to parties to the Agreement Limiting Liability Among Western Interconnected Systems ("WIS Agreement") with respect to matters covered by the WIS Agreement and does not apply to any liability provision in any other agreement.

14.2 Indemnification.

WECC shall indemnify and hold harmless its Directors, officers, employees, agents and advisors against any and all damages, losses, fines, costs and expenses (including attorneys' fees and disbursements), resulting from or relating to, in any way, any claim,

action, proceeding or investigation, instituted or threatened, arising out of or in any way relating to any action taken or omitted to have been taken (or alleged to have been taken or omitted to have been taken) by such person in connection with actions on behalf of WECC, and against any and all damages, losses, fines, costs and expenses (including attorneys' fees and disbursements) incurred in connection with any settlement of any such claim, action, proceeding or investigation unless such action of such person is determined to constitute fraud, gross negligence, bad faith or willful misconduct with respect to the matter or matters as to which indemnity is sought.

14.3 No Third Party Beneficiaries.

Nothing in these Bylaws shall be construed to create any duty to, any standard of care with reference to or any liability to any third party.

14.4 Informal Inquiries for Information.

Nothing in these Bylaws shall preclude: 1) a Member from making an informal inquiry for information outside of the procedures outlined in Section 4.6.11 hereof to another Member and 2) that other Member from responding voluntarily to that informal inquiry, provided, however, that any such response to an informal inquiry for information shall not be binding upon that other Member and shall be used by the Member making the informal inquiry for informational purposes only.

15. Incorporation.

WECC shall organize itself as a non-profit corporation pursuant to the laws of the state of Utah regarding non-profit corporations under the name "Western Electricity Coordinating Council." All Members agree to take no actions that would contravene the ability of WECC to maintain its status as a non-profit corporation existing pursuant to the Utah Act. The Board shall adopt these Bylaws as the Bylaws of WECC as a non-profit corporation.

WECC is intended to qualify as an organization described in Section 501(c)(4) of the Internal Revenue Code. No part of any net earnings of WECC shall inure to the benefit of any Member or individual. Upon liquidation, to the extent consistent with the Internal Revenue Code and Utah law, any monies remaining from assessments paid by Members for the costs of WECC shall be rebated to Members in proportion to their payments. Any remaining assets of WECC shall be transferred to another organization exempt from tax under Section 501(a) of the Internal Revenue Code, or government agency, promoting the same purposes as WECC, as designated by the Board.

16. Governing Law.

Unless otherwise agreed, if any conflict of law arises under these Bylaws among the Members, the laws of the United States of America shall govern, as applicable. The venue for any legal action initiated under these Bylaws shall be the city and state (or province) in which the headquarters of WECC is located.

17. WECC Transition

The provisions of this Section shall apply to that period of time and activities associated with the transition of WECC from a hybrid Board of Directors to an independent Board of Directors with a

Member Advisory Committee.

17.1 Board of Directors transition.

17.1.1 The transition of WECC governance from a hybrid Board to an independent Board of Directors will be effective upon the effective date of Federal Energy Regulatory Commission approval of Section 6.1 establishing an independent Board (“Effective Date”). The non-affiliated directors of WECC, whose terms extend past the Effective Date, so willing to continue to serve, shall form part of the initial cadre of independent Directors. These continuing Directors shall be entitled to serve the remainder of their respective three-year terms of office.

17.2 Transition Exceptions

The nomination, election and term of additional independent Directors shall be in conformance with the requirements of these bylaws, as amended, except:

17.2.1 The requirement that the Nominating Committee notify the Board Chair of the committee’s nominations sixty (60) days prior to an Annual Meeting shall not apply.

17.2.2 Appointments of Member Advisory Committee members to the Nominating Committee shall be made such that no one class can occupy more than one seat at a time and cannot have a representative on the committee more than two years in a row.

17.2.3 Director positions of non-affiliated directors of WECC, whose terms extend beyond the Effective Date, but whose directors resign or indicate they will resign prior to the Effective Date, will be filled through the same nomination and election process used to select additional independent directors as provided above.

17.2.4 Those Directors first elected as a result of this transition from a hybrid to an independent Board will draw lots to determine their term length determined to achieve the staggered terms required by Section 6.3.

17.2.5 The nomination and election of a number of additional Directors needed to seat the entire Independent Board as described in section 6.4 as of the Effective Date may occur prior to the Effective Date. While the nomination and election of an individual to a director position may occur prior to the Effective Date, such nomination and election shall have the full force and effect of these bylaws after the Effective Date.

17.3 Member Advisory Committee transition

17.3.1 Initial Formation. When there is a meeting where Members vote to amend the WECC bylaws to provide for a Member Advisory Committee (MAC), the MAC

will initially be constituted through elections conducted in conjunction with the same meeting.

- 17.3.2 Election of the initial MAC member representatives shall be as provided in these bylaws, as amended, except:
- 17.3.3 Where what had been the Class Seven membership category is combined with the Class Three membership category, Class Seven Members will indicate, prior to the meeting, whether they intend to continue participation in WECC as a member of the newly combined Class Three category. Entities so indicating will be considered members of Class Three for purposes of the initial formation of the MAC and shall be entitled to participate in elections for Class Three member representatives of the MAC.
- 17.3.4 Member Classes will not be allowed to subdivide into subclasses for purposes of electing class representative MAC members at the meeting where the MAC is initially formed and where initial MAC member elections are conducted.
- 17.3.5 The terms of each Class' three (3) initial Class representative members on the MAC shall be allocated, by the drawing of lots, such that the intended staggered terms for MAC members will be obtained, with one of a Class' initial MAC member representatives serving an initial term of one year, another two years, and another three years.

APPENDICES

- A. Board Member Standards of Conduct
- B. Officers and Employees Standards of Conduct
- C. WECC Dispute Resolution Procedures

Appendix A
Standards of Conduct for
Members of the WECC Board of Directors

By accepting appointment to the Board of Directors (the “Board”) of the Western Electricity Coordinating Council (“WECC”), a Director agrees to abide by the duties required of corporate directors and trustees. Utah law (and similar law in other states) imposes quasi-fiduciary duties of care and loyalty on all corporate directors or trustees, including directors and trustees of nonprofit corporations. For as long as he or she remains a member of the Board of Directors of WECC, a Director will abide by the following standards of conduct.

- I. Duty of care. The Directors of a corporation are bound to use due care and to be diligent in respect to the management and administration of the affairs of the corporation. This duty of care is generally thought to have two components: the time and attention devoted to corporate affairs and the skill and judgment reflected in business decisions.
 - A. Each Director will regularly attend Board of Directors meetings, digest the materials sent to him or her, participate in Board discussions and make independent inquiries as needed.
 - B. In voting on any matter before the Board or otherwise acting in his or her capacity as a Director, each Director will:
 1. make reasonable inquiry to inform himself or herself of the nature and consequences of the matter or action at issue;
 2. exercise, at a minimum, the degree of care, skill, and diligence that an ordinarily prudent business person would exercise under similar circumstances; and
 3. act in a manner the Director, in the exercise of his or her independent judgment, believes to be in the best interests of WECC and the membership of WECC, taken as a whole.
 - C. In exercising the duty of care described in paragraphs IA and B above, a Director has the right to rely on statements by the persons immediately in charge of business areas of WECC, to rely on professionals and experts (such as engineers, accountants and lawyers) and to rely on committees of WECC, unless facts or circumstances appear which would prompt further concerns of the ordinarily prudent person.
- II. Duty of loyalty. The duty of loyalty imposes on a Director the obligation to remain loyal to WECC, acting at all times in the best interests of WECC and its Members as a whole and unhampered by any personal pecuniary gain. This duty does not preclude a Director from being employed in a competing or related business so long as the Director acts in good faith and does not interfere with the business of WECC.
 - A. Each Director will carry out his or her duties as a Director in good faith.

