

September 14, 2015

VIA ELECTRONIC FILING

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: Petition of the North American Electric Reliability Corporation for Approval of
Amendments to Exhibit B to the Delegation Agreement with SERC Reliability Corporation
– Amendments to SERC Reliability Corporation’s Bylaws
Docket No. RR15-___-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (“NERC”) hereby submits the
“Petition of the North American Electric Reliability Corporation for Approval of Amendments to
Exhibit B to the Delegation Agreement with SERC Reliability Corporation – Amendments to
SERC Reliability Corporation’s Bylaws.”

The amendments to the Bylaws, and thus the Delegation Agreement: (1) remove the
requirement that an entity seeking membership be listed on the NERC Compliance Registry; (2)
remove the limitation on the number of Customer Advisors who can serve on the SERC Board of
Directors (“SERC Board”); (3) allow for the appointment of SERC Board Advisors; (4) clarify
the duties of the SERC Board Officers, and rearrange the related sections in a more logical order;
(5) clarify the duties that the Corporate Officers perform; and (6) clarify that the Directors, rather
than the Member Companies, vote on dissolution.

The amendments to the SERC Bylaws do not affect SERC’s Regional Entity functions
and there are no reliability-related issues raised by such amendments. As amended, the SERC

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

Bylaws continue to satisfy the five governance criteria specified in Exhibit B of the SERC Regional Delegation Agreement.

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

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

Respectfully submitted,

/s/ Stefan C. Bergere

Stefan C. Bergere

Associate Counsel

North American Electric Reliability
Corporation

1325 G Street, N.W., Suite 600

Washington, D.C. 20005

(202) 400-3000

(202) 644-8099 – facsimile

stefan.bergere@nerc.net

UNITED STATES OF AMERICA
Before the
FEDERAL ENERGY REGULATORY COMMISSION

NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION) **Docket No. RR15-__-000**

PETITION OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
FOR APPROVAL OF AMENDMENTS TO EXHIBIT B TO THE DELEGATION
AGREEMENT WITH SERC RELIABILITY CORPORATION – AMENDMENTS TO
SERC RELIABILITY CORPORATION’S BYLAWS

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road N.E.
Suite 600, North Tower
Atlanta, G.A. 30326
(404) 446-2560
(404) 446-2595 – facsimile

Charles A. Berardesco
Senior Vice President and General Counsel
Holly A. Hawkins
Associate General Counsel
Stefan C. Bergere
Associate Counsel
North American Electric Reliability
Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 644-8099 – facsimile
charles.berardesco@nerc.net
holly.hawkins@nerc.net
stefan.bergere@nerc.net

*Counsel for North American Electric
Reliability Corporation*

September 14, 2015

TABLE OF CONTENTS

I. INTRODUCTION 1

II. NOTICES AND COMMUNICATIONS 2

III. PROPOSED AMENDMENTS TO THE SERC BYLAWS 3

IV. SERC AND NERC APPROVALS FOR THE PROPOSED AMENDMENTS 9

V. CONCLUSION 10

ATTACHMENTS

ATTACHMENT 1: Amended Bylaws – Amended Exhibit B to the Delegation Agreement Between North American Electric Reliability Corporation and SERC Reliability Corporation – Clean version

ATTACHMENT 2: Amended Bylaws – Amended Exhibit B to the Delegation Agreement Between North American Electric Reliability Corporation and SERC Reliability Corporation – Redlined version

I. INTRODUCTION

Pursuant to § 215(e)(4) of the Federal Power Act¹ (“FPA”) and 18 C.F.R. §§ 39.8 and 39.10 (2012), the North American Electric Reliability Corporation (“NERC”) requests the Federal Energy Regulatory Commission’s (“Commission”) approval of the amendments to the Delegation Agreement between NERC and SERC Reliability Corporation (“SERC”). The proposed amendments to the SERC Delegation Agreement consist solely of amendments to Exhibit B, the SERC Bylaws. The SERC Bylaws are also “Regional Entity Rules” as defined in 18 C.F.R. § 39.10 and in accordance with 18 C.F.R. § 39.10, amendments to a Regional Entity Rules also require Commission approval. By approving the proposed amendments to Exhibit B of the SERC Delegation Agreement, the Commission will also be approving the amendments to the SERC Bylaws as “Regional Entity Rules.”

As described in greater detail in Section III of this Petition, the SERC Bylaws amendments include amendments to the following sections: Sections 2.2, 4.2, 4.3, 4.7, 4.8, 4.9, 4.10, 4.11, 4.12, 4.14, 4.15, 5.1, 5.2, 5.3, 5.4, 5.5, 8.1, 11.1, and 13.1. These amendments to the Delegation Agreement: (1) remove the requirement that an entity seeking membership be listed on the NERC Compliance Registry; (2) remove the limitation on the number of Customer Advisors who can serve on the SERC Board of Directors (“SERC Board”); (3) allow for the appointment of SERC Board Advisors; (4) clarify the duties of the SERC Board Officers, and rearrange the sections in a more logical order; (5) clarify the duties that the Corporate Officers perform; and (6) clarify that the Directors, rather than the Member Companies, vote on dissolution.

¹ 16 U.S.C. § 824o (2012).

The instant amendments to the SERC Bylaws do not affect SERC's Regional Entity functions, and this filing is being made to include the revised Bylaws in the Delegation Agreement. The NERC Board of Trustees approved the amended Delegation Agreement containing amendments to Sections 2.2, 4.2, 4.3, 4.7, 4.8, 4.9, 4.10, 4.11, 4.12, 4.14, 4.15, 5.1, 5.2, 5.3, 5.4, 5.5, 8.1, 11.1, and 13.1 at its August 13, 2015 Board Meeting.

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

II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following:²

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road N.E.
Suite 600, North Tower
Atlanta, G.A. 30326
(404) 446-2560
(404) 446-2595 – facsimile

Charles A. Berardesco*
Senior Vice President and General Counsel
Holly A. Hawkins*
Associate General Counsel
Stefan C. Bergere*
Associate Counsel
North American Electric Reliability Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 644-8099 – facsimile
charles.berardesco@nerc.net
holly.hawkins@nerc.net
stefan.bergere@nerc.net

*Persons to be included on the Commission's official service list

² Persons to be included on the Commission's service list are identified by an asterisk. NERC respectfully requests a waiver of Rule 203 of the Commission's regulations, 18 C.F.R. § 385.203 (2012), to allow the inclusion of more than two persons on the service list in this proceeding.

III. PROPOSED AMENDMENTS TO THE SERC BYLAWS

The proposed amendments to the Delegation Agreement revise the Bylaws to (1) allow entities with a material interest in the bulk power system to seek membership and provide that all current registered entities in the SERC Region that may lose their registration status due to changes in NERC’s Statement of Compliance Registry Criteria as part of the NERC Risk-Based Registration initiative would remain eligible for SERC membership; (2) consolidate the voting provisions into Sections 4.11 through 4.14, and certain changes were made to such voting provisions to ensure that both the Simple Majority and Supermajority voting schemes meet the requirements of FERC Order No. 672 that no two sectors may control and no one sector may veto any matter, as well as codifying SERC’s existing voting practice; and (3) address Customer Advisors, Board Advisors, and Other Participants.

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

1. Article II Membership

a. Section 2.2 Eligibility

- i. **Moved** “is voluntary” from the second sentence to the first sentence of this Section. The first sentence now reads, “Membership in the Corporation *is voluntary* and is open to any entity in the SERC Region...” The second sentence now reads, “Membership in the Corporation ~~is voluntary; however membership~~ is predicated on mandatory acceptance of the responsibility to promote, support, and comply with Reliability Standards...”
- ii. **Added** the following language to Section 2.2 “, has a material interest in the Bulk Power System in the SERC Region, satisfies the criteria for membership specified in this Section 2.2, qualifies for one or more of the Sectors identified in Section 2.4,”. This language was added at the end of the first sentence of this Section.
- iii. **Deleted** “for the purpose of complying with Reliability Standards established under Section 215 of the Federal Power Act and all

amendments thereto.” Also deleted was “; however, membership” from the beginning of the second sentence.

