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## **Bylaws: Western Electricity Coordinating Council**

June 19, 2018

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## 1 Vision and Mission

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### 1.1 Vision

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A reliable and secure Bulk Power System in the Western Interconnection.

### 1.2 Mission

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To effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection Bulk Power System while carrying out the responsibilities of the Regional Entity.

## 2 Organizational Characteristics

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

- 1) dedication to serving the individuals, businesses, and other organizations that generate, transmit, distribute, market, use electrical energy, and regulate and develop public policy in the Western Interconnection;
- 2) efficiency in its administration, decision-making, policy and standards development, and dispute resolution processes;
- 3) the ability to maintain status as an Interconnection-wide Regional Entity and be afforded deference and delegation by ERO (or successor organization);
- 4) fair and open processes through which practices, policies, and standards are developed and implemented based on sound technical and policy analysis; and
- 5) 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 that 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

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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 Glossary of Terms Used in NERC Reliability Standards.



### 3.1 Affiliate

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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 percent 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 a Regional Transmission Organization (RTO) will not be considered Affiliates of such RTO or of each other solely as a result of such membership.

### 3.2 Alternate Member Representative

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In the absence of the Member Representative, the Alternate Member Representative may take any action reserved for the Member Representative. All references in these Bylaws to action by the Alternate Member Representative assume the absence of the Member Representative. The Alternate Member Representative is designated in accordance with procedures approved by the Secretary.

### 3.3 Annual Member Meeting

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The annual membership meeting of WECC, as described in Section 5.2.1.

### 3.4 Applicable Regulatory Authority

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



### **3.5 Bulk Power System**

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The term Bulk Power System shall have the definition set forth in section 215 of the Federal Power Act.

### **3.6 Class**

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A grouping of Members described in Sections 4.2.1 through 4.2.5 and 4.3.

### **3.7 Compliance Hearing Body**

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The hearing body that provides 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.

### **3.8 Day(s)**

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Except where otherwise explicitly defined, the term “day” or “days” shall refer to calendar days.

### **3.9 Delegation Agreement**

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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 reliability of the Western Interconnection.

### **3.10 Electric Line of Business**

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

### **3.11 Electric Reliability Organization (ERO)**

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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.

### **3.12 Entity**

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Any individual, person, corporation, partnership, association, governmental body or organization of any kind.





### 3.13 FERC

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The Federal Energy Regulatory Commission or any successor.

### 3.14 Meeting

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A gathering in person, by telephone, or by other permitted means of the members of an officially designated WECC group (e.g., Board of Directors (Board), committee, or other group) to deliberate and take action through a vote of the group's members. Votes, decisions and actions by any WECC group can only be taken during meetings held in accordance with the requirements contained in these Bylaws or by following the requirements for written and electronic ballots as approved by the Board of Directors.

### 3.15 Member

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Any entity that has applied and been accepted for membership in WECC.

### 3.16 Member Representative

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The Member Representative, or Alternate Member Representative or designated Proxy in the absence of the Member Representative, is the only person authorized to cast the Member's ballot in elections for Director, Member Advisory Committee (MAC) Representative, or proposed Bylaw amendments. WECC consultation with and communications to Members are performed via public postings and emails to the Member Representative and Alternate Member Representative. Only the Member Representative, or designated Alternate Member Representative, may submit comments to WECC on behalf of the Member—the Member Representative represents and speaks for the Member. Standing Committee members represent and vote on behalf of their respective members, but only on matters directly before those committees. The Member Representative is designated in accordance with procedures approved by the Secretary.

### 3.17 Proxy

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The person designated in accordance with procedures established by the Secretary to represent a Member in person at a meeting of the membership or a Member Class and to cast a ballot in person on behalf of that Member in elections for Director, MAC Representative, or proposed Bylaws amendments whenever the Member Representative and Alternate Member Representative cannot be present to cast a ballot.



### 3.18 Regional Criteria

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The term Regional Criteria shall have the definition set forth in the NERC Rules of Procedure as may occasionally be amended.