- B. Each Director will refrain from using any influence, access, or information gained through his or her service as a Director to confer any improper personal benefit (financial or otherwise) upon himself or herself, any family member, or any person living in the Director's household.
- C. Each Director will refrain from using any influence, access, or information gained through his or her service as a Director to confer an improper benefit (financial or otherwise) on any organization:
 - 1. for which the Director serves as an officer, director, employee, consultant, or in any other compensated or management position; or
 - 2. in which the Director or any family member or person living in the Director's household has a material financial interest (whether as a shareholder, partner, or otherwise).
- D. To the extent permitted by law, each Director will maintain the confidentiality of:
 - 1. any confidential or proprietary information of WECC disclosed or available to the Director;
 - 2. any confidential or proprietary information of WECC Member(s) to which the Director has access by virtue of his or her status as Director; and
 - 3. any confidential or proprietary information of third parties that has been provided to WECC or the Board on condition of confidentiality.
- E. Conflicts of Interest. Because conflicts of interest may arise from time to time, specific guidelines are provided. In general, conflicts of interest involving a Director are not inherently illegal nor are they to be regarded as a reflection on the integrity of the Board or of the Director. It is the manner in which the Director and the Board deal with a disclosed conflict that determines the propriety of the transaction.

Directors of nonprofit corporations may have interests in conflict with those of the corporation. The duty of loyalty requires that a Director be conscious of the potential for such conflicts and act with candor and care in dealing with these situations.

The following are guidelines for Directors with actual or potential conflicts of interest:

- 1. Each Director has a responsibility to recognize potential conflicts of interest and to be guided when acting as a Director by his or her independent judgment of what is in the best interests of WECC and the membership of WECC, taken as a whole. If any Director has questions about whether a conflict of interest exists, he or she may make inquiry to the Chief Executive Officer of WECC for advice.

2. Potential conflicts of interest may arise because of a Director's private, individual interests (personal conflicts of interest) or because of relationships the Director may have with other organizations or interest groups (organizational conflicts of interest). Current or past employment or other compensation-based relationships with one or more WECC Members are examples of potential organizational conflicts of interest. Whether a potential conflict of interest is personal or organizational, in all cases involving WECC affairs a Director's conflicting interests are subordinate to those of WECC and the membership of WECC, taken as a whole.
3. Personal conflicts of interest.
 - a. Personal conflicts of interest exist if a Director, a member of the Director's family, or a person sharing the Director's household: 1) has a material financial interest in a matter or transaction that comes before the Board for action; or 2) stands to receive a benefit (in money, property, or services) from a transaction involving WECC to which the person is not legally entitled.
 - b. In cases of personal conflicts of interest, the affected Director's obligations are to:
 - (1) disclose to the Board, before the Board acts with respect to that matter, the material facts concerning the Director's personal conflict of interest; and
 - (2) refrain from voting, and from attempting to influence the vote of any other Director(s), in those matters in which the Director has a personal conflict of interest.
4. Organizational conflicts of interest.
 - a. An organization has a "direct" conflict of interest if a decision by the Board would confer material benefits on that organization that other WECC Members would not share, or impose material detriments or costs on that organization that other WECC Members would not share. The fact that many if not all Members are affected to some extent by Board decisions on core issues such as standards, new transmission lines and their ratings, does not create or constitute a "direct" conflict of interest.
 - b. It is not a "direct" conflict of interest for a Director to be associated with an organization or an interest group that may stand to benefit from decisions made or actions taken by the Board, so long as the Director does not attempt to use his or her position as a Director to confer special benefits on associated organizations or interest groups when other WECC Members would not share in those benefits.

- c. In cases of potential “direct” organizational conflicts of interest, the affected Director’s obligations are to:
- (1) disclose to the Board, before the Board acts with respect to the matter, the material facts concerning the organizational conflict of interest; and
 - (2) refrain from voting and from attempting to influence the vote of any other Director(s) with respect to the proposed action or decision.

Appendix B
Officers and Employee
Standards of Conduct

By accepting employment with the Western Electricity Coordinating Council (“WECC”), an Employee agrees to abide by these Standards of Conduct. For the purpose of these Standards, an Employee includes each and all officers, employees and substantially full-time consultants and contractors of WECC.

- I. Duty of care. The Employees of WECC are bound to use due care and to be diligent in respect to the management and administration of the affairs of the corporation. This duty of care is generally thought to have two components: the time and attention devoted to corporate affairs and the skill and judgment reflected in business decisions.

Employees shall not have any outside employment that limits in any way their ability to fulfill their employment responsibilities to WECC. If an Employee has any question about whether outside employment is consistent with this standard, they should consult with their supervisor.

- II. Duty of loyalty. The duty of loyalty imposes on an Employee the obligation to remain loyal to the WECC, acting at all times in the best interests of WECC and its Members as a whole and unhampered by any personal pecuniary gain. WECC expects all Employees to avoid adversely affecting the public’s confidence in the integrity and reputation of WECC. Any conduct or activities of any Employee should be capable of being justified and withstanding public scrutiny.
- A. Each Employee will carry out his or her duties as an Employee in good faith, with integrity and in a manner consistent with these Standards and all applicable laws governing WECC.
- B. Each Employee will refrain from using, or creating the appearance of using, any influence, access, or information gained through his or her service as an Employee to confer any improper personal benefit (financial or otherwise) upon himself or herself, or Family Member.¹ Employees shall not accept gifts or entertainment that would tend to affect, or give the appearance of affecting, the performance of their duties; provided, however, that Employees may accept de minimus food or entertainment or non-cash gifts received as part of a social or special occasion in amounts not to exceed \$1000 per source per year.
- C. Each Employee will refrain from using, or creating the appearance of using, any influence, access, funds or information gained through his or her service as an Employee to confer an improper benefit (financial or otherwise) on any organization. The obligation to avoid the appearance of impropriety shall apply in particular to any organization:

¹ For purposes of these Standards, a Family Member includes a spouse, domestic partner, child of the Employee, or a relative living in the same home as the Employee.

1. for which the Employee is serving or has in the past served as an officer, director, employee, consultant, or in any other compensated or management position; or
 2. in which the Employee, or Family Member has a material financial interest known to the Employee (whether as a shareholder, partner, or otherwise).
- D. Employees shall not use their WECC position, WECC funds or WECC resources to support any political party, candidate or proposition except as expressly authorized by the Board.
- E. To the extent permitted by law, each Employee shall maintain the confidentiality of:
1. any confidential or proprietary information of WECC disclosed or available to the Employee;
 2. any confidential or proprietary information of WECC Member(s) to which the Employee has access by virtue of his or her status as Employee; and
 3. any confidential or proprietary information of third parties that has been provided to WECC or the Board on condition of confidentiality.
- F. Conflicts of Interest. The following conflicts of interest policy shall apply to all WECC Employees. Conflicts of interest may arise from time to time. In general, conflicts of interest involving an Employee are not inherently illegal, nor are they to be regarded as a reflection on the integrity of WECC or of the Employee. It is the manner in which the Employee and WECC deal with a disclosed conflict that determines the propriety of the transaction. The following are guidelines for Employees with actual or potential conflicts of interest:
1. In general, personal conflicts of interest exist if an Employee, or a Family Member, has a material financial interest in a matter or transaction that comes before WECC for action, or stands to receive a benefit (in money, property, or services) from a transaction involving WECC to which the person is not legally entitled. For purposes of determining whether stock constitutes a material financial interest, see Paragraph F(6) below.
 2. Organizational conflicts of interest exist if an Employee, or a Family Member, has a relationship with an organization or interest group that would cause a reasonable person to believe such Employee's judgment, loyalty, or objectivity might be influenced in a way that is adverse to the interests of WECC.
 3. Where there is any question about potential conflicts of interest, the Employee shall disclose to the Chief Executive Officer as soon as possible and prior to when WECC takes action with respect to that matter, the material facts concerning the Employee's personal conflict of interest, and refrain from participating in, or from

attempting to influence the action of any Directors or Employee(s) of WECC regarding those matters in which the Employee has a conflict of interest.