2. Article IV Board of Directors

a. Section 4.2 Composition and Eligibility

- i. **Deleted** “and no more than two (2) Customer Advisors.” This language was deleted from the end of the first sentence of this Section.

b. Section 4.3 Customer Advisors; Board Advisors; and Other Participants

- i. **Added** the section titled “Customer Advisors; Board Advisors; and Other Participants.” Additional language was added to the beginning of the section, specifically stating, “The Board of Directors may, but shall not be required to, appoint one or more Customer Advisors to serve the Corporation.” Also added “in the SERC Region” so that the second sentence reads, “Each Customer Advisor shall be a person *in the SERC Region...*” Further, parentheses were added around the “s” at the end of “Advisor(s)” at the beginning of the second to last sentence of this paragraph, so that it now reads, “The term of the Customer Advisor(s)...”. The following language was also added as the last sentence of the first paragraph of this section and adding a new second paragraph, specifically stating, “The role of the Customer Advisor(s) is purely advisory and the Customer Advisor(s) shall have no authority whatsoever to bind the Corporation in any way. ¶ The Board of Directors may, but shall not be required to, appoint one but no more than five Board Advisor(s) to serve the Corporation, the Board of Directors, the Executive Committee and the Officers of the Corporation. The Board Advisor(s) shall be either former Directors of the Corporation or former NERC Trustees. Appointments shall be made by the Board of Directors and those appointed shall serve for a term of one (1) year with no limits on eligibility for reappointment. The purpose of the Board Advisor(s) shall be to advise the Board of Directors, Executive Committee and Officers of the Corporation, as directed from time to time by the Board of Directors or the Executive Committee. The role of the Board Advisor(s) is purely advisory and the Board Advisor(s) shall have no authority whatsoever to bind the Corporation in any way.”
- ii. **Deleted** the language “Should the Board of Directors not include two (2) Customer Advisors, the Board of Directors may elect additional Customer Advisors to fill such vacancies.”

- c. Section 4.7 Election of Board Officers and Executive Committee
 - i. **Added** the terms “and preside at”, “and carry out all other duties assigned by the Board of Directors”, and **deleted** “and shall” from the third sentence of this Section to specifically state, “The Chair shall conduct *and preside at* all meetings, ~~and shall~~, be responsible for the preparation of the agenda, *and carry out all other duties assigned by the Board of Directors.*” Additionally, the following language was added to specify the Vice Chair’s duties in the absence of the Chair, in the immediately subsequent sentence, “and shall preside at all meetings, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors.” In the second paragraph of this Section, the term “also” was **deleted** and the terms “beginning July 1st, after the approval” was **added**, to specifically state, “At the same time, the Board shall ~~also~~ approve representatives to the Executive Committee nominated by the Sectors to serve for a period of two (2) years *beginning July 1st, after the approval.*”
- d. Section 4.8 Agenda
 - i. **Deleted** “each Director and Customer Advisor”, and replaced with the **added** language, “Directors and other participants.”
- e. Section 4.9 Compensation
 - i. **Moved** the original Section 4.11 “Compensation” Section to become Section 4.9. No changes to the original language were made.
- f. Section 4.10 Duties
 - i. **Moved** the original Section 4.13 “Duties” Section to become Section 4.10. No changes to the original language were made.
- g. Section 4.11 Voting
 - i. **Moved** the original sub-Section (d) of the original Section 4.10 “Voting; Manner of Acting; Voting Rights; Quorum; Proxies” to create its own Section as 4.11.
 - ii. **Changed** the referenced sections in the original sub Section (d) of the original Section 4.10 “Voting; Manner of Acting; Voting Rights; Quorum; Proxies” to correspond with the proper Section-numbering changes resulting from the creation of this Section 4.11 and its removal from the original Section 4.10.

- iii. **Deleted** the following terms, “(other than amendments to these Bylaws)” and “Member Companies,” which was changed to **add** “Board” in the second sentence of the section to specifically state, “In the event that either of the foregoing shall nevertheless occur, the *Board Member Companies* shall promptly revise the provisions of these Bylaws...”

h. Section 4.12 Voting Definitions

- i. **Deleted** the reference to Section 4.9 in Sub-Section (a) and **added** “Section 4.13.”
- ii. **Deleted** “(the “Individual Vote Test”)” and “(the “Adjusted Weighted Vote Test”)” from Sub-Section (b).
- iii. **Changed** “Test” to “test” in two locations in Sub-Section (b)(iii) so that it now reads, “and (iii) for at least one of the Individual Vote ~~Test~~ *test* or the Adjusted Weighted Vote ~~Test~~ *test*...”
- iv. **Deleted** “provided that a quorum is present, and” and **added** “concurrence of” in Sub-Section (c).
- v. **Changed** the placement of Sub-Section (c)(i) from being in front of “Directors” to being in front of “concurrence” so that it now reads, “...the presence of a quorum and the (i) concurrence of ~~(i)~~ Directors...”
- vi. **Added** “, and (iii) for at least one of the Individual Vote test or the Adjusted Weighted Vote test, on an individual Sector basis, the positive vote shall outweigh the negative vote for at least three Sectors.” This language was added to the end of Sub-Section (c).

i. Section 4.14 Voting; Manner of Acting; Voting Rights; Quorum

- i. **Deleted** “Proxies” from the Section title.
- ii. **Added** “which requires a vote” and “by the requisite vote” from Sub-Section (b) so that it specifically states, “A motion *which requires a vote* shall be deemed to have passed *by the requisite vote* if it passes either:”
- iii. **Changed** “Test” to “test” in Sub-Section (b)(i) and (ii) so that each reads, respectively, “(i) the Individual Vote ~~Test~~ *test*; or (ii) the Adjusted Weighted Vote ~~Test~~ *test*;”.
- iv. Note that, as stated above, Sub-Section (d) was moved to become its own Section 4.11 “Voting.”

j. Section 4.15 Action without a meeting

- i. **Deleted** “Informal” and “by Directors” from the Section title.
- ii. **Added** “without a meeting” to the Section title.
- iii. **Added** “The action shall be evidenced by one or more written consents describing the action taken, signed by each Director, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last Director signs the consent unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote. A Director’s consent to action taken without a meeting may be electronic form and delivered by electronic means.” This language was added to the end of this Section.

3. Article V Corporate Officers

a. Section 5.1 Corporate Officers

- i. **Added** language to provide for additional corporate officers, namely a President/Chief Executive officer, *one or more* Vice Presidents. Language was also added at the end of the section, specifically stating, “The Board Officers shall determine the compensation and benefits for all Corporate Officers.” Additionally, in the first and second sentences, respectively, “&” was **deleted** and was replaced with “/”, each between “President & /Chief Executive Officer”.

b. Section 5.2 President/Chief Executive Officer

- i. **Deleted** “&” from the title and replaced it with “/”.
- ii. **Deleted** the second sentence in the first paragraph, specifically, “The Board Officers shall determine the compensation and benefits for the President & Chief Executive Officer (President).”
- iii. **Added** Sub-Sections (a) and (b) to the President’s duties to specifically state, “(a) Promote the mission of the Corporation and implement the goals and objectives of the Corporation;” and “(b) Report to the Board of Directors and carry out the policies and procedures set by the Board of Directors;”.
- iv. **Added** “Represent SERC at all” and **deleted** “Attend all Board of Directors meetings of the Corporation and...” so that Sub-Section (c) now states, “~~Attend Represent SERC at all Board of Directors meetings of the Corporation and~~ NERC Stakeholder and Board of Trustees, meetings, as

appropriate;”.