### 3.19 Regional Entity (RE)

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An entity having enforcement authority pursuant to 18 C.F.R. §39.8.

### 3.20 Registered Entity

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An owner, operator, or user of the Bulk Electric System or the entities registered as their delegates 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 NERC Compliance Registry if it operated in the United States.

### 3.21 Reliability Standard

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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 Reliability Standards Development Procedures.

### 3.22 Reliability Standards Development Procedures

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The FERC-approved process for developing and approving WECC Regional Reliability Standards (or its successor).

### 3.23 Western Interconnection

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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

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### 4.1 Voluntary Membership

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Except as otherwise may be required by applicable authority, membership in WECC is voluntary. A Member may withdraw its membership upon giving the Secretary thirty (30) days' advance written notice. However, such notice of withdrawal will not relieve the Member from



fulfilling any outstanding Member obligations. 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 calendar year in which its withdrawal becomes effective.

## 4.2 Eligibility for Membership

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Subject to Section 4.5, any Entity 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 115kV 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 nations, states and provinces in the Western Interconnection, provided that such representatives will have policy or regulatory roles and do not represent national, 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.



### 4.3 Designation of Membership Class

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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 on 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 Class pursuant to the provisions of Section 4.4 of these Bylaws. Applications for membership will be submitted to WECC, which will review the application to verify eligibility for membership and Class designation. An applicant whose request has been rejected or any Member that disputes the WECC's determination regarding the appropriate Member Class designation may request review by the CEO. If the applicant or any Member disagrees with the CEO's decision, the applicant or such Member may appeal this decision to the Board.

### 4.4 Changes in Membership Class

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Notwithstanding any other provision of these Bylaws, upon a petition from a Member, the WECC (subject to review by the CEO and appeal to the Board) may allow the Member to change 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

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An Affiliate of a Member may also become a Member if the Affiliate satisfies the qualifications for membership.

- 4.5.1 The Affiliate applying for membership must disclose all of its Affiliates that are WECC Members and the Classes to which the Affiliates belong. Every Member will promptly notify WECC whenever it becomes, or ceases to be, an Affiliate of any other Member.
- 4.5.2 Affiliates may be members of the same Class; however, a group of Affiliates within a single Class may only have one vote in any WECC forum. Except as set forth in the Reliability Standards Development Procedures, a group of Affiliates within a single Class may, by providing at least three (3) business days written notice to the Secretary, split their single vote equally among 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

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

- 4.6.1 The right to elect and remove Directors as described in Sections 6.4 and 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) and to comment upon all matters considered in such meetings;
- 4.6.5 The right to be a voting member of Committees, subject to the charters applicable to those committees, the limitations of these Bylaws and such other reasonable limitations as the Board may adopt;
- 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 on in a reasonable and timely manner;
- 4.6.8 The obligation to abide by these Bylaws, and all 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 designate a Member Representative and an Alternate Member Representative;
- 4.6.10 The obligation to pay in a timely manner the membership dues pursuant to Sections 4.1, 11.2, and, where applicable, 11.3;



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

## 4.7 Limitations on Member Obligations

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- 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 would:
- 1) 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) create serious and immediate risks to public health or safety (provided, 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) 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) cause the Member to violate or improperly implement an applicable law, regulation, rule, order, FERC license provision or other legal obligation; or
  - 5) 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.

- 4.7.3 The above limitations shall not be construed as altering a Member's obligation, if any, 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

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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, that:

- a) nothing in this Section will limit the power of Members to agree to additional enforcement provisions in separate contracts; and
- b) 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:

- a) non-payment of dues sixty (60) days after the dues become delinquent;
- b) intentionally or repeatedly violating any WECC Bylaw;
- c) materially breaching or intentionally violating any FERC Order or arbitration decision issued pursuant to these Bylaws;
- d) willfully obstructing any lawful purpose or activity of WECC; or
- e) remaining inactive as described in Section 5.7.