4. No Employee may be an employee, director of, or consultant to or provide services to or be associated in any way with any WECC Member without full disclosure to, and written consent of, the Chief Executive Officer. To the extent that an Employee becomes aware that a Family Member is or will in the future be engaged in activity described in this Paragraph F(4), the Employee shall promptly notify the Chief Executive Officer, who shall review all the material facts and determine whether they constitute a conflict of interest pursuant to Paragraphs F(1) and F(2), above.
5. No Employee shall participate in any electric energy transaction other than for ordinary personal use except to the extent necessary to, and consistent with, the functions of WECC. Participation in an energy transaction includes, but is not limited to, purchasing, selling, marketing, or brokering of electricity, ancillary services, electricity transmission or electricity distribution. To the extent that an Employee becomes aware that a Family Member is or will in the future be engaged in activity described in this Paragraph F(5), the Employee shall promptly notify the Chief Executive Officer who shall review all the material facts and determine whether they constitute a conflict of interest pursuant to Paragraphs F(1) and F(2), above.
6. All Employees shall promptly disclose to the CEO and the Chair of the Board any direct or indirect financial interest in excess of \$5,000 (including the direct or indirect ownership of securities) held by the Employee or a Family Member living with the Employee² in any Electric Line of Business entity as defined in Section 3.15 of the Bylaws doing business in the Western Interconnection. Upon such disclosure, the CEO and the Chair of the Board shall determine whether such financial interest constitutes a conflict of interest, or the appearance thereof, in light of the duties of the Employee, the ability to divest such financial interest without undue hardship and the totality of the circumstances. In response to such disclosure, the CEO and the Chair may impose such remedies as are reasonable under the circumstances and consistent with section 9.3 of the Bylaws. Such remedies may include, but are not limited to, restrictions on the Employee's duties or involvement in certain matters, transfer of the Employee to another position, broader disclosure of the financial interest, voluntary or mandatory divestiture of the interest (in whole or in part) or other remedies. Pursuant to section 9.3.2 of the Bylaws, if an Employee (not a Family Member) receives a gift or inheritance of securities of a Member of WECC, or if a new Member joins WECC in which the

² Nothing in this section shall require an Employee to investigate the financial interests of Family Members not living with the Employee. However, to the extent known to the Employee, the financial interests of a Family Member not living with the Employee may create a potential conflict of interest (or appearance thereof) subject to Sections II(B) and/or II(F)(1) of these standards, in which case disclosure pursuant to Section II(F)(3) is appropriate.

Employee (not a Family Member) holds securities, the Employee must resign or divest such securities within six months thereafter. For the purposes of this section, none of the following shall constitute a direct or indirect financial interest:

- a. An interest that exists through diversified mutual funds;
- b. An interest that exists for six months following receipt of a gift or inheritance of securities of a Market Participant or acceptance of employment with WECC, whichever is later (provided that employees of the WSCC shall have two years from WECC organizational meeting to divest securities in their possession as of that date);
- c. An interest that exists through a pre-existing participation in a qualified defined benefits pension plan or health benefits plan of a Market Participant so long as the benefits under such plan do not vary with the economic performance or value of the securities of such Market Participant.

Appendix C

WECC Dispute Resolution Procedures

C. DISPUTE RESOLUTION.

C.1 Obligation To Comply with Dispute Resolution Procedures. If any dispute concerning one or more issues identified in Section C.2 below arises between a Member and one or more other Members, or between one or more Members and WECC, all of the parties to the dispute shall, to the extent permitted by law, be obligated to comply with the dispute resolution procedures specified in these Bylaws (except to the extent all of the parties to the dispute may agree otherwise as provided in Section C.4 below). Only Members and WECC have the right to invoke the provisions of this Appendix C and, except where all affected parties have separately agreed otherwise with respect to a particular dispute, only Members and WECC are obligated to carry out the dispute resolution procedures set forth herein. Any dispute subject to the provisions of this Appendix C to which WECC is made a party shall be subject to the additional requirements specified in Section C.3 below if the dispute is initiated by a party other than WECC. To the extent permitted by law (and except as otherwise permitted by the provisions of Section C.6.3), no party to a dispute subject to the provisions of this Appendix C may pursue any other available remedy with respect to the dispute until all of the parties to the dispute have fully complied with the dispute resolution procedures specified herein, *provided, however*, that if any party to a dispute subject to the provisions of this Appendix C refuses to comply with the dispute resolution procedures specified herein, all other parties to the dispute shall subsequently be relieved of any further obligation to comply with these dispute resolution procedures before pursuing other remedies in connection with that dispute.

- C.2 Issues Subject to Dispute Resolution Procedures. Any dispute between or among the parties identified in Section C.1 above (that the parties to the dispute do not resolve through negotiations between or among themselves) shall be subject to the dispute resolution procedures set forth in this Appendix C if the dispute concerns: (i) the application, implementation, interpretation, or fulfillment of any guidelines, criteria, policies, procedures, or Bylaws of WECC or the North American Electric Reliability Council (or any successor organization); or (ii) any matter specified in Section C.6.2 below; except that any matter that is subject to the jurisdiction of the WECC Compliance Hearing Body is not subject to the requirements of this Appendix C. Notwithstanding the foregoing provisions of this Section C.2, however, neither WECC nor any Member shall be obligated to comply with the dispute resolution procedures of these Bylaws if: (a) the dispute is between two or more Members (or WECC), all of which, at the time of the dispute, are parties to the WECC Reliability Management System Agreement and the matter is within the scope of the dispute resolution procedures set forth in that agreement; or (b) the dispute is between two or more Members, all of which, at the time of the dispute, are parties to a separate agreement or treaty or where an applicable tariff, rate schedule, or other legal obligation of one of the parties provides for the parties to resolve the dispute in a manner other than in accordance with the provisions of this Appendix C of the Bylaws.
- C.3 Limitations on Members' Rights To Make WECC a Party to a Dispute. In addition to the other provisions of this Appendix C of the Bylaws, any dispute (other than a dispute initiated by WECC) to which WECC is made a party shall be subject to the limitations set forth in Sections C.3.1 and C.3.2 below.

C.3.1 Bases for Using Dispute Resolution Procedures To Challenge WECC Action.

Subject to any limitation set forth in these Bylaws or in applicable statute, regulation or FERC order, one or more Members may use the dispute resolution procedures specified in this Appendix C to challenge any final action of WECC only on one or more of the following bases: (i) the action is contrary to applicable law or regulation; (ii) the action is contrary to WECC's Articles of Incorporation or these Bylaws (including WECC's purposes as set forth in those documents); (iii) the action was taken in violation of applicable procedures of WECC governing that action; or (iv) the action encompasses a decision in which there was plain error material to the decision. For purposes of this Appendix C, action taken by WECC shall be deemed final if: (a) the action has been taken or adopted or approved or accepted by WECC's Board of Directors (other than by a motion specifically providing that the action is conditional or will have temporary application not to exceed six months); (b) all conditions specified to make any conditional action of WECC's Board of Directors effective have been fulfilled; or (c) the action has been taken or adopted or approved or accepted by a committee, subcommittee, task force, or other group or person acting under authority of WECC without any provision making the action subject to further approval or adoption or acceptance by the Board of Directors. Nothing contained in this Appendix C shall limit any rights any Member (or any other party) may have under applicable law or regulation to initiate or participate in an administrative or legal action to which WECC is made a party in accordance with applicable provisions of law or regulation.

C.3.2 Obligation to Bear WECC's Share of Facilitator Costs. If one or more Members initiate a dispute under this Appendix C to challenge an action of WECC, the Member(s) initiating the challenge shall be obligated to bear all of the costs of facilitators' services incurred to comply with the requirement of Section C.5 below, except to the extent WECC agrees to pay a share of the costs of facilitators' services.

C.4 Ability to Modify Dispute Resolution Procedures by Agreement. Any provision of the dispute resolution procedures set forth in this Appendix C may be modified, waived, or omitted by agreement of all of the parties to the dispute. Parties to a dispute subject to these provisions are obligated to comply with its procedures unless all of the parties to the dispute agree to do otherwise. The manner in which the dispute resolution procedures set forth in this Appendix C may be varied include (by way of example and not as limitation): the manner of selecting a facilitator or arbitrator; the procedures or time lines to be followed during mediation or arbitration; the grounds or forum or right to appeal an arbitrator's decision; the manner of allocating fees and costs associated with the dispute; whether the parties are obligated to proceed to arbitration if the dispute is not resolved through mediation; and whether a decision rendered through arbitration is binding on the parties. In addition, any dispute that does not fall within the scope specified in Section C.2 above may be resolved according to the procedures set forth in Appendix C of these Bylaws if all of the parties to the dispute agree to do so.