- v. **Deleted** “Assist and coordinate the preparation of testimony and reports;” and, instead, **added**, “Attend all Board of Directors meetings and serve as ex-officio non-voting member of (i) the Board of Directors, (ii) the Executive Committee, and (iii) all other Board committees;”.
- vi. **Deleted** original Sub-Sections (d), (e), (f), and (h).
- vii. **Deleted** “Manage” from new Sub-Section (f) and **added** “Oversee” to replace “Manage” and **added** “, and enact such policies and procedures for staff as are needed to implement the goals and objectives of all the Corporation-related meetings; and” to the end of the Sub-Section.

c. Section 5.3 Vice President

- i. **Added** The “Corporation may have one or more Vice Presidents.” to the beginning of this Section. Also added “A” Vice President “of the Corporation” to the second sentence of this Section. **Deleted** “, the” and “shall” from this sentence, and added, “; the (because of death, resignation, removal, disqualification, or otherwise), a...~~shall~~ of the Corporation may be appointed to” the end of the third sentence of this Section.
- ii. **Deleted** the last sentence of the Section, “The Board Officers shall determine the compensation and benefits of the Vice President.” Also deleted “, the” from the second line of the second sentence before the parenthetical that was added, as stated in (i) above, and “shall” was deleted and

d. Section 5.4 Secretary

- i. **Added** the following language describing the Secretary’s duties so that the Section reads, “The Secretary of the Corporation shall be custodian of and shall maintain the corporate books, records and minutes of the meetings of the Board of Directors and other Corporation-related meetings and shall assure that all required notices are duly given in accordance with these Bylaws, the Articles of Incorporation or as otherwise may be required by law. The Secretary of the Corporation shall also be the custodian of the seal of the Corporation. The Secretary of the Corporation shall, in general perform all duties incident to the office of Secretary of the Corporation...”
- ii. **Deleted** “the records and” from the original first sentence of this Section. Also deleted “and” from the end of the second sentence, and “shall” from the third sentence, so that the second sentence now reads, “...of the seal of the Corporation and”, and the third sentence now reads, “...in general

shall,”.

e. Section 5.5 Treasurer

- i. **Added** “of the Corporation” to the beginning of the first sentence of this Section, and “The Treasurer of the Corporation shall,” to the beginning of the second sentence of this Section, as well as adding “of the Corporation” in the middle of this sentence after Treasurer.

4. Article VIII Miscellaneous

a. Section 8.1 Conflicts of Interest

- i. **Added** “Board Advisors,” as a party to comply with the terms of this Section.

5. Article XI Dissolution

a. Section 11.1 Dissolution

- i. **Deleted** “its Member Companies” and **added** “the Board of Directors” to replace it.

6. Article XIII Indemnification

a. Section 13.1 Indemnification of Directors, Alternate Directors, Customer Advisors, Board Advisors, Committee Members, Officers, Employees and Agents

- i. **Added** “Board Advisors” to the title and “Board Advisor,” twice in the body of this Section as a party whom is indemnified.

IV. SERC AND NERC APPROVALS FOR THE PROPOSED AMENDMENTS

On April 22, 2015, the SERC Board approved the proposed amendments to the Bylaws.

The NERC Board of Trustees approved the amendments to the SERC Bylaws, and thus amendments to the Delegation Agreement, at its August 13, 2015 Board meeting. The NERC Staff determined that the Delegation Agreement, as it is proposed to be amended by the amendments to the SERC Bylaws, continues to satisfy the five Governance criteria stated in Exhibit B.

V. CONCLUSION

NERC respectfully requests that the Commission approve the proposed amendments to its Delegation Agreement with SERC as shown in **Attachment 2** to this Petition reflecting the proposed amendments to the SERC Bylaws as Exhibit B to the Delegation Agreement as well as approving the amendments to the SERC Bylaws as amendments to Regional Entity Rules.

Respectfully submitted,

/s/ Stefan C. Bergere

Charles A. Berardesco

Senior Vice President and General Counsel

Holly A. Hawkins

Associate General Counsel

Stefan C. Bergere

Associate Counsel

North American Electric Reliability
Corporation

1325 G Street, N.W., Suite 600

Washington, D.C. 20005

(202) 400-3000

(202) 644-8099 – facsimile

charles.berardesco@nerc.net

holly.hawkins@nerc.net

stefan.bergere@nerc.net

*Counsel for North American Electric
Reliability Corporation*

Dated: September 14, 2015

ATTACHMENT 1

Amended Bylaws – Amended Exhibit B to the Delegation Agreement Between North American
Electric Reliability Corporation and SERC Reliability Corporation – Clean version

AMENDED AND RESTATED

BYLAWS

OF

SERC RELIABILITY CORPORATION

A North Carolina Nonprofit Corporation

Approved by the Board of Directors on April 22, 2015

Pending NERC and FERC approval

TABLE OF CONTENTS

ARTICLE I - OFFICES	1
1.1 Principal Office	1
1.2 Other Offices	1
ARTICLE II - MEMBERSHIP	1
2.1 General	1
2.2 Eligibility	1
2.3 Termination	2
2.4 Sectors	2
2.5 Transfer of Membership	3
2.6 Powers	3
ARTICLE III - PURPOSES	3
3.1 General Purposes	3
3.2 Geographic Area	4
3.3 Other Statutory Functions	4
ARTICLE IV - BOARD OF DIRECTORS	4
4.1 General Powers	4
4.2 Composition and Eligibility	5
4.3 Customer Advisors, Board Advisors, and Other Participants	5
4.4 Regular Meetings of the Board	6
4.5 Special Meetings of the Board	6
4.6 Notice of Special Meetings	6
4.7 Election of Board Officers and Executive Committee	6
4.8 Agenda	7
4.9 Compensation	7
4.10 Duties	7
4.11 Voting	7
4.12 Voting Definitions	8
4.13 Determination of Adjusted Weighted Vote	8
4.14 Voting; Manner of Acting; Voting Rights; Quorum	9
4.15 Action without a meeting	10
ARTICLE V - CORPORATE OFFICERS	10
5.1 Corporate Officers	10
5.2 President/Chief Executive Officer	10
5.3 Vice President	11
5.4 Secretary	11
5.5 Treasurer	11

ARTICLE VI - EXECUTIVE COMMITTEE	11
6.1 Executive Committee Representatives	11
6.2 Ex Officio Representatives	12
6.3 Authority of Executive Committee	12
6.4 Action.....	12
ARTICLE VII - OTHER COMMITTEES.....	13
7.1 Designation by Board.....	13
7.2 Rules for Governance.....	13
7.3 Ad-Hoc Support Committees.....	13
ARTICLE VIII - MISCELLANEOUS	13
8.1 Conflicts of Interest	13
8.2 Contracts	13
8.3 Checks, Drafts, etc.....	13
8.4 Deposits.....	14
8.5 Books and Records	14
8.6 Seal	14
8.7 Fiscal Year.....	14
ARTICLE IX - EXPENSES.....	14
9.1 Allocation of Specific Expenses.....	14
9.2 Statutory Functions	14
9.3 Non-Statutory Functions.....	14
ARTICLE X - DISPUTE RESOLUTION PROCESS.....	15
10.1 Dispute Resolution	15
ARTICLE XI - DISSOLUTION.....	15
11.1 Dissolution	15
11.2 Distribution of Assets.....	15
ARTICLE XII - WAIVER OF NOTICE	15
12.1 Waiver	15
ARTICLE XIII - INDEMNIFICATION	15
13.1 Indemnification of Directors, Committee Members, Officers, Employees and Agents	15
ARTICLE XIV - AMENDMENT OF THE BYLAWS AND ARTICLES OF INCORPORATION.....	16
14.1 Amendment of the Bylaws and Articles of Incorporation	16

AMENDED AND RESTATED
BYLAWS
OF
SERC RELIABILITY CORPORATION
[Hereinafter referred to as the “Corporation”]
A North Carolina Nonprofit Corporation

ARTICLE I - OFFICES

1.1 **Principal Office.** The principal office of the Corporation shall be located in the City of Charlotte, Mecklenburg County, North Carolina. The Board of Directors may by resolution change the location of this office from time to time.