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 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

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At least each five (5) years, the Board of Directors, in collaboration with the Member Advisory Committee and the Western Interconnection Regional Advisory Body, will conduct a thorough assessment of whether WECC fulfill its purposes in a manner that is consistent with its mission and vision, and the provisions of Section 2.2 of these Bylaws. As part of this assessment, the Board will consider 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 assessment required by this Section 4.9 will be accompanied by recommendations for any changes the Board determines are warranted by the assessment. If any recommendations require Member approval prior to implementation, 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 Meeting held after the review is completed.

## 5 Procedures for Member Decisions

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### 5.1 Quorum and Alternative Voting

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With the exception of voting on Regional Reliability Standards and Regional Criteria under the Reliability Standard Development Procedures, 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, including for the election of Directors. A majority of the Members of a Class or subclass will constitute a quorum for all Class or subclass meetings. Members participating through a designated Alternate Member Representative or through submission of an absentee ballot will be counted in determination of a quorum. Inactive Members, as defined in Section 5.7 of these Bylaws, will not be counted in determining a quorum at Member,





Class or subclass meetings. A quorum, once established, will be deemed to continue for the balance of any Member, Class, or subclass meeting.

- 5.1.2 **Alternate Member Representative or Absentee Voting.** If a Member Representative cannot attend a meeting of the Membership or a Class meeting in person where Directors are being elected or amendments to these Bylaws are considered for approval, the Alternate Member Representative may attend and vote in place of the Member Representative. Alternatively, the Member Representative or Alternate Member Representative, may cast an absentee ballot pursuant to procedures established by the Secretary. In the absence of both the Member Representative and the Alternate Member Representative, a Member may designate a Proxy pursuant to the procedures established by the Secretary.

## 5.2 General Membership Meetings

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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 5.4. Unless stated otherwise in these Bylaws, decisions at all meetings of the Members, 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 general membership meetings.

- 5.2.1 **Annual Member Meetings.** WECC will hold an Annual Member Meeting at a time and place determined by the Board. At the Annual Member Meeting, and at other times as provided for in these Bylaws, in addition to such other actions the Members may take, the Members and Classes will elect Directors for vacant Director positions (as provided in Section 6.4.3).
- 5.2.2 **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.

## 5.3 Member Class and Subclass Meetings

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



## 5.4 Notice of Member Meetings

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- 5.4.1 Annual Member Meeting. The Secretary will provide at least thirty (30) days' notice to all Members and the Board of the date, place and time of the Annual Member Meeting and an agenda of the business to be conducted at such meeting.
- 5.4.2 Other Member Meetings. The Secretary will provide notice of regularly scheduled and special meetings to the Members not less than ten (10) days before the meeting.
- 5.4.3 Public Notice. Public notice of each meeting of the Members will be placed on WECC's website at least ten (10) days before such meeting.

## 5.5 Open Meetings

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All Members' meetings are open to observation by the public.

## 5.6 Policymaking Authority

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

## 5.7 Minimum Participation Requirement

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To be counted for quorum purposes at a meeting of the Members as a whole, Class, or subclass, a Member must actively participate at least once each calendar year either by attending a WECC meeting or voting in a WECC election. 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 as described above. An inactive Member will not be counted toward the total number of Members when establishing a quorum requirement for the Members as a whole, a Class, or a subclass. A Member may at any time 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 membership will be terminated. If a membership is so terminated, reapplication for membership may be made at any subsequent time.



## 6 Governance

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### 6.1 Board of Directors

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

### 6.2 Composition of the Board and Board Member Qualifications

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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 each have at least ten years of experience in the utility industry at the senior management or officer level, preferably in the Western Interconnection, including:

- 1) at least one Director who has transmission operations experience,
- 2) at least one Director who has transmission planning experience, and
- 3) at least one Director who has generation operations experience.

At least one Director shall possess experience in British Columbia, Alberta, or Mexico, and also be a resident of one these jurisdictions. Notwithstanding the foregoing requirements, or any Director vacancies, the Board of Directors shall at all times retain its authority and ability to govern WECC so long as a properly constituted quorum is established in accordance with section 7.1.