C.5 Mediation.

C.5.1 Notice to Other Parties and WECC's Chief Executive Officer. To initiate the dispute resolution process with respect to a dispute governed by the provisions of

this Appendix C, the Member or WECC that has elected to initiate the dispute shall deliver to all other parties to the dispute and to WECC's Chief Executive Officer (whether or not WECC is a party to the dispute) written notice invoking the dispute resolution procedures set forth in this Appendix C (a "Dispute Notice").

C.5.1.1 The Dispute Notice shall: (i) include a brief, general description of the matter(s) in dispute; (ii) include a complete list of all other Members the party submitting the Dispute Notice intends to make a party to the dispute; and (iii) state whether or not WECC is to be made a party to the dispute.

C.5.1.2 Within five business days of receiving a Dispute Notice, any party to the dispute may elect to deliver a brief supplemental description of the dispute to WECC's Chief Executive Officer.

C.5.1.3 Within 10 business days of receiving an initial Dispute Notice, WECC's Chief Executive Officer shall: (a) publish (or cause to be published) in WECC's newsletter or on its electronic bulletin board a notice containing a list of the parties to the dispute and a summary of the descriptions of the matter(s) in dispute provided by the parties to the dispute; and (b) deliver to each party to the dispute a copy of WECC's then-current standing list of qualified facilitators, knowledgeable in the matters addressed by WECC (as approved by the Board of Directors).

C.5.1.4 No person may be listed on WECC's standing list of qualified facilitators unless the person has agreed to: (i) disclose, at any time the person is selected to serve as a facilitator under this Appendix C, any personal or financial interest the facilitator may have with respect to the matter(s) in

dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the facilitator's immediate family members); (ii) disclose any relationship the facilitator may have with any party to the dispute that is not permitted under Section C.5.2 below; and (iii) abide by all applicable provisions of these Bylaws, including restrictions on disclosure of matters discussed and information exchanged during mediation as provided in Section C.5.3 below.

C.5.2 Selection of a Facilitator. Within 10 calendar days after the delivery of a Dispute Notice, the parties to the dispute shall select a neutral facilitator by mutual agreement. If the parties to the dispute cannot agree on a facilitator within 10 calendar days after delivery of a Dispute Notice, the facilitator shall be selected from WECC's standing list of qualified facilitators as follows: The parties to the dispute shall take turns striking names from WECC's standing list of qualified facilitators until there is only one name remaining. (The parties to the dispute shall draw lots to determine the order in which they take turns striking names.) The last person whose name remains on the list shall serve as the facilitator. No facilitator other than a facilitator chosen by agreement of all the parties to the dispute may (i) have a personal or financial interest in the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the facilitator's immediate family members); or (ii) be (or have an immediate family member who is) a past or present director, commissioner, officer, employee, consultant, agent, or other representative of any of the parties to the dispute. If the facilitator selected through the process of striking

names specified above is disqualified under the preceding sentence, the facilitator whose name was stricken last shall serve in his or her place. In addition, if WECC is a party to a dispute initiated by one or more Members, turns striking names from the standing list of qualified facilitators shall alternate between WECC on the one hand and all other parties to the dispute on the other.

C.5.3 Mediation Process. The facilitator and representatives of all of the parties to the dispute shall meet within 14 calendar days after the facilitator has been selected and attempt in good faith to negotiate a resolution to the dispute. Each party's representative designated to participate in the mediation process must have the authority to settle the dispute (or, at a minimum, be authorized to negotiate on behalf of the party and make recommendations with respect to settlement of the dispute if final authority to approve a settlement is reserved to a party's board, executive committee, commission, or other governing body). At the parties' initial meeting with the facilitator, the facilitator shall, after soliciting input from the parties to the dispute, set the schedule for further meetings among the parties to the dispute (subject to the 60-day maximum mediation period specified in Section C.5.6 below). The parties to the dispute shall comply with the schedule set by the facilitator and attempt in good faith at every meeting to negotiate a resolution to the dispute. To the extent permitted by law, neither the facilitator nor any party to the dispute may publicly disclose, rely on, or introduce as evidence in any subsequent arbitration, FERC proceeding, Canadian Regulatory Authority proceeding, proceeding before a Mexican Regulatory Authority, appeal, or litigation concerning the same or any related dispute: (i) any views expressed or suggestions made by another party to the dispute with respect to a possible settlement of the dispute; (ii) admissions made by another party to the dispute in the course of the mediation

proceedings; (iii) proposals made or views expressed by the facilitator; or (iv) the fact that another party to the dispute has or has not indicated willingness to accept a proposal for settlement made by the facilitator. In those cases in which a party to a dispute subject to the provisions of this Appendix C of the Bylaws is a membership organization (including WECC, if applicable), nothing in the preceding sentence shall prohibit that organization from reasonably communicating with its members and governing body to share general information about the dispute, such as the parties, status, disputed issues, and positions of each of the parties with respect to the disputed issues.

C.5.4 Referral for Resolution. With the consent of all parties to the dispute, a resolution may include referring the matter to a technical body (such as a technical advisory panel of WECC) for resolution or an advisory opinion, to arbitration, directly to FERC or, in a dispute involving a Canadian Member, directly to the appropriate Canadian Regulatory Authority, or, in a dispute involving a Mexican Member, directly to the appropriate Mexican Regulatory Authority.

C.5.5 Mediation Participation by WECC Staff When WECC Not a Party. If, during the course of mediation to which WECC is not a party, the facilitator or any party to the dispute wishes to solicit the views of WECC concerning the application, implementation, interpretation, or fulfillment of any guidelines, criteria, standards, policies, or procedures of WECC, the facilitator may request or permit the submission of WECC staff views only if: (i) any participation by WECC staff takes place exclusively in the presence of all parties to the dispute; (ii) participating WECC staff members agree to be equally available upon request to all parties to the dispute; and (iii) participating WECC staff members agree to comply with the restrictions on disclosure contained in Section C.5.3.

C.5.6 Mediation Deemed at Impasse After 60 Days. If the parties to the dispute have met and negotiated in good faith in accordance with the schedule set by the facilitator but have not succeeded in negotiating a resolution of the dispute within 60 calendar days after the first meeting with the facilitator pursuant to Section C.5.3 above, the parties to the dispute shall be deemed to be at impasse and, except as otherwise provided in Section C.5.6.2 below, shall also be deemed to have fulfilled their obligations under Section C.1 of these Bylaws to fully comply with the dispute resolution provisions before pursuing any other available remedy. If any party participating in the mediation process is subject to a contractual or statutory limitations period with respect to the matter in dispute, and the limitations period will expire before the 60-day period for mediation under this Section C.5.6 is completed, then the parties shall be deemed at impasse on the seventh calendar day preceding the expiration of the shortest applicable limitations period.

C.5.6.1 Disputes Not Subject to Provisions of Section C.6.2. Unless the matter in dispute is subject to the provisions of Section C.6.2 below, at any time after the parties to the dispute are deemed at impasse, the dispute may be submitted to binding arbitration in accordance with the procedures set forth in Section C.7 of these Bylaws (but only by agreement of all of the parties to the dispute). If the matter in dispute is subject to the provisions of Section C.6.2 below, the parties' obligations with respect to submitting the matter to binding arbitration under Sections C.6 and C.7 of these Bylaws shall be as specified in Section C.5.6.2 below. In all other cases, if the parties to the dispute do not agree to submit the dispute to binding arbitration in accordance with the procedures set forth in Section C.7 of these Bylaws, any party to the dispute may at any time thereafter pursue any other remedy available under regulation, law, or equity (subject to the restrictions on disclosure set forth in Section C.5.3 above).