1.2 **Other Offices.** The Corporation may have other offices at such place or places as the Board of Directors may from time to time appoint or the business of the Corporation may require.

ARTICLE II - MEMBERSHIP

2.1 **General.** The Corporation shall be a membership corporation. Entities that meet the eligibility requirements and apply for membership in the Corporation shall hereinafter be referred to individually as a “Member Company” and collectively as “Member Companies”.

2.2 **Eligibility.** Membership in the Corporation is voluntary and is open to any entity in the SERC Region (defined in Section 3.2 below) that is a user, owner or operator of the Bulk Power System, has a material interest in the Bulk Power System in the SERC Region, satisfies the criteria for membership specified in this Section 2.2, qualifies for one or more of the Sectors identified in Section 2.4, and is subject to the jurisdiction of the Federal Energy Regulatory Commission. Membership in the Corporation is predicated on mandatory acceptance of the responsibility to promote, support, and comply with Reliability Standards of the Corporation and the North American Electric Reliability Corporation (“NERC”), and to assist the Corporation in its compliance with the terms and provisions of a Delegation Agreement (a “Delegation Agreement”) with NERC, by which NERC delegates authority to propose and enforce Reliability Standards, pursuant to 16 U.S.C. § 824o or the corresponding provisions of

any subsequent U.S. Code revisions. For purposes of these Bylaws, the terms “Bulk Power System”, “Reliability Standards” and “Regional Entity” shall be as defined in 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions.

2.3 **Termination.** A Member Company may terminate its membership in the Corporation by giving the Board of Directors at least thirty (30) days written notice of its intent to terminate such membership (such Member Companies shall hereinafter be referred to as "Terminated Member Companies"). Terminated Member Companies shall nevertheless continue to be liable for any and all obligations incurred prior to the end of the calendar year in which such notice is given, including, but not limited to, the obligation to pay a pro rata share of any Corporation expense. In addition to termination of membership by the Member Company, the Board of Directors, following notice to the Member Company, may terminate the membership of a Member Company if in the judgment of the Board of Directors that Member Company has violated its obligations and responsibilities to the Corporation. The termination of the membership of a Member Company by the Board of Directors shall require a Supermajority vote, as defined in these Bylaws.

2.4 **Sectors.** Each Member Company shall be classified by the Executive Committee in one of the following seven (7) Sectors (each a “Sector”, and collectively, the “Sectors”):

- (a) Investor-Owned Utility Sector – This Sector includes any investor-owned entity with substantial business interest in ownership and/or operation in any of the asset categories of generation, transmission or distribution.
- (b) Federal/State Sector – This Sector includes any U.S. federal entity that owns and/or operates electric facilities and/or provides balancing authority services, in any of the asset categories of generation, transmission, or distribution; or any entity that is owned by or subject to the governmental authority of a state and that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the state.
- (c) Cooperative Sector – This Sector includes any non-governmental entity that is incorporated under the laws of the state in which it operates, is owned by and provides electric service to end-use customers at cost, and is governed by a board of directors that is elected by the membership of the entity; and any non-governmental entity owned by and which provides generation and/or transmission service to such entities.
- (d) Municipal Sector – This Sector includes any entity owned by or subject to the governmental authority of a municipality, that is

engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the municipality; and any entity, whose members are municipalities, formed under state law for the purpose of generating or purchasing electricity for sale at wholesale to their members.

- (e) Marketer Sector– This Sector includes any entity that is engaged in the activity of buying and selling of wholesale electric power in the SERC Region on a physical or financial basis.
- (f) Merchant Electricity Generator Sector – This Sector includes any entity that owns or operates an electricity generating facility or provides balancing authority services for such entities. This includes, but is not limited to, small power producers and all other non-utility producers such as exempt wholesale generators who sell electricity at wholesale.
- (g) ISO-RTO Sector – This Sector includes any entity that operates a FERC approved ISO or RTO.

The Executive Committee’s classification of a Member Company in a particular Sector may only be changed by the Executive Committee.

2.5 **Transfer of Membership.** A Member Company may not give or otherwise transfer its membership, except to a successor that becomes a Member Company in accordance with the terms and conditions of these Bylaws, and provided that the successor continues to meet its predecessor’s obligations.

2.6 **Powers.** Notwithstanding any other provisions of these Bylaws, except for the appointment of Directors as provided in Section 4.2 below, Member Companies shall be non-voting members and shall have no power or authority or right to vote with respect to the actions of the Corporation, specifically including, but not limited to, the dissolution or merger of the Corporation.

ARTICLE III - PURPOSES

3.1 **General Purposes.** The purpose of the Corporation is to promote effective and efficient administration of Bulk Power System reliability in the SERC Region, as defined in Section 3.2. In pursuit of this goal, the Corporation shall:

- (a) enter into a Delegation Agreement to serve as a Regional Entity pursuant to 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions;

- (b) promote the development of reliability and adequacy arrangements among the systems in the SERC Region;
- (c) participate in the establishment of Reliability Standards;
- (d) participate in the measurement of performance relative to these Reliability Standards;
- (e) promote conformance to and compliance with these Reliability Standards;
- (f) develop and exchange information with respect to planning and operating matters relating to the reliability and adequacy of the Bulk Power System;
- (g) review as necessary activities in the SERC Region on reliability and adequacy in order to meet Reliability Standards;
- (h) provide a mechanism to resolve disputes on reliability issues in a manner that meets the needs of the parties and the SERC Region; and
- (i) provide information with respect to matters considered by the Corporation, where appropriate, to the Federal Energy Regulatory Commission ("FERC") and to other federal and state agencies concerned with reliability and adequacy.

3.2 **Geographic Area.** The Corporation accomplishes its purposes in a geographic area (the "SERC Region") that is defined in Exhibit A of the Amended and Restated Delegation Agreement Between North American Electric Reliability Corporation and SERC Reliability Corporation.

3.3 **Other Statutory Functions.** The Corporation may also perform statutory functions outside of the SERC Region, on behalf of NERC or other Regional Entities. The Corporation may undertake such activities pursuant to a contract that is approved by the Executive Committee.

ARTICLE IV - BOARD OF DIRECTORS

4.1 **General Powers.** The affairs of the Corporation shall be managed by its Board of Directors except as otherwise provided in these Bylaws.

4.2 **Composition and Eligibility.** The Board of Directors shall be comprised of no fewer than three (3) Directors.

Each Director shall be the principal officer or other authorized employee from a Member Company or a company that controls, is controlled by, or is under common control with such Member Company (an “affiliated entity”). Each Member Company, together with any affiliated entities, may appoint one (1) Director to the Board of Directors. For clarification purposes only, each Member Company and all of such Member Company’s affiliated entities (including any affiliated entities which may be a separate Member Company) shall have the right to appoint only one (1) Director to serve on behalf of such Member Company and all of such Member Company’s affiliated entities. Each Director shall serve until otherwise replaced by the applicable Member Company, together with any affiliated entities. Each Member Company, together with any affiliated entities, may designate one (1) alternate Director, who shall be a principal officer or other authorized employee from the Director’s Member Company or an affiliated entity, to serve in the place of the Member Company’s Director at any meeting of the Board of Directors (an “Alternate Director”). Directors may not otherwise use proxy votes. Any vacancy occurring among the Directors or Alternate Directors shall be filled by the applicable Member Company, together with any affiliated entities.

