

September 10, 2015

VIA ELECTRONIC FILING

Jim Crone
Director, Energy Division
Manitoba Innovation, Energy and Mines
1200-155 Carlton Street
Winnipeg MB R3C 3H8

Re: Notice of Filing of the North American Electric Reliability Corporation of Amendments to Exhibit B to the Delegation Agreement with Midwest Reliability Organization, Inc. – Amendments to Midwest Reliability Organization, Inc.’s Bylaws

Dear Mr. Crone:

The North American Electric Reliability Corporation (“NERC”) hereby submits the “Notice of Filing of the North American Electric Reliability Corporation of Amendments to Exhibit B to the Delegation Agreement with Midwest Reliability Organization, Inc. – Amendments to Midwest Reliability Organization, Inc.’s Bylaws.”

NERC is submitting amendments to Exhibit B to the Delegation Agreement with Midwest Reliability Organization, Inc. (“MRO”).

The amendments to the Delegation Agreement reflect changes to MRO’s Certificate of Incorporation changing MRO’s status from a 501(c)(6) corporation to a tax-exempt 501(c)(3) not-for-profit corporation. Amendments to Sections 2.1, 2.3, 13.1, and 13.2 were made to reflect the United States Internal Revenue Code Section 501(c)(3) requirements that MRO must meet to retain its tax-exempt status. The Amendments reflect restrictions on how assets are to be transferred and which approvals are required for transfers to maintain MRO’s 501(c)(3) tax-exempt status. The amendments to the MRO Bylaws do not affect MRO’s Regional Entity

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functions and there are no reliability-related issues raised by such amendments. As amended, the MRO Bylaws continue to satisfy the five governance criteria specified in Exhibit B of the MRO Delegation Agreement.

The MRO will submit its 501(c)(3) application to the Internal Revenue Service (“IRS”) no later than October 1, 2015. Meeting an October 1 target for the IRS filing will benefit MRO’s stakeholders as there are cost savings that will flow to the stakeholders relating to the reduction in MRO’s operating expenses due to favorable treatment as a 501(c)(3) not-for-profit corporation.

This filing consists of: (1) this transmittal letter, (2) the narrative text of the filing that follows this transmittal letter, and (3) Attachments 1 and 2 to the filing that contain a clean version and a redline version of the proposed amendments to Exhibit B to the Delegation Agreement respectively. All of these documents are transmitted in a single PDF file.

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Stefan C. Bergere
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TABLE OF CONTENTS

I. INTRODUCTION	1
II. NOTICES AND COMMUNICATIONS	2
III. PROPOSED AMENDMENTS TO THE MRO BYLAWS	2
IV. MRO AND NERC APPROVALS OF THE PROPOSED AMENDMENTS	3

ATTACHMENTS

ATTACHMENT 1: Amended Bylaws – Exhibit B to the Delegation Agreement Between North American Electric Reliability Corporation and Midwest Reliability Organization, Inc. – Clean version

ATTACHMENT 2: Amended Bylaws – Exhibit B to the Delegation Agreement Between North American Electric Reliability Corporation and Midwest Reliability Organization, Inc. – Redlined version

I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”) hereby provides notice of the amendment to the Delegation Agreement between NERC and Midwest Reliability Organization, Inc. (“MRO”). The proposed amendments to the MRO Delegation Agreement consist of amendments to Exhibit B, the MRO Bylaws.

As described in greater detail in Section III of this filing, the MRO Bylaw amendments include amendments to the following sections: Sections 2.1, 2.3, 13.1, and 13.2. These amendments to the Delegation Agreement ensure compliance and alignment with United States Internal Revenue Code (“IRC”) Section 501(c)(3) that sets forth the requirements for tax-exempt status for a not-for-profit corporation. The revised Bylaws continue to satisfy the five governance criteria in the Delegation Agreement, and there are no reliability-related issues raised by the amendments to the MRO Bylaws.