C.5.6.2 Disputes Covered by Section C.6.2. If the parties to a dispute concerning a matter subject to the provisions of Section C.6.2 either: (i) are deemed at impasse after attempting to resolve the matter through mediation as provided in Sections C.5.1 through C.5.6 above; or (ii) have agreed to submit the matter directly to binding arbitration without attempting to resolve the matter through mediation as provided in Sections C.5.1 through C.5.6 above, the parties to the dispute shall submit the matter to binding arbitration in accordance with the procedures set forth in Sections C.6 and C.7 of these Bylaws.

C.5.7 Costs of Facilitator's Services. Except as otherwise provided under Section C.3.2, the costs of the facilitator's services shall be born equally by all parties to the dispute unless the parties to the dispute agree otherwise, but the parties also intend that the costs of mediation should be taken into account in any resolution proposed through the mediation process.

C.5.8 Notice to WECC of Completion of Mediation. Within 10 calendar days after either: (i) reaching a negotiated resolution through the mediation process set forth in Section C.5; or (ii) reaching deemed impasse in accordance with Section C.5.6 above, the parties to the dispute shall jointly deliver to WECC's Chief Executive Officer a written notice briefly describing the outcome of the mediation process. Promptly after receiving written notice describing the outcome of a mediation conducted in accordance with Section C.5, WECC's Chief Executive Officer shall publish (or cause to be published) in WECC's newsletter or on its electronic bulletin board a brief description of the outcome of the mediation, together with a list of all of the parties to the dispute.

C.6 General Provisions Relating to Binding Arbitration.

C.6.1 Matters for Which Binding Arbitration is Elective. Except with respect to any dispute that concerns one or more matters specified in Section C.6.2 below, the binding arbitration procedures set forth in Section C.7 may be invoked only by agreement of all of the parties to the dispute to be arbitrated and are solely for the convenience of WECC and its Members. If a dispute governed by this Appendix C does not concern a matter specified in Section C.6.2 below, a party to the dispute shall be deemed to have fulfilled its obligations to comply with Appendix C of these Bylaws (irrespective of whether the parties to the dispute agree to proceed with binding arbitration) to the extent that either: (i) that party has fully performed the obligations set forth in Sections C.1 through C.5.8; or (ii) all of the parties to the dispute have agreed to a different process for resolving the dispute and the agreed-upon process has been fully carried out.

C.6.2 Matters for Which Binding Arbitration Is Obligatory. If a dispute is governed by Appendix C of these Bylaws and is not resolved through the process of mediation in accordance with Sections C.5.1 through C.5.6 above, the parties shall be obligated to submit the matter to binding arbitration in accordance with the procedures set forth in Section C.7 (subject to the limitations on the arbitrator's authority set forth in Section C.6.3 below) if the dispute concerns one or more of the following matters:

- C.6.2.1 a decision of WECC’s Board of Directors or a Committee of the Board acting on the recommendation of, or on a matter within the jurisdiction of, the Operating Transfer Capability Policy Group (“OTCPG”) or successor;
- C.6.2.2 a transmission path rating, or a modification to a transmission path rating, assigned to one or more transmission paths operated by a Member (or jointly operated by more than one Member);
- C.6.2.3 transmission access, pursuant to Sections 10.1.2, 10.1.3, and 10.5; or
- C.6.2.4 any matter that, by vote of both WECC’s Board of Directors and WECC’s Membership, is designated as a matter to be subject to the provisions of Section C.6.2 of these Bylaws, provided that any matter submitted to WECC’s Membership pursuant to this provision must be approved by at least the number of votes required to amend these Bylaws under Section 13.2.

C.6.3 Limitations on Arbitrator’s Authority with Respect to Matters Specified in Section C.6.2. Unless all of the parties to a dispute agree otherwise, an arbitrator rendering a decision with respect to any matter specified in Section C.6.2 above shall have no authority to consider or award remedies for past economic harm or damages of any kind, including without limitation actual or direct damages; indirect, consequential, or incidental damages; or exemplary or punitive damages. Nothing in this Section C.6.3 shall: (i) limit any rights that a party to a dispute concerning a matter specified in Section C.6.2 above may have to pursue legal claims for damages or other economic remedies after the arbitrator has rendered his or her decision on that matter (within the scope of his or her authority under this Section C.6.3); or (ii)

limit an arbitrator's authority under Section C.8 below to shift costs or impose monetary sanctions for "good cause" (as that term is defined in Section C.8).

C.6.4 Arbitration Decisions Not To Modify Underlying Rights and Obligations. Unless all of the parties to a dispute agree otherwise, the resolution through binding arbitration of any dispute governed by this Appendix C shall not have the effect of increasing, decreasing, or otherwise modifying WECC's or any Member's obligation to abide by, or ability to enforce or impose penalties or sanctions with respect to, any guidelines, criteria, standards, policies, procedures, decisions, or Bylaws of WECC or any limitation on the foregoing, whether established by law; regulation; judicial, executive, or administrative order, decree, or decision; tariff; contract; course of performance; treaty; or otherwise.

C.6.5 Laws Relating to Binding Arbitration. WECC and its Members recognize that some Members may be subject to laws (including without limitation United States federal or state laws, Canadian or provincial laws, or Mexican laws) that limit or define those Members' ability to agree in advance to be subject to binding arbitration. If a Member has the right or obligation under applicable law to refuse to submit to binding arbitration in connection with any dispute that would otherwise be subject to binding arbitration under Section C.6.2 of these Bylaws, that Member shall not be obligated to comply with the binding arbitration procedures set forth in Sections C.6 and C.7. Any Member subject to any law or other legally binding authority that may limit (or permit the Member to limit) its obligation to comply with the provisions requiring binding arbitration under Sections C.6 and C.7 or to fully comply with a valid arbitrator's decision rendered in accordance with this Appendix

C shall provide notice to this effect to all other disputing parties and WECC's Chief Executive Officer upon initiation of any dispute involving that Member if the dispute is subject to Section C.6.2. Upon receiving a notice under Section C.6.5, any other party to the dispute shall thereafter be relieved of any obligation to comply with the provisions Sections C.6 and C.7 in connection with that dispute, except to the extent that the Member giving notice agrees to be fully bound by procedures governing and results of any arbitration proceeding. If there are more than two parties to a dispute covered by the preceding sentence, however, then all parties to the dispute other than the party giving notice under Section C.6.5 shall make good faith efforts to establish a mutually acceptable approach for resolving among themselves whatever aspects of the dispute can reasonably be resolved through the procedures set forth in this Appendix C without the participation of the party giving notice under Section C.6.5. If any Member fails to submit to binding arbitration, or fails to abide by a valid arbitrator's decision rendered in accordance with this Appendix C, that Member shall thereafter have no right to enforce any of the provisions of Section C.6.2 (concerning obligations to submit specified disputes to binding arbitration) against any other Member or WECC until such time as the WECC Board of Directors, or a delegate designated by the Board, determines that it is appropriate to restore the Member's ability to enforce the provisions of Section C.6.2.

C.6.6 Consistency with Laws, Regulatory Jurisdiction and Orders, Etc. Nothing contained in this Appendix C and no arbitrator's decision rendered in accordance with Section C.7 shall be construed to require or shall otherwise operate to cause

any Member or WECC to incur any obligation or take any action that is contrary to: (i) any applicable law or regulation; (ii) any applicable authority, order, decree, rule, or decision of a regulatory, judicial, administrative, executive, or other governmental body having jurisdiction over one or more of the matters or parties subject to this Appendix C or covered by an arbitrator's decision; or (iii) any applicable rate schedule, tariff, treaty, or valid, pre-existing contractual obligation with which any party subject to this Appendix C or covered by an arbitrator's decision is legally obligated to comply.

C.7 Arbitration Procedures.

C.7.1 Notice to WECC of Initiation of Binding Arbitration. Within 10 calendar days after all of the parties to a dispute have agreed (or become obligated under Section C.6.2 above) to submit the dispute to binding arbitration under Sections C.6 and C.7, the parties to the dispute shall deliver written notice to WECC's Chief Executive Officer (an "Arbitration Notice").