4.3 **Customer Advisors; Board Advisors; and Other Participants.** The Board of Directors may, but shall not be required to, appoint one or more Customer Advisors to serve the Corporation. Each Customer Advisor shall be a person in the SERC Region who is (i) employed by an entity that receives service at retail and does not otherwise sell, purchase, or transmit power over the Bulk Power System or own, operate or maintain, control or operate facilities or systems that are part of the Bulk Power System; (ii) a state public utility commission representative; or (iii) any other customer advocate. The term of the Customer Advisor(s) shall be for a two (2) year period. The role of the Customer Advisor(s) is purely advisory and the Customer Advisor(s) shall have no authority whatsoever to bind the Corporation in any way.

The Board of Directors may, but shall not be required to, appoint one but no more than five Board Advisor(s) to serve the Corporation, the Board of Directors, the Executive Committee and the Officers of the Corporation. The Board Advisor(s) shall be either former Directors of the Corporation or former NERC Trustees. Appointments shall be made by the Board of Directors and those appointed shall serve for a term of one (1) year with no limits on eligibility for reappointment. The purpose of the Board Advisor(s) shall be to advise the Board of Directors, Executive Committee and Officers of the Corporation, as directed from time to time by the Board of Directors or the Executive Committee. The role of the Board Advisor(s) is purely advisory and the Board Advisor(s) shall have no authority whatsoever to bind the Corporation in any way.

The Chair of FERC and the chair or president of any State Utility Commission in a state in which electric service is provided by a Member Company of the Corporation shall be invited to designate an observer to attend meetings of the Board.

4.4 **Regular Meetings of the Board.** Unless otherwise determined by the Chair, a regular meeting of the Board of Directors shall be held without other notice than these Bylaws on the fourth Wednesday in the months of April and October in each year. Notwithstanding the foregoing, the Chair may elect to hold a regular semi-annual meeting of the Board of Directors on another date provided that the Board receives at least ten (10) days advance notice. If the day fixed for the meeting shall be a legal holiday in the State of North Carolina, the meeting shall be held on the next succeeding business day. The Board of Directors may designate any place as the place of meeting for any meeting. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without other notice than the resolution. Directors or any committee designated by the Board of Directors may participate in such Board or committee meetings by means of a telephone conference, webcast or any other communication by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at such meeting.

4.5 **Special Meetings of the Board.** Special meetings of the Board of Directors may be called at the request of the Chair, or by Directors holding twenty percent (20%) or more of the Individual Votes. The Chair may fix any place as the place for holding any special meeting of the Board.

4.6 **Notice of Special Meetings.** Notice of any special meeting of the Board of Directors shall be given at least two (2) days prior to the special meeting by written notice delivered personally, or sent by mail or electronic mail to each Director at the address as shown by the records of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage prepaid. If sent by electronic mail, such notice shall be deemed to be delivered when sent via electronic mail. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

4.7 **Election of Board Officers and Executive Committee.** Biennially, at the April meeting, the Board of Directors shall elect Board Officers from among the Directors for the positions of Chair, Vice Chair, and Secretary-Treasurer, each for a term of two (2) years beginning on July 1st after the election. No Director may serve in more than one (1) Board Officer position at the same time. The Chair shall conduct and preside at all meetings, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors. In the Chair's absence, the Vice Chair shall serve as acting Chair and shall preside at all meetings, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors. In the event that a Board Officer cannot complete his or her term, the Board

of Directors may hold a special election to elect a replacement Board Officer for the remainder of the unexpired term.

At the same time, the Board shall approve representatives to the Executive Committee nominated by the Sectors to serve for a period of two (2) years beginning July 1st, after the approval. Each Sector may also elect alternates to the Executive Committee, and, if a Sector has more than one (1) representative on the Executive Committee, such Sector shall designate the priority of succession by such alternates.

4.8 **Agenda.** As far in advance of each regular and special meeting as practical, an agenda shall be distributed to Directors and other participants.

4.9 **Compensation.** Directors shall not receive any compensation from the Corporation for their services to the Corporation.

4.10 **Duties.** The Board of Directors shall have the exclusive responsibility to:

- (a) Authorize distributions;
- (b) Recommend to members or approve dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets;
- (c) Fill vacancies on any of the Board's committees;
- (d) Adopt, amend, or repeal the Articles of Incorporation or Bylaws;
- (e) Form or dissolve committees of the Board as it deems necessary to carry out the business of the Corporation; and
- (f) Resolve any disputes regarding the Member Companies and the Corporation, if those issues cannot be resolved by the standing committees or subcommittees of the Corporation and are not otherwise subject to NERC's dispute provisions for non-compliance with Reliability Standards.

4.11 **Voting.** The intent of Sections 4.12 and 4.14 is to ensure that no two Sectors should be able to control any decision and that a single Sector should not be able to veto any matter, respectively. In the event that either of the foregoing shall nevertheless occur, the Board shall promptly revise the provisions of these Bylaws so that no two Sectors shall be able to control any decision and no single Sector shall be able to veto any matter.

4.12 **Voting Definitions.**

- (a) "Adjusted Weighted Vote" shall mean the number of votes of each Director determined in the manner set forth in Section 4.13 hereof.
- (b) "Simple Majority" shall require the presence of a quorum and the (i) concurrence of Directors whose combined Individual Votes are greater than fifty percent (50%) of the total Individual Votes of all Directors present at the meeting and entitled to vote on the issue, (ii) concurrence of Directors whose combined Adjusted Weighted Votes are greater than fifty percent (50%) of the total Adjusted Weighted Vote of all Directors at the meeting and entitled to vote on the issue, and (iii) for at least one of the Individual Vote test or the Adjusted Weighted Vote test, on an individual Sector basis, the positive vote shall outweigh the negative vote for at least three Sectors.
- (c) "Supermajority" shall require the presence of a quorum and the (i) concurrence of Directors whose combined Individual Votes equal or exceed two-thirds (2/3) of the total Individual Votes of all Directors present at the meeting and entitled to vote on the issue, (ii) concurrence of Directors whose combined Adjusted Weighted Votes are greater than two-thirds (2/3) of the total Adjusted Weighted Vote of all Directors present at the meeting and entitled to vote on the issue, and (iii) for at least one of the Individual Vote test or the Adjusted Weighted Vote test, on an individual Sector basis, the positive vote shall outweigh the negative vote for at least three Sectors.
- (d) "Individual Vote" shall mean a single vote accorded to each Director.
- (e) "Given Year" shall mean the applicable fiscal year for which the Adjusted Weighted Votes are calculated.
- (f) "Reporting Year" shall mean the fiscal year immediately preceding the Given Year.
- (g) "Previous Year" shall mean the fiscal year immediately preceding the Reporting Year.

4.13 **Determination of Adjusted Weighted Vote.** The Directors' Adjusted Weighted Votes for a Given Year shall be determined by the following formula:

$$V = 10(1/N) + 30(B/C) + 30(D/E) + 30(F/G)$$

V = % of Adjusted Weighted Vote

N = total number of Member Companies

B = Member Company's Previous Year internal peak demand

C = total of factor B for all Member Companies

D = Member Company's owned generating capacity as of January 1 of the Reporting Year

E = total of factor D for all Member Companies

F = Member Company's sum of circuit miles of transmission times the respective operating voltage for facilities of 69 kV and above as of December 31 of the Previous Year

G = total of factor F for all Member Companies

4.14 **Voting; Manner of Acting; Voting Rights; Quorum.**

- (a) Except as otherwise provided in these Bylaws, all actions by the Board of Directors require approval by a Simple Majority vote.
- (b) A motion which requires a vote shall be deemed to have passed by the requisite vote if it passes either:
 - (i) the Individual Vote test; or
 - (ii) the Adjusted Weighted Vote test;

and, for purposes of the failed test (any test that is not satisfied), on an individual Sector basis, the positive votes outweigh the negative votes in every Sector but one.