6.2.1.1 Transmission operations experience shall preferably include experience in control center operations.

6.2.1.2 Transmission planning experience shall preferably include experience in modeling and/or planning transmission facilities, including economic and reliability modeling.

6.2.1.3 Generation operations experience shall preferably include experience in development or operation of generation facilities, including economic and reliability modeling.

6.2.1.4 Experience in the Canadian provinces of British Columbia and/or Alberta, and/or Mexico shall preferably include, but not be limited to, those types of experience described in sections 6.2.2.1 through 6.2.2.7 below.



- 6.2.2 The remaining members of the Board of Directors shall be selected to ensure diversity of background and experience. Desirable categories of experience include: regulatory or legal; accounting, finance or economics; environmental; end-user advocacy; information technology; compliance or standards; and public sector.
- 6.2.2.1 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.
- 6.2.2.2 Accounting, finance or economic experience shall preferably include experience as a chief financial officer, a chief accounting officer, a corporate risk officer, a certified public accountant, or the equivalent thereof.
- 6.2.2.3 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.
- 6.2.2.4 End-user advocacy experience shall preferably include experience advocating end-user economic interests before local, state or federal ratemaking agencies or boards.
- 6.2.2.5 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.
- 6.2.2.6 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.
- 6.2.2.7 Public sector experience shall preferably include experience representing the public interests with respect to energy issues.
- 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.



- 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 or a Director for a 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.
- 6.2.3.1.1 A Director with an equity interest in private or publicly traded companies that are end-users of electricity in the Western Interconnection but who is not otherwise “affiliated” pursuant to the restrictions set forth in Section 6.2.3 shall not be considered “affiliated.”
- 6.2.3.1.2 A Director with an equity ownership in a broadly diversified mutual fund which may include interests in one of the types of organizations described in Section 6.2.3, shall not be considered affiliated provided that such equity interest cannot confer a controlling interest in a Member or Registered Entity within the Western Interconnection.
- 6.2.3.1.3 A Director receiving post-employment compensation, which compensation is not indexed to the success of the disbursing entity shall not be considered “affiliated.”
- 6.2.3.1.4 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.
- 6.2.3.1.5 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.
- 6.2.3.1.6 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 6.2.3. Furthermore, the Nominating

Committee will be expected to investigate and evaluate all potential conflicts, whether financial or otherwise.

- 6.2.4 In addition, the Board may, by resolution, appoint the Chief Executive Officer (“CEO”) of WECC to be a voting member of the Board, provided that the CEO may not be a member of a Board committee or 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**

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Directors will hold office for staggered terms of three (3) years, three Directors’ terms ending each year. Each term shall commence, and subsequently end, on the adjournment of the Annual Member Meeting. This may result in some Director terms that are longer or shorter than exactly three years.

### **6.4 Nomination, Selection and Compensation of Directors**

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- 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 voting members shall be Directors, designated by the Board chair, whose terms are not expiring at the next Annual Member Meeting. The remaining four voting Nominating Committee members shall be Member Advisory Committee members selected by the MAC, with two (2) members being from Classes 1, 2, and/or 3, and two (2) members being from Classes 4 and/or 5. The MAC shall also select, as non-voting members of the Nominating Committee, an international member and one member from each of the Classes that are not voting members of the Nominating Committee. Quorum for the Nominating Committee will be a majority of voting members.

- 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 Member 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, unless the Board, by resolution, authorizes a Nominating Committee to function beyond twelve (12) months.



#### 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 using 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; and
- 3) consider external nominations.

6.4.2.2 Any party 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 candidate recommendations must be submitted to the Nominating Committee no later than the deadline established by the Nominating Committee.

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 for election by the Members.

6.4.2.5 At least sixty (60) days in advance of the Annual Member Meeting, the Nominating Committee chair shall forward the list of nominees to the Board chair. The Nominating Committee chair shall advise the Board chair if the Nominating Committee is unable to agree on a complete list of nominees. The Board chair may form a new Nominating Committee with different Board and



MAC members who shall be tasked with nominating candidates for the remaining open Director positions.