C.7.1.1 The Arbitration Notice shall: (i) include a brief, general description of the issues to be arbitrated; and (ii) identify all parties who have agreed (or become obligated) to submit the dispute to binding arbitration under Sections C.6 and C.7.

C.7.1.2 Within five business days of receiving an Arbitration Notice, WECC's Chief Executive Officer shall: (a) publish (or cause to be published) in WECC's newsletter or on its electronic bulletin board a notice containing a list of the parties to the arbitration and the parties' brief, general description of the issues to be arbitrated; and (b) deliver to each party to the dispute a

copy of WECC's then-current standing list of qualified arbitrators, knowledgeable in matters addressed by WECC (as approved by the Board of Directors).

C.7.1.3 No person may be listed on WECC's standing list of qualified arbitrators unless the person has agreed to: (a) disclose, at any time the person is selected to serve as a arbitrator under this Appendix C, any personal or financial interest the arbitrator may have with respect to the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the arbitrator's immediate family members); (b) disclose any relationship the arbitrator may have with any party to the dispute that is not permitted under Section C.7.2 below; (c) assemble a complete record of the arbitration process and the materials received as evidence by the arbitrator if any of the parties to the dispute elect to appeal or contest the arbitrator's decision; and (d) abide by all applicable provisions of and procedures specified by Sections C.6 and C.7.

C.7.2 Selection of an Arbitrator. Within 10 calendar days after all of the parties to a dispute have agreed (or become obligated) to submit the dispute to binding arbitration under Sections C.6 and C.7, the parties to the dispute shall select an arbitrator by mutual agreement. If the parties cannot agree on an arbitrator within 10 calendar days after agreeing to arbitrate their dispute, the arbitrator shall be selected from WECC's standing list of qualified arbitrators as follows: The parties to the dispute shall take turns striking names from WECC's standing list of

qualified arbitrators until there is only one name remaining. (The parties to the dispute shall draw lots to determine the order in which they take turns striking names.) The last person whose name remains on the list shall serve as the arbitrator. No arbitrator other than an arbitrator chosen by agreement of all the parties to the dispute may (i) have a personal or financial interest in the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the arbitrator's immediate family members); or (ii) be (or have an immediate family member who is) a past or present director, commissioner, officer, employee, consultant, agent, or other representative of any of the parties to the dispute. If the arbitrator selected through the process of striking names specified above is disqualified under the preceding sentence, the arbitrator whose name was stricken last shall serve in his or her place.

C.7.3 Initial Statements and Proposed Arbitration Decisions. Within 10 calendar days after the selection of an arbitrator under Section C.7.2 above, each party to the dispute shall submit a statement in writing to all other parties to the dispute and to the arbitrator. Each disputing party's statement shall set forth in reasonable detail the nature of the dispute, the issues to be arbitrated, and the party's reasonable, good faith proposal for resolving the dispute. As provided in Section C.5.3 above, to the extent permitted by law, no party to an arbitration conducted under Sections C.6 and C.7 shall publicly disclose, rely on, or introduce as evidence in any arbitration, FERC proceeding, Canadian Regulatory Authority proceeding, proceeding before a Mexican Regulatory Authority, appeal, or litigation concerning

the same or any related dispute any information required to be kept confidential by the terms of Section C.5.3.

C.7.4 Procedural Matters. The arbitrator shall determine discovery procedures, how evidence shall be taken, what written submittals may be made, and other such procedural matters, taking into account the complexity of the issues involved, the extent to which factual matters are disputed and the extent to which the credibility of witnesses is relevant to a resolution. Each party to the dispute shall produce all evidence determined by the arbitrator to be relevant and material to the issues presented. If such evidence involves proprietary or confidential information, the party submitting the evidence shall petition the arbitrator for a protective order, and to the extent the arbitrator determines there is good cause the arbitrator shall issue an appropriate protective order and all parties to the dispute shall comply with the protective order. The arbitrator may elect to resolve the arbitration matter solely on the basis of written evidence and arguments.

C.7.5 Out-of-Court Sworn Testimony. At the request of any disputing party, the arbitrator shall have the discretion to allow that party to examine witnesses through sworn out-of-court testimony (referred to in the United States as “deposition” and in Canada as “discovery”) to the extent the arbitrator deems the evidence sought to be relevant and appropriate. In general, out-of-court witness examinations shall be limited to a maximum of three per party and shall be held within 30 calendar days after the making of a request. Each witness examination shall be limited to a maximum of three hours’ duration. The arbitrator shall have the discretion to permit the number and duration of examination sessions allowed under this Section C.7.5

to be increased, and to extend the 30-day time limit, upon request for good cause shown. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information.

C.7.6 Intervention by Other Parties. Unless all of the parties to the dispute agree otherwise, no one (whether a Member, WECC, or any other entity or person) that is not a party to a dispute at the initiation of arbitration under Sections C.6 and C.7 shall have the right to intervene in the arbitration. Any party wishing to intervene in an arbitration under Sections C.6 and C.7 may petition the arbitrator for permission to intervene, provided that the petition is submitted to the arbitrator not more than 30 calendar days after notice of the arbitration is posted by WECC's Chief Executive Officer in accordance with Section C.7.1. The arbitrator shall have the discretion to permit a party to intervene if the arbitrator determines that the party petitioning to intervene has a direct and substantial interest in the outcome of the arbitration. In exercising his or her discretion concerning a requested intervention, the arbitrator shall also consider any additional complexity or delay that may be caused by allowing the intervention and also any other remedies available to the party requesting intervention. Any party that is granted the privilege of intervening in an arbitration under Sections C.6 and C.7 shall be permitted to intervene subject to the same terms, conditions, limitations, rights, and obligations of all other parties to the dispute, including without limitation the binding effect of arbitrator's decision, limitations on rights of appeal, the obligation to share equally in the costs of the arbitrator, and the obligation to be subject to the provisions of Section C.8.

C.7.7 Consideration of WECC Criteria, Etc. The Arbitrator shall give due consideration to the reliability criteria, standards, guidelines, policies, and procedures of WECC and the North American Electric Reliability Council (or any successor organization) to the extent they are relevant to resolution of the matter(s) in dispute. If the arbitrator's decision will include interpretation of any of WECC's reliability criteria, standards, guidelines, policies, and procedures, (and WECC is not a party to the arbitration), the arbitrator shall, before rendering his or her decision, consult with WECC (subject to the provisions of Section C.7.10 below) concerning the interpretation of WECC's applicable reliability criteria, standards, guidelines, policies, and procedures.

C.7.8 Evidence and Rebuttal. The arbitrator shall consider all issues material to the matter(s) in dispute. The arbitrator shall take evidence submitted by the parties to the dispute in accordance with procedures established by the arbitrator and may request additional information the arbitrator deems material to the resolution of the dispute. With the consent of all parties to the dispute, the arbitrator's request for additional information may include the opinion of any individual or organization with recognized expertise in the matter(s) in dispute, subject to the following conditions: (i) any verbal communication with an expert consulted by the arbitrator must take place exclusively in the presence of all parties to the dispute and copies of any written communications must be provided to all parties to the dispute; (ii) any expert consulted by the arbitrator must agree to be equally available upon request to all of the parties to the dispute; (iii) any expert consulted by the arbitrator must agree to comply with the restrictions on disclosure contained in Section C.5.3;

and (iv) all parties to the dispute shall be afforded a reasonable opportunity to question the expert and to rebut any additional information submitted by the expert at the request of the arbitrator.