- (c) Directors holding two-thirds (2/3) of the Individual Votes shall constitute a quorum for action by the Board. If Directors holding less than two-thirds (2/3) of the Individual Votes are present at the meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

4.15 **Action without a meeting.** Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if all of the Directors consent in writing to the action so taken. The action shall be evidenced by one or more written consents describing the action taken, signed by each Director, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last Director signs the consent unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote. A Director's consent to action taken without a meeting may be in electronic form and delivered by electronic means.

ARTICLE V - CORPORATE OFFICERS

5.1 **Corporate Officers.** The Board of Directors shall appoint a President/Chief Executive Officer, one or more Vice Presidents, a Secretary, and a Treasurer of the Corporation. Two (2) or more of such offices may be held by the same person, except for the offices of President/Chief Executive Officer and Secretary. The Board of Directors may appoint such other officers and assistant officers as it deems necessary. The Board Officers shall determine the compensation and benefits for all Corporate Officers.

5.2 **President/Chief Executive Officer.** The President shall be the Chief Executive Officer of the Corporation and shall manage the operations of the Corporation to the end that its purposes shall be accomplished. The President shall:

- (a) Promote the mission of the Corporation and implement the goals and objectives of the Corporation;
- (b) Report to the Board of Directors and carry out the policies and procedures set by the Board of Directors;
- (c) Represent SERC at all NERC Stakeholder and Board of Trustees, meetings, as appropriate;
- (d) Attend all Board of Directors meetings and serve as ex-officio non-voting member of (i) the Board of Directors, (ii) the Executive Committee, and (iii) all other Board committees;
- (e) Coordinate subregional activities and interregional affairs, to include data collection;

- (f) Oversee the business affairs of the Corporation, including the Corporation staff, and enact such policies and procedures for staff as are needed to implement the goals and objectives of the Corporation; and
- (g) Provide other assistance to the Corporation and NERC, as appropriate.

5.3 **Vice President.** The Corporation may have one or more Vice Presidents. A Vice President of the Corporation shall perform such duties and exercise such powers as may be assigned to him or her from time to time by the Board of Directors, the Executive Committee, or the President. In the absence of the President, or in the case of the President's inability to act (because of death, resignation, removal, disqualification, or otherwise), a Vice President of the Corporation may be appointed to perform the duties and exercise the powers of the President, subject to the control of the Board of Directors and the Executive Committee.

5.4 **Secretary.** The Secretary of the Corporation shall be custodian of and shall maintain the corporate books, records and the minutes of the meetings of the Board of Directors and other Corporation-related meetings and shall assure that all required notices are duly given in accordance with these Bylaws, the Articles of Incorporation or as otherwise may be required by law. The Secretary of the Corporation shall also be the custodian of the seal of the Corporation. The Secretary of the Corporation shall, in general, perform all duties incident to the office of Secretary of the Corporation and such other duties as may, from time to time, be assigned to him or her by the Board of Directors, the Executive Committee, or the President.

5.5 **Treasurer.** The Treasurer of the Corporation shall have charge and custody of, and be responsible for, all funds and securities of the Corporation and deposit all such funds in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws. The Treasurer of the Corporation shall, in general, perform all of the duties incident to the office of Treasurer of the Corporation and such other duties as from time to time may be assigned to him or her by the Board of Directors, the Executive Committee, or the President.

ARTICLE VI - EXECUTIVE COMMITTEE

6.1 **Executive Committee Representatives.** The Executive Committee shall be comprised of twelve (12) Sector representatives from the Board of Directors, consisting of:

- (a) The Investor-Owned Utility Sector shall have three (3) representatives;
- (b) The Federal/State Sector shall have two (2) representatives;
- (c) The Cooperative Sector shall have two (2) representatives;
- (d) The Municipal Sector shall have two (2) representatives;
- (e) The Marketer Sector shall have one (1) representative;
- (f) The Merchant Electricity Generator Sector shall have one (1) representative; and
- (g) The ISO-RTO Sector shall have one (1) representative.

It is the desire of the Board of Directors that the Cooperative and Municipal sectors have representation from both transmission dependent and transmission owning Members. Each Sector shall be responsible for nominating their representative(s) and alternates from among the Directors. The Chair of the Board shall serve as Chair of the Executive Committee and shall conduct all meetings and shall be responsible for the preparation of the agenda. In the event that a representative on the Executive Committee is unable to complete a term, the Sector's alternate shall replace such representative.

6.2 **Ex Officio Representatives.** The Chair, Vice Chair, and Secretary-Treasurer of the Board of Directors shall also be ex officio representatives on the Executive Committee, but shall not have voting rights unless such Board Officer is also elected by a Sector to the Executive Committee pursuant to Section 6.1 above.

6.3 **Authority of Executive Committee.** Except as limited by Section 55A-8-25 of the North Carolina Nonprofit Corporation Act and Section 4.10 of these Bylaws, the Executive Committee is empowered to make all such decisions and take such actions as are deemed to be necessary for the operation of the Corporation.

6.4 **Action.** Each voting representative on the Executive Committee shall have one vote. The presence of three-quarters (3/4) of the voting representatives on the Executive Committee shall constitute a quorum. The positive vote of two-thirds (2/3) of Executive Committee voting representatives present and voting is necessary to pass a particular action.

ARTICLE VII - OTHER COMMITTEES

7.1 **Designation by Board.** The Board of Directors, by resolution adopted by a Simple Majority vote, may designate Board committees and standing committees, as shall be necessary to address the purposes of the Corporation. Each Board committee shall have at least two Directors among its members.

7.2 **Rules for Governance.** Each committee shall adopt rules for its own governance that are not inconsistent with these Bylaws, rules adopted by the Board of Directors, applicable NERC or FERC rules or regulations, or applicable state or federal laws. Each committee shall maintain its rules for governance in a written scope document that is approved by the Board of Directors.

7.3 **Ad-Hoc Support Committees.** The Board or its committees may, from time to time, appoint ad-hoc committees to research and/or advise it on compliance or technical issues or matters, among other things. Such ad-hoc committees may be formed on an as-needed basis and may vary in makeup depending on the needs of the Board or its committees.

ARTICLE VIII - MISCELLANEOUS

8.1 **Conflicts of Interest.** All Directors, Alternate Directors, Customer Advisors, Board Advisors, and Board committee representatives shall comply with the Corporation's Standards of Conduct policy that prohibits conflicts of interest, as such conflicts could cast doubt on the ability of such persons to act with total objectivity with regard to the overall interests of the Corporation.

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

8.3 **Checks, Drafts, etc.** All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by an authorized officer or agent of the Corporation and in such manner as shall from time to time be determined by resolution of the Executive Committee. In the absence of such determination by the Executive Committee, such instruments shall be signed by the Board's Secretary-Treasurer, the Corporation's President, or the Corporation's Finance Director, as stipulated by the Executive Committee. The Corporation's Finance Director may arrange audits of financial records, sign appropriate documents, and perform such duties normally performed by the Board's Secretary-Treasurer, except duties assigned to the Corporation's President.

8.4 **Deposits.** All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Corporation's President may select.

8.5 **Books and Records.** The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board of Directors and committees having any of the authority of the Board of Directors, and shall keep at its registered or principal office a record giving the names and addresses of the Directors. All books and records of the Corporation may be inspected by any Director, or agent or attorney representing any Director, for any proper purpose at any reasonable time.

8.6 **Seal.** The corporate seal shall be in circular form and shall have inscribed thereon the name of the Corporation, the words "Corporate Seal", and such other word or words, if any, as may be determined by the Board of Directors to be inscribed thereon.

8.7 **Fiscal Year.** The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

ARTICLE IX - EXPENSES

9.1 **Allocation of Specific Expenses.** The expenses of Directors and Board Officers shall be borne by that person's regular employer.