- 6.4.3 Director Elections. Members will vote for each nominee separately. A candidate will be elected to the Board on receiving a 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.

Should a candidate fail to receive the required vote of the Members or Member Classes, the Board may conduct a new election for an alternate candidate put forward by the Nominating Committee, if any. Alternatively, the Board may ask the Board 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 Classes, the Director position shall remain vacant until a candidate is elected, except as provided in Section 6.7.2

- 6.4.3.1 Election by Members Without a Meeting. Member elections for Directors may occur in conjunction with an Annual or Special Member Meeting as described elsewhere in these Bylaws, or voting may occur in whole or in part through submission of written or electronic ballots in accordance with procedures determined by the Secretary to ensure the integrity of the voting process.

- 6.4.4 Annual Compensation of Directors. Each year the Nominating Committee will make an Director compensation recommendation for the following calendar year. The Board shall direct WECC staff to initiate a Director compensation study for the Nominating Committee every other year. The latest survey so procured shall be used by the Nominating Committee in formulating its annual compensation recommendation, which shall provide an independent review of Director compensation. 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 Member Meeting. The MAC shall set the compensation for the Directors at least one hundred and twenty (120) days prior to the Annual Member 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 calendar year.





## 6.5 Removal of Directors

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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 Members, not just those Members voting, in addition to a majority vote from at least three of the five Classes. 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 to consider removal of a Director will occur based on submission to the Secretary of a petition for such a vote signed by the Member Representatives of at least 20 percent of the Members in three of the five 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

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Any Director may resign at any time by written notice to the Board delivered to the Board chair. The acceptance of a resignation will not be required to make it effective.

## 6.7 Procedures for Filling Vacant Director Positions

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- 6.7.1 Director Vacancies. If the position of any Director becomes vacant prior to its normal term expiration and there is more than one (1) year remaining in said term, the Nominating Committee will – within a reasonable amount of time – begin the process of choosing a successor candidate for nomination and election. The applicable requirements of this Section 6 shall apply to this nominating process, except those regarding the timing of certain actions. The Nominating Committee chair shall advise the Board chair of the Nominating Committee's nomination. If, within six (6) months of the occurrence of a vacancy, the Nominating Committee has failed to notify the Board chair of a nominee for that vacancy, the Board chair shall appoint a new Nominating Committee, with different Board and MAC members, which will commence work immediately to select a nominee for said vacancy. Alternatively, if less than one (1) year



remains in the term of the vacant Director position, the position will remain vacant, unless a temporary Director is appointed as permitted by section 6.7.3, until filled in conjunction with the typical annual Director nomination and election processes described elsewhere in this Section 6.

6.7.2 Holdover to Cure Procedural Vacancies. Whenever an incumbent Director is a candidate for a Director position and is not re-elected due to a lack of quorum or other procedural deficiency, that Director may continue to serve, for no more than twelve (12) months from the original expiration date of the Director's term, until a valid election has been conducted.

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 replacement Directors can be elected by the Members.

6.7.3.1 In appointing temporary Directors, the Board shall select individuals whose experience ensures the Board composition requirements of Section 6.2 are satisfied.

## 6.8 Duties of Directors

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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

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The management of all the property and affairs of WECC is vested in the Board of Directors. The Board will hold annual elections to select a Board chair and vice 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. When deliberating policy matters, the Board will give serious consideration to the recommendations of the Member Advisory Committee and the Western Interconnection Regional Advisory Body (or any successor).

## 6.10 Delegation of Board Authority

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The Board may delegate to any person or any committee any or all of its powers and authority except any power that it may not delegate pursuant to applicable Utah law, and the power to:

- 1) adopt any Reliability Standard;
- 2) approve budgets;
- 3) form committees;
- 4) amend the Bylaws;
- 5) elect the Board chair and other officers of the Board; and
- 7) hire, fire or set the terms of employment of the Chief Executive Officer.

These powers are 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 resolution. Any Director may call for a vote to rescind such delegation at any time.