C.7.9 Arbitrator's Decision. The arbitrator shall make all reasonable efforts to complete hearings (if applicable) and submissions of written evidence not more than 90 calendar days after receiving initial statements submitted under Section C.7.3 above. As soon as practicable, but in no event more than 30 calendar days after the completion of hearings and evidence submittals, the arbitrator shall render his or her final decision for resolving the dispute. By agreement of all of the parties to the dispute or at the discretion of the arbitrator for good cause, the foregoing deadline for delivery of the arbitrator's decision may be extended. The arbitrator's decision shall be based on the arbitrator's good faith determination of a resolution that will: (i) be consistent with any laws, rules, and regulations applicable to the matter(s) in dispute; (ii) be consistent with any valid pre-existing agreements among the parties to the dispute that bear on the matter(s) in dispute; (iii) not require any party to the dispute to take action that is not in compliance with any of WECC's reliability criteria, standards, guidelines, policies, and procedures; and (iv) best serve to promote or maintain reliable operation of the interconnected Bulk Electric System of the Western Interconnection, without imposing inequitable burdens or benefits on any of the parties to the dispute or others that may be affected by implementation of the arbitrator's decision. The arbitrator shall deliver to each of the parties to the dispute, along with his or her decision, a written statement including specific findings of fact, conclusions of law (if applicable), and an

explanation of the arbitrator's basis for rendering his or her decision. Subject to any protective order that may have been issued under Section C.7.4 above, WECC's Chief Executive Officer shall publish (or cause to be published) in WECC's newsletter or electronic bulletin board a brief summary of the arbitrator's decision. An arbitrator's decision that is not appealed shall not be deemed to be precedential in any other arbitration related to a different dispute.

C.7.10 WECC Staff Participation in Arbitration When WECC Not a Party. If, during the course of binding arbitration conducted under Sections C.6 and C.7 (in which WECC is not a party) the arbitrator or any party to the dispute wishes to solicit the views of WECC staff concerning the application, implementation, interpretation, or fulfillment of any guidelines, criteria, standards, policies, or procedures of WECC, the arbitrator may request or permit the submission of WECC staff views only with the consent of all of the parties to the dispute and only if: (i) any participation by WECC staff takes place exclusively in the presence of all parties to the dispute; (ii) participating WECC staff members agree to be equally available upon request to all parties to the dispute; and (iii) participating WECC staff members agree to comply with the restrictions on disclosure contained in Section C.5.3.

C.7.11 Compliance and Costs. Unless one or more of the parties to the dispute initiates and notifies all other parties to the dispute that it has initiated a process to contest or appeal the arbitrator's decision under Sections C.9 through C.13, upon the decision by the arbitrator, the parties to the dispute shall, within the time frame specified by the arbitrator, and, subject to Section C.6.6 above, take whatever action

is required to comply with the arbitrator's decision to the extent the arbitrator's decision does not require regulatory action. To the extent the arbitrator's decision affects jurisdictional rates, terms and conditions of service, or facilities or otherwise requires local, state, federal, or provincial approval or regulatory action, or a FERC filing or a Canadian Regulatory Authority filing by a Canadian Member or a Mexican Regulatory Authority filing by a Mexican Member, the affected Member (or WECC, if WECC is the party with the obligation to seek regulatory action) shall, within the time frame specified by the arbitrator, submit the arbitrator's decision or an appropriate filing to implement the arbitrator's decision and support the appropriate authority's acceptance or approval of the arbitrator's decision or implementation filing, except in cases where any party to the dispute has given notice of its intent to contest or appeal the arbitrator's decision. All costs associated with the arbitration (not including costs associated with attorney and expert witness fees incurred by the parties to the dispute) shall be divided equally among the parties to the dispute unless: (i) all of the parties to the dispute agree to an alternate method of allocating costs; or (ii) in rendering his or her decision, the arbitrator exercises his or her discretion under Section C.8 below to assess fees, costs, or other monetary sanctions against one or more of the parties to the dispute for good cause.

C.7.12 Entry of Judgment. At any time after an arbitrator has rendered his or her decision in an arbitration conducted under Sections C.6 and C.7 (provided that the time provided for initiating an appeal under Sections C.11.1 and C.12 below has expired and no appeal or other means of contesting the arbitrator's decision has been initiated), judgment on the decision rendered by the arbitrator may be entered by

any court of competent jurisdiction (subject to the provisions of Sections C.6.3, C.6.4, and C.6.6 above). If the award is against the United States, a party to the arbitration may apply to the United States District Court for the district in which the principal office of the applicable United States department or agency is located for an order confirming the award pursuant to 5 U.S.C. § 580.

C.8 Arbitrator's Discretion to Shift Costs or Impose Sanctions for Cause. Each party to any dispute submitted to arbitration under Sections C.6 and C.7 shall bear its own costs and fees associated with representation and participation in the arbitration process, and shall share equally in the arbitrator's fees except that the arbitrator shall have the discretion, to the extent permitted by law, to require one or more of the parties to the dispute to pay part or all of the costs and fees (including without limitation attorneys' and arbitrator's fees) of one or more other parties to the dispute, or to impose monetary sanctions on some other basis that is reasonable under the circumstances, for good cause. As used in this Section C.8, "good cause" means conduct involving serious abuse of or failure to comply with the dispute resolution process set forth in this Appendix C, willfully undertaken to harass or delay other parties to the dispute or to substantially impede the arbitrator's ability to render a decision consistent with the provisions set forth in Section C.7.9.

C.9 Rights to Appeal Arbitration Decisions. Except to the extent otherwise provided by applicable United States state or federal law, applicable Canadian or provincial law, or applicable Mexican law, a party to a dispute resolved by arbitration under Sections C.6 and C.7 may appeal or contest the arbitrator's decision only on one or more of the bases specified in Section C.9.1 below and only in accordance with the procedures set forth in Sections C.9.2 through C.13.

C.9.1 Grounds for Appealing Arbitration Decisions. A party to a dispute resolved by arbitration under Sections C.6 and C.7 may contest or appeal the arbitrator's decision only on the basis that: (i) the arbitrator's decision is contrary to applicable law or regulation (including without limitation the FPA or FERC's then-applicable standards or policies, or comparable types of provisions that may apply under applicable Canadian, provincial, Mexican, or other laws and regulations); (ii) the arbitrator's decision is demonstrably arbitrary and capricious and without support in the record assembled during the arbitration; (iii) the arbitrator failed to afford one or more parties to the dispute an opportunity for a fair and meaningful hearing; (iv) the arbitrator engaged in serious misconduct in connection with the arbitration; (v) the arbitrator exceeded the authority conferred upon him or her under this Appendix C or as otherwise established by agreement of all the parties to the dispute; or (vi) the arbitrator's decision is contrary to the provisions of Section C.6.6.

C.9.2 Matter and One or More Parties to Dispute Subject to FERC Jurisdiction. If (i) the subject matter of a dispute arbitrated under Sections C.6 and C.7 is within the jurisdiction of FERC, and (ii) the conditions specified in Section C.12.1 or C.12.2 are satisfied, the rights of the parties to contest or appeal the arbitrator's decision shall be as set forth in Sections C.10 and C.12 below (subject also to the provisions of Section C.9.1 above). Notwithstanding the foregoing, nothing herein shall be construed or operate to require any Canadian or Mexican party or any other party that is not a "public utility" within the meaning of the FPA to make any filing with FERC under Sections 205 or 206 of the FPA.

C.9.3 All Parties and Matters in Dispute Subject to Jurisdiction of a Canadian Regulatory Authority. If all of the parties to an arbitrated dispute are subject to the jurisdiction of a particular Canadian Regulatory Authority, and if all matters in dispute are also subject to the jurisdiction of the same Canadian Regulatory Authority, any disputing party may appeal an arbitrator's decision to that Canadian Regulatory Authority, where such Canadian Regulatory Authority has jurisdiction to hear the appeal, or to the appropriate Canadian court. Any appeal to a Canadian Regulatory Authority or Canadian court shall be subject to the provisions set forth in Sections C.10 and C.11 below.

C.9.4 All Parties and the Matter in Dispute Subject to Jurisdiction of a Mexican Regulatory Authority. If all of the parties to an arbitrated dispute are subject to the jurisdiction of a particular Mexican Regulatory Authority, and if all matters in dispute are also subject to the jurisdiction of the same Mexican Regulatory Authority, any disputing party may appeal an arbitrator's decision to the appropriate Mexican Regulatory Authority, subject to the provisions set forth in Sections C.10 and C.11 below.