9.2 **Statutory Functions.** The Corporation anticipates that as a general rule all of its expenses shall be incurred in the furtherance of statutory activities pursuant to Section 215 of the Federal Power Act, and that all such expenses shall be funded by NERC, subject to FERC approval.

9.3 **Non-Statutory Functions.** Notwithstanding Section 9.2, the Board of Directors may from time to time authorize the Corporation to participate in non-statutory activities (i.e., activities not described in Section 215 of the Federal Power Act). In the event that the Corporation proposes to engage in non-statutory activities, such activities shall be identified in the Corporation's annual business plan that is submitted to NERC and, if approved by NERC, shall be submitted to FERC for approval in advance of engaging in such non-statutory activities. The expenses incurred by the Corporation for any such approved non-statutory activities shall be allocated by the Board of Directors to the beneficiaries of such activities on a basis proposed in the business plan submitted for NERC and FERC approval.

ARTICLE X - DISPUTE RESOLUTION PROCESS

10.1 **Dispute Resolution.** All disputes regarding non-compliance with Reliability Standards shall be handled in accordance with the NERC Rules of Procedure. The organizational units of the Corporation shall deal with all other disputes within the framework of their respective organizations. For such other disputes, Member Companies of the Corporation are encouraged to utilize the appropriate Dispute Resolution Process within the Corporation prior to seeking resolution at NERC, FERC, or with legal counsel.

ARTICLE XI - DISSOLUTION

11.1 **Dissolution.** The Corporation may be voluntarily dissolved upon unanimous consent of the Board of Directors, and in accordance with Section 55A-14-02 of the North Carolina Nonprofit Corporation Act, as amended from time to time.

11.2 **Distribution of Assets.** Upon dissolution of the Corporation as provided in Section 11.1, the residual assets, after payment of all just obligations, shall be distributed exclusively to organizations which are exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws, as the Board of Directors shall determine.

ARTICLE XII - WAIVER OF NOTICE

12.1 **Waiver.** Whenever any notice is required to be given under the provisions of the North Carolina Nonprofit Corporation Act or under the provisions of the articles of incorporation or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIII - INDEMNIFICATION

13.1 **Indemnification of Directors, Alternate Directors, Customer Advisors, Board Advisors, Committee Members, Officers, Employees and Agents.** Every person who is, or has served as, a Director, Alternate Director, Customer Advisor,

Board Advisor, committee member, Officer, employee, or agent of the Corporation shall be indemnified by the Corporation in the manner and to the extent authorized by the North Carolina Nonprofit Corporation Act. The foregoing rights of indemnification shall be without prejudice to any other rights to which any such Director, Alternate Director, Customer Advisor, Board Advisor, committee member, Officer, employee, or agent may be entitled as a matter of law.

ARTICLE XIV - AMENDMENT OF THE BYLAWS AND ARTICLES OF INCORPORATION

14.1 **Amendment of the Bylaws and Articles of Incorporation.** After a request by twenty percent (20%) of the Board of Directors or an affirmative vote of the Executive Committee, a proposal to amend the Bylaws or the Articles of Incorporation shall be put before the Board of Directors at any regular or special meeting for a vote. Copies of the proposed amendments shall be distributed to the Board of Directors at least thirty (30) days before the meeting at which they are to be considered. An amendment to the Bylaws or the Articles of Incorporation shall be adopted after being approved by a Supermajority vote of the Board of Directors, provided that a quorum is present.

ATTACHMENT 2

Amended Bylaws – Amended Exhibit B to the Delegation Agreement Between North American
Electric Reliability Corporation and SERC Reliability Corporation – Redlined version

AMENDED AND RESTATED

BYLAWS

OF

SERC RELIABILITY CORPORATION

A North Carolina Nonprofit Corporation

Approved by the Board of Directors on ~~October 23, 2013~~ April 22, 2015

TABLE OF CONTENTS

ARTICLE I - OFFICES	1	
1.1 Principal Office	1	
1.2 Other Offices	1	
ARTICLE II - MEMBERSHIP	1	
2.1 General	1	
2.2 Eligibility	1	
2.3 Termination	2	
2.4 Sectors	2	
2.5 Transfer of Membership	3	
2.6 Powers	3	
ARTICLE III - PURPOSES	3	
3.1 General Purposes	3	
3.2 Geographic Area	4	
3.3 Other Statutory Functions	4	
ARTICLE IV - BOARD OF DIRECTORS	4	
4.1 General Powers	4	
4.2 Composition and Eligibility	5	
4.3 <u>Customer Advisors; Board Advisors; and Other Participants</u>	<u>5</u>	
4.4 3 Regular Meetings of the Board	5 <u>6</u>	
4.5 4 Special Meetings of the Board	5 <u>6</u>	
4.6 5 Notice of Special Meetings	6 <u>6</u>	
4.7 6 Election of Board Officers and Executive Committee	6 <u>6</u>	
4.8 7 Agenda	7 <u>6</u>	
4.9 <u>Compensation</u>	<u>7</u>	
4.10 13	13 <u>97</u>	<u>Duties</u>
4.11 <u>Voting</u>	<u>7</u>	
4.12 8 Voting Definitions	8 <u>68</u>	
4.13 9 Determination of Adjusted Weighted Vote	9 <u>78</u>	
4.14 10	10 <u>89</u>	<u>Voting; Manner of Acting; Voting Rights; Quorum; Proxies</u>
4.11 11 <u>Compensation</u>	11 <u>8</u>	
4.15 2 <u>Informal Action without a meeting by Directors</u>	12 <u>810</u>	
4.13 13 <u>Duties</u>	13 <u>9</u>	
ARTICLE V - CORPORATE OFFICERS	910	
5.1 Corporate Officers	<u>910</u>	
5.2 President & Chief Executive Officer	<u>910</u>	
5.3 Vice President	10 <u>11</u>	

5.4	Secretary	10 11
5.5	Treasurer	10 11
ARTICLE VI - EXECUTIVE COMMITTEE		11
6.1	Executive Committee Representatives	11
6.2	Ex Officio Representatives	11 12
6.3	Authority of Executive Committee	11 12
6.4	Action.....	11 12
ARTICLE VII - OTHER COMMITTEES.....		1213
7.1	Designation by Board.....	12 13
7.2	Rules for Governance.....	12 13
7.3	Ad-Hoc Support Committees.....	12 13
ARTICLE VIII - MISCELLANEOUS		1213
8.1	Conflicts of Interest	12 13
8.2	Contracts	12 13
8.3	Checks, Drafts, etc.....	12 13
8.4	Deposits.....	13 14
8.5	Books and Records	13 14
8.6	Seal	13 14
8.7	Fiscal Year.....	13 14
ARTICLE IX - EXPENSES.....		1314
9.1	Allocation of Specific Expenses.....	13 14
9.2	Statutory Functions.....	13 14
9.3	Non-Statutory Functions.....	13 14
ARTICLE X - DISPUTE RESOLUTION PROCESS.....		1415
10.1	Dispute Resolution	14 15
ARTICLE XI - DISSOLUTION.....		1415
11.1	Dissolution	14 15
11.2	Distribution of Assets.....	14 15
ARTICLE XII - WAIVER OF NOTICE		1415
12.1	Waiver	14 15
ARTICLE XIII - INDEMNIFICATION		15

13.1 Indemnification of Directors, Committee Members, Officers,
Employees and Agents 15

**ARTICLE XIV – AMENDMENT OF THE BYLAWS AND ARTICLES OF
INCORPORATION.....~~15~~16**
14.1 Amendment of the Bylaws and Articles of Incorporation ~~15~~16

AMENDED AND RESTATED
BYLAWS
OF
SERC RELIABILITY CORPORATION
[Hereinafter referred to as the “Corporation”]
A North Carolina Nonprofit Corporation

ARTICLE I - OFFICES

1.1 **Principal Office**. The principal office of the Corporation shall be located in the City of Charlotte, Mecklenburg County, North Carolina. The Board of Directors may by resolution change the location of this office from time to time.