6.10.1 Notice to Members. Within seven (7) days of any decision delegated to a Member committee pursuant to Section 6.10, the subject Member committee must notify all Members of the decision by electronic mail, posting on the WECC website and any other means determined appropriate by the Board.

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

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### 7.1 Quorum

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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

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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 as provided in Section 7.3 of these Bylaws.

### 7.3 Attendance at Board Meetings by Teleconference

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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

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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 require three (3) business days' prior notice to Members and Members must be given an opportunity to comment through electronic mail, comments on the website or other appropriate means. 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.

### 7.5 Notice of Board Meetings

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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 Board meetings, at least twenty-one (21) days' notice of which has been provided by the Secretary to all Directors and all Members via



email and posting to the WECC website. 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, if 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 Board chair 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 Director and all Members as is possible under the circumstances, but shall be no less than three (3) days. However, notice of a special meeting may be waived if: 1) the waiver is by a writing signed by a quorum of Directors; and 2) as much notice of the meeting as practicable has been given to Members via electronic mail and posted on the WECC website.

## 7.6 Open Meetings

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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, on an affirmative vote of two-thirds ( $\frac{2}{3}$ ) 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 or to receive other 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 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 Board 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 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 each closed session to keep minutes, 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 Waiver of Procedures

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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 limiting the power to delegate and 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.

## 8 Committees

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WECC will have the following committees:

### 8.1 Member Advisory Committee

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The Member Advisory Committee (MAC) shall be constituted and operated in accordance with a charter approved by the Board. In accordance with its charter, the MAC shall advise the Board on any matters the Board requests the committee to evaluate or consider and advise the Board on policy, business planning, and budgetary matters as the committee deems appropriate.

8.1.1 The committee shall be comprised of three representatives from each of the five (5) Member Classes, and one representative each for British Columbia, Alberta, and Mexico.

8.1.2 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 8.1 herein. If there are dissenting MAC member opinions regarding a matter in 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.

### 8.2 Nominating Committee

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The Nominating Committee shall be constituted and operate as described in Section 6.4 of these Bylaws.

### 8.3 Other Committees

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The Board may establish Committees to advise and make recommendations to the Board related to accomplishing WECC's mission within the Western Interconnection. The membership, responsibilities, and operation of all Committees shall be described in a Board-approved charter which may contain such other details pertinent to the governance and functioning of the committee as the Board deems appropriate.

### 8.4 Open Meetings

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All committee meetings will be open, except as set forth in these Bylaws or in Board-approved policies or committee charters describing the criteria for entering into closed session applicable to the committee in question.

## **9 The Chief Executive Officer, Officers, and Employees**

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### **9.1 Designation of Officers and Terms of Office**

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WECC will have a Chief Executive Officer, a Secretary, and any other officers specified by the Board. 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 a successor is appointed. If an officer is also an employee of WECC, the officer's appointment will automatically end upon termination of such employment. Any two or more offices may be held by the same person except the offices of Chief Executive Officer and Secretary.

### **9.2 Standards Applicable to All Employees**

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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 Officers and Employees Standards of Conduct attached hereto as Appendix B set forth the duty of care, duty of loyalty, duty to avoid conflicts of interest and related matters intended to promote officer and employee neutrality, objectivity and professionalism.

#### **9.2.1 Exemptions:**

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

9.2.1.2 A candidate for employment will not be disqualified for owning shares in a mutual fund that owns an interest in a Member or an Affiliate.

9.2.1.3 A candidate for employment will not be disqualified for receiving payments from a pension plan of a Member or an Affiliate 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.





- 9.2.2 If an officer or employee comes into possession of securities in any Member or Affiliate, the officer or employee 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.

### **9.3 Employment**

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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.

### **9.4 Chief Executive Officer's Duties**

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Subject to the Board's direction and delegation, the Chief Executive Officer shall have the authority necessary to plan, organize, staff, and manage WECC to achieve its mission and to perform the activities specified in Section 2 of these Bylaws. Subject to limitation by the Board, the CEO may delegate these authorities in whole or in part to other WECC employees.

### **9.5 Secretary's Duties**

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In addition to any delegation from the Board, the Secretary shall have the authority and responsibilities specified in applicable Utah law pertaining to nonprofit corporations.