The instant amendments to the MRO Bylaw do not affect MRO’s Regional Entity functions, and this filing is being made to include the revised Bylaws in the Delegation Agreement. The NERC Board of Trustees approved the amended Delegation Agreement containing amendments to Sections 2.1, 2.3, 13.1, and 13.2 at its August 13, 2015 Board Meeting.

Attachments 1 and **2** to this filing are clean and redlined versions, respectively, of the proposed amended Exhibit B to the Delegation Agreement. **Attachment 2** shows the proposed amendments to Exhibit B to the Delegation Agreement.

II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following:

Gerald W. Cauley
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III. PROPOSED AMENDMENTS TO THE MRO BYLAWS

The proposed amendments to the Delegation Agreement revise the Bylaws to conform with the IRC Section 501(c)(3) tax-exemption requirements, enabling MRO to be eligible for such tax-exempt status. The tax-exempt status, if granted by the Internal Revenue Service (“IRS”), will allow MRO to reduce its operating expenses due to favorable treatment as a 501(c)(3) not-for-profit corporation in the form of sales and federal unemployment tax exemptions as well as pricing discounts. Changes to Sections 2.1, 2.3, 13.1, and 13.2 of the MRO Bylaws reflect the changes necessary for MRO to comply with the IRC Section 501(c)(3) tax-exemption requirements.

The following paragraphs describe the proposed amendments to the Delegation Agreement, specifically Exhibit B.

1. Section 2 Purpose

a. Section 2.1 Purpose

- i. **Deleted** “and all entities engaged in providing electric services” to ensure that MRO’s Bylaws accurately reflect the work MRO does to lessen the burden on government to comply and align with the Internal Revenue Code Section 501(c)(3) that sets forth the requirements for tax-exempt status for a not-for-profit corporation.

b. Section 2.3 Not-for-Profit Corporation

- i. **Added** requirements from the IRC Section 501(c)(3) not-for-profit corporation, specifically stating, “The Corporation shall be exempt from federal income taxation pursuant to Section 501(c) of the Internal Revenue Code of 1986, as amended (hereinafter the “Code”). The Corporation shall not engage directly or indirectly in any activity which would invalidate its status as an organization exempt from taxation under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code. No part of the net income to the Corporation shall inure to the benefit of or be distributed to its directors, officers, members or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services actually rendered.” This language was added at the end of this Section.

2. Section 13 Transfer of Assets

a. Section 13.1 Member Approval Not Required

- i. **Added** corresponding language to comply with the IRC Section 501(c)(3) not for profit corporations, specifically stating, “Subject to the restrictions set forth in the Certificate of Incorporation,”. This language was added to the beginning of the first sentence of this Section.

b. Section 13.2 Member Approval; When Required

- i. **Added** corresponding language to comply with the IRC Section 501(c)(3) not-for-profit corporations, specifically stating, “Subject to the restrictions set forth in the Certificate of Incorporation,”. This language was added to the beginning of the first sentence of this Section.

IV. MRO AND NERC APPROVALS OF THE PROPOSED AMENDMENTS

On April 2, 2015, the MRO Board of Directors unanimously approved the proposed amendments to the Bylaws. The proposed amendments were submitted to the MRO Members for approval in April, 2015. On May 4, 2015, the MRO Members unanimously approved the amendments.

The NERC Board of Trustees approved the amended Delegation Agreement at its August 13, 2015 Board meeting. NERC determined that the amended Delegation Agreement continues to satisfy the five Governance criteria stated in Exhibit B.

Respectfully submitted,

/s/ Stefan C. Bergere

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*Counsel for North American Electric
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Dated: September 10, 2015

ATTACHMENTS 1 – 2

(Available on the NERC Website at

[http://www.nerc.com/FilingsOrders/ca/Canadian%20Filings%20and%20Orders%20DL/
Attach_MRO_Bylaws_Sept2015.pdf](http://www.nerc.com/FilingsOrders/ca/Canadian%20Filings%20and%20Orders%20DL/Attach_MRO_Bylaws_Sept2015.pdf))