C.9.5 Appeal to Court. If none of the preceding provisions concerning appealing or contesting an arbitrator's decision before FERC, a Canadian Regulatory Authority, or a Mexican Regulatory Authority apply to an arbitrated dispute, any party to an arbitrator's decision rendered in accordance with the provisions of Sections C.6 and C.7 may appeal the arbitrator's decision to a court of competent jurisdiction as provided under Section C.13 below.

C.10 Appealing or Contesting Arbitrator's Decision to FERC or a Presiding Authority. Subject to the conditions specified in Sections C.9.1 through C.9.5 above, any disputing party may appeal or contest an arbitrator's decision to FERC or an appropriate Presiding Authority as follows:

C.10.1 Record on Appeal. Except as otherwise provided in Section C.10.3 below, any appeal or action to contest an arbitrator's decision to FERC or a Presiding Authority shall be based solely upon the record assembled by the arbitrator. All parties to arbitrations conducted under Sections C.6 and C.7 intend that: (i) the FERC or other Presiding Authority should afford substantial deference to the factual findings of the arbitrator; (ii) the portion, if any, of the arbitrator's decision relating to issues not of first impression (i.e., matters previously decided by the FERC or other Presiding Authority or a court of competent jurisdiction in cases involving comparable facts and circumstances) should be afforded appropriate deference by the FERC or other Presiding Authority; and (iii) the portion, if any, of the arbitrator's decision relating to issues of first impression should be afforded no deference by the FERC or other Presiding Authority.

C.10.2 No Expansion of Record on Appeal. Except as otherwise provided in Section C.10.3 below, no Member, non-Member, or WECC that has been a party to an arbitration under Sections C.6 and C.7 shall seek to expand the factual record before FERC or a Presiding Authority beyond that assembled by the arbitrator.

C.10.3 Exceptions to Limitations on Record on Appeal. If the arbitrator fails to assemble a complete record of the evidence submitted with respect to an arbitrated decision that is appealed pursuant to Sections C.9 through C.13, the parties to the appeal

shall, notwithstanding the provisions of Sections C.10.1 and C.10.2 above, have the right to supplement the arbitrator's record before FERC or the Presiding Authority with any materials received into evidence by the arbitrator but omitted from the record assembled by the arbitrator. If an arbitrator's decision is appealed under Section C.9.1(iii) or (iv) above on the grounds that the arbitrator improperly excluded evidence so as to materially prejudice the outcome of the arbitration with respect to one or more of the parties to the dispute, any party to the appeal may submit the evidence asserted to be improperly excluded, but only as a basis to request that FERC or the Presiding Authority vacate the arbitrator's decision and remand the matter to the arbitrator (or, if FERC or the Presiding Authority determines that the arbitrator engaged in serious misconduct, to a newly selected arbitrator) for reconsideration of the matter with inclusion of the improperly excluded evidence. If an arbitrator's decision is appealed under Section C.9.1(iv) above on the grounds of serious misconduct by the arbitrator, any party to the appeal may offer new evidence relating to the arbitrator's alleged misconduct.

C.11 Procedures for Appeals to Presiding Authority. If any party to an arbitration under Sections C.6 and C.7 desires to appeal an arbitrator's decision to an appropriate Presiding Authority, it shall provide written notice to that effect to all other parties to the arbitration, the arbitrator, and WECC's Chief Executive Officer within 14 calendar days following the date of the arbitrator's decision. If notice of appeal is timely provided:

C.11.1 Within 30 calendar days after the date of the appealing party's first notice of appeal, the party providing notice of appeal shall file its statement of position regarding the appeal with the Presiding Authority, together with the complete evidentiary record

of the arbitration and a copy of the arbitrator's decision. The statement of position shall state that the appeal requested has been the subject of an arbitration pursuant to this Agreement.

C.11.2 Within 30 calendar days after the date of the appealing party's first notice of appeal, any other party that was a party to the arbitration may file its statement of position regarding the appeal with the Presiding Authority.

C.11.3 Copies of all materials filed with the Presiding Authority by any party during the course of an appeal shall be delivered to all other parties to the arbitration and to WECC's Chief Executive Officer.

C.11.4 Implementation of the arbitrator's decision shall be deemed stayed pending an appeal unless and until, at the request of a disputing party, the Presiding Authority issues an order shortening or extending the stay of implementation.

C.11.5 WECC's Chief Executive Officer shall publish (or cause to be published) a summary of each appeal in WECC's newsletter or electronic bulletin board.

C.11.6 The Members and WECC intend that any Presiding Authority's order resulting from an appeal under Sections C.9 and C.11 shall be subject to judicial review pursuant to laws governing the Presiding Authority and the matter in dispute that provide for judicial review of Presiding Authority action.

C.12 Procedures for Contesting or Appealing Arbitrator's Decision Before FERC. If any party to a dispute arbitrated under Sections C.6 and C.7 elects, subject to the limitations set forth in Sections C.9.1 through C.9.5 above, to contest or appeal an arbitrator's decision before FERC, the party so electing shall provide written notice to that effect to all other parties to the arbitration, the arbitrator, and WECC's Chief Executive Officer within 14 calendar

days following the date of the arbitrator's decision. The provisions contained in Sections C.10.1, C.10.2, and C.10.3 above shall apply with respect to the record of the arbitration submitted to FERC. In addition, the following provisions shall apply:

C.12.1 FERC Filing by Prevailing Party. If the arbitrator's decision requires the prevailing party to take action that must have FERC approval or involves the provision of FERC-jurisdictional service by the prevailing party, the prevailing party shall file the arbitrator's decision or make an appropriate filing with FERC to implement the arbitrator's decision. Provided that it has given notice as required under Section C.12 above, any non-prevailing party may contest the prevailing party's filing in accordance's with FERC's applicable rules and regulations.

C.12.2 Complaint to FERC by Prevailing Party. If the arbitrator's decision requires a non-prevailing party to take action that must have FERC approval or involves the provision of FERC-jurisdictional service by any non-prevailing party, then, if the non-prevailing party has given notice as required under Section C.12 above, the prevailing party may submit the arbitrator's decision to FERC in the form of a complaint.

C.13 Appeal to Court. If none of the provisions that govern appealing or contesting an arbitrator's decision before FERC, a Canadian Regulatory Authority, or a Mexican Regulatory Authority as set forth in Sections C.9.2, C.9.3, or C.9.4 above apply, any disputing party may appeal an arbitrator's decision to any court of competent jurisdiction, subject to the conditions specified in Section C.9.1 above. Except as otherwise provided in Section C.10.3 above (substituting the words "court of competent jurisdiction" for "FERC or the Presiding Authority"), any appeal to a court shall be based solely upon the

record assembled by the arbitrator, and no Member, non-Member, or WECC who is a party to an arbitration under Sections C.6 and C.7 shall seek to expand the factual record before the court beyond that assembled by the arbitrator.

Appendix of Additional Definitions Relating to Alternative Dispute Resolution Provisions

Arbitration Notice has the meaning specified in Section C.7.1 of these Bylaws.

Canadian Regulatory Authority. The agency or agencies established under the laws of Canada or the applicable Provinces of Canada and having jurisdiction over facilities, interconnections, transmission rates, charges, terms, and conditions of service of a Canadian Member.

Dispute Notice has the meaning specified in Section C.5.1 of these Bylaws.

FERC. The Federal Energy Regulatory Commission or a successor agency.

FPA. The Federal Power Act (16 U.S.C. §§ 824 *et. seq.*), as it may be amended from time to time.

Mexican Regulatory Authority. The agency or agencies established under the laws of Mexico or the applicable states of Mexico and having jurisdiction over facilities, interconnections, transmission rates, charges, terms, and conditions of service of a Mexican Member.

Presiding Authority. As used in Sections C.10 and C.11, the term “Presiding Authority” has the following meanings: with respect to an appeal to an appropriate Canadian Regulatory Authority, “Presiding Authority” means the presiding Canadian Regulatory Authority or Canadian court with jurisdiction to hear the appeal; and with respect to an appeal to an appropriate Mexican Regulatory Authority, “Presiding Authority” means the presiding Mexican Regulatory Authority or Mexican court with jurisdiction to hear the appeal.