## **10 Dispute Resolution**

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The Board may adopt reasonable dispute resolution procedures applicable to WECC members and staff.

## **11 Costs and Finances**

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### **11.1 Funding of Reliability Activities**

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- 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 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:



- 1) Subject to (b), if a Canadian or Mexican Entity seeks membership in 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.
- 2) 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 their 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 on the net energy to load and other relevant factors consistent with applicable law, the Delegation Agreement and any applicable agreements with Canadian or Mexican authorities.

## 11.2 Dues

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The Board may require Members to pay nominal annual dues consistent with applicable FERC requirements (or those contained in applicable agreements with Canadian or Mexican authorities) to cover reasonable costs of membership that are not funded through Sections 11.1.1 or 11.1.2. Initial dues of a Member will be submitted with a completed application for membership and will be prorated based on the Member's actual months of membership 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 to pay such dues. The Board may also reduce, defer or eliminate the dues obligation of an individual Member for good cause shown.

## 11.3 Funding of Non-Statutory Activities

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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**

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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**

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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 ( $\frac{2}{3}$ ) of the Directors in office. Such amendment will become effective sixty (60) days after its approval by the Board unless:

- 1) the vote is appealed by the Members prior to the sixtieth day, or
- 2) subsequent regulatory approval is required.

To lodge an appeal, a majority of any Class may file a petition with the Secretary. An appeal will stay implementation of the amendment pending Member vote on the appeal. The membership will vote on whether to rescind the Board approved amendment at the next Annual Member Meeting unless the Board calls an earlier Special Member Meeting. An appeal will only be successful if a majority of all Members and a majority (three of five) of the 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 approvals are 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 8; Section 10; Sections 12.1 through 12.4, inclusive; 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, the amendment must then be noticed to Members at least sixty (60) days prior to the Annual Member Meeting or Special Member Meeting at which the Member vote will occur. The amendment will then be approved if it receives the affirmative vote of at least two thirds ( $\frac{2}{3}$ ) of the Members who vote upon such amendment.



## 12.2 Amendment by the Members

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Upon a petition being filed with the Secretary by any Member or Director, at any Annual Member Meeting or Special Member 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;
- 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 ( $\frac{2}{3}$ ) of all Members and a majority of the Classes.

## 12.3 Amendments proposed by FERC

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

## 12.4 Remote Member Voting on Amendments Permitted

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In all cases where a Member vote is required for approval of a proposed Bylaws amendment pursuant to section 12.1.1, that vote may occur in conjunction with an Annual or Special Member Meeting as described in section 12.1.1, or voting may occur in whole or in part through submission of written or electronic ballots in accordance with procedures determined by the Secretary to ensure the integrity of the voting process, provided that in such cases the proposed amendment has been noticed to Members at least thirty (30) days prior to the beginning of balloting.

## 13 Termination of Organization

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WECC may be terminated on a vote of a majority of the Members in accordance with the provisions of Utah law, the Federal Power Act the Delegation Agreement and applicable agreements with Canadian or Mexican authorities. 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

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### 14.1 Limitation on Liability

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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 that 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 that 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**

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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**

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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**

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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**

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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**

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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.



## Appendix A:

### Standards of Conduct for Members of the WECC Board of Directors

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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 the Director remains a member of the Board of Directors of WECC, the 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, participate in Board discussions and make independent inquiries as needed.
  - B. In voting on any matter before the Board or otherwise acting in the capacity as a Director, each Director will:
    - 1) make reasonable inquiry to be informed 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 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 that 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 the duties of a Director in good faith.



- B. Each Director will refrain from using any influence, access, or information gained through service as a Director to confer any improper personal benefit (financial or otherwise) upon the Director, 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 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 the 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, 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 the position of 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

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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.<sup>1</sup> 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 \$25 per source per event.
- 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

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<sup>1</sup> 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.



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 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 Employee<sup>2</sup> 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

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<sup>2</sup> 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.



Board 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 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;
- 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.