1.2 **Other Offices**. The Corporation may have other offices at such place or places as the Board of Directors may from time to time appoint or the business of the Corporation may require.

ARTICLE II - MEMBERSHIP

2.1 **General**. The Corporation shall be a membership corporation. Entities that meet the eligibility requirements and apply for membership in the Corporation shall hereinafter be referred to individually as a “Member Company” and collectively as “Member Companies”.

2.2 **Eligibility**. Membership in the Corporation is voluntary and is open to any entity in the SERC Region (defined in Section 3.2 below) that is a user, owner or operator of the Bulk Power System, has a material interest in the Bulk Power System in the SERC Region, satisfies the criteria for membership specified in this Section 2.2, qualifies for one or more of the Sectors identified in Section 2.4, and is subject to the jurisdiction of the Federal Energy Regulatory Commission ~~for the purpose of complying with Reliability Standards established under Section 215 of the Federal Power Act and all amendments thereto~~. Membership in the Corporation is voluntary; however, membership is predicated on mandatory acceptance of the responsibility to promote, support, and comply with Reliability Standards of the Corporation and the North American Electric Reliability Corporation (“NERC”), and to assist the Corporation in its compliance with the terms and provisions of a Delegation Agreement (a “Delegation Agreement”) with NERC, by which

NERC delegates authority to propose and enforce Reliability Standards, pursuant to 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions. For purposes of these Bylaws, the terms “Bulk Power System”, “Reliability Standards” and “Regional Entity” shall be as defined in 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions.

2.3 **Termination.** A Member Company may terminate its membership in the Corporation by giving the Board of Directors at least thirty (30) days written notice of its intent to terminate such membership (such Member Companies shall hereinafter be referred to as "Terminated Member Companies"). Terminated Member Companies shall nevertheless continue to be liable for any and all obligations incurred prior to the end of the calendar year in which such notice is given, including, but not limited to, the obligation to pay a pro rata share of any Corporation expense. In addition to termination of membership by the Member Company, the Board of Directors, following notice to the Member Company, may terminate the membership of a Member Company if in the judgment of the Board of Directors that Member Company has violated its obligations and responsibilities to the Corporation. The termination of the membership of a Member Company by the Board of Directors shall require a Supermajority vote, as defined in these Bylaws.

2.4 **Sectors.** Each Member Company shall be classified by the Executive Committee in one of the following seven (7) Sectors (each a “Sector”, and collectively, the “Sectors”):

- (a) Investor-Owned Utility Sector – This Sector includes any investor-owned entity with substantial business interest in ownership and/or operation in any of the asset categories of generation, transmission or distribution.
- (b) Federal/State Sector – This Sector includes any U.S. federal entity that owns and/or operates electric facilities and/or provides balancing authority services, in any of the asset categories of generation, transmission, or distribution; or any entity that is owned by or subject to the governmental authority of a state and that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the state.
- (c) Cooperative Sector – This Sector includes any non-governmental entity that is incorporated under the laws of the state in which it operates, is owned by and provides electric service to end-use customers at cost, and is governed by a board of directors that is elected by the membership of the entity; and any non-governmental entity owned by and which provides generation and/or transmission service to such entities.

- (d) Municipal Sector– This Sector includes any entity owned by or subject to the governmental authority of a municipality, that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the municipality; and any entity, whose members are municipalities, formed under state law for the purpose of generating or purchasing electricity for sale at wholesale to their members.
- (e) Marketer Sector – This Sector includes any entity that is engaged in the activity of buying and selling of wholesale electric power in the SERC Region on a physical or financial basis.
- (f) Merchant Electricity Generator Sector – This Sector includes any entity that owns or operates an electricity generating facility or provides balancing authority services for such entities. This includes, but is not limited to, small power producers and all other non-utility producers such as exempt wholesale generators who sell electricity at wholesale.
- (g) ISO-RTO Sector– This Sector includes any entity that operates a FERC approved ISO or RTO.

The Executive Committee’s classification of a Member Company in a particular Sector may only be changed by the Executive Committee.

2.5 **Transfer of Membership.** A Member Company may not give or otherwise transfer its membership, except to a successor that becomes a Member Company in accordance with the terms and conditions of these Bylaws, and provided that the successor continues to meet its predecessor’s obligations.

2.6 **Powers.** Notwithstanding any other provisions of these Bylaws, except for the appointment of Directors as provided in Section 4.2 below, Member Companies shall be non-voting members and shall have no power or authority or right to vote with respect to the actions of the Corporation, specifically including, but not limited to, the dissolution or merger of the Corporation.

ARTICLE III - PURPOSES

3.1 **General Purposes.** The purpose of the Corporation is to promote effective and efficient administration of Bulk Power System reliability in the SERC Region, as defined in Section 3.2. In pursuit of this goal, the Corporation shall:

- (a) enter into a Delegation Agreement to serve as a Regional Entity pursuant to 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions;
- (b) promote the development of reliability and adequacy arrangements among the systems in the SERC Region;
- (c) participate in the establishment of Reliability Standards;
- (d) participate in the measurement of performance relative to these Reliability Standards;
- (e) promote conformance to and compliance with these Reliability Standards;
- (f) develop and exchange information with respect to planning and operating matters relating to the reliability and adequacy of the Bulk Power System;
- (g) review as necessary activities in the SERC Region on reliability and adequacy in order to meet Reliability Standards;
- (h) provide a mechanism to resolve disputes on reliability issues in a manner that meets the needs of the parties and the SERC Region; and
- (i) provide information with respect to matters considered by the Corporation, where appropriate, to the Federal Energy Regulatory Commission ("FERC") and to other federal and state agencies concerned with reliability and adequacy.

3.2 **Geographic Area.** The Corporation accomplishes its purposes in a geographic area (the "SERC Region") that is defined in Exhibit A of the Amended and Restated Delegation Agreement Between North American Electric Reliability Corporation and SERC Reliability Corporation.

3.3 **Other Statutory Functions.** The Corporation may also perform statutory functions outside of the SERC Region, on behalf of NERC or other Regional Entities. The Corporation may undertake such activities pursuant to a contract that is approved by the Executive Committee.

ARTICLE IV - BOARD OF DIRECTORS

4.1 **General Powers.** The affairs of the Corporation shall be managed by its Board of Directors except as otherwise provided in these Bylaws.

4.2 **Composition and Eligibility.** The Board of Directors shall be comprised of no fewer than three (3) Directors ~~and no more than two (2) Customer Advisors.~~

Each Director shall be the principal officer or other authorized employee from a Member Company or a company that controls, is controlled by, or is under common control with such Member Company (an "affiliated entity"). Each Member Company, together with any affiliated entities, may appoint one (1) Director to the Board of Directors. For clarification purposes only, each Member Company and all of such Member Company's affiliated entities (including any affiliated entities which may be a separate Member Company) shall have the right to appoint only one (1) Director to serve on behalf of such Member Company and all of such Member Company's affiliated entities. Each Director shall serve until otherwise replaced by the applicable Member Company, together with any affiliated entities. Each Member Company, together with any affiliated entities, may designate one (1) alternate Director, who shall be a principal officer or other authorized employee from the Director's Member Company or an affiliated entity, to serve in the place of the Member Company's Director at any meeting of the Board of Directors (an "Alternate Director"). Directors may not otherwise use proxy votes. Any vacancy occurring among the Directors or Alternate Directors shall be filled by the applicable Member Company, together with any affiliated entities.

4.3 **Customer Advisors; Board Advisors; and Other Participants.** The Board of Directors may, but shall not be required to, appoint one or more Customer Advisors to serve the Corporation. Each Customer Advisor shall be a person in the SERC Region who is (i) employed by an entity that receives service at retail and does not otherwise sell, purchase, or transmit power over the Bulk Power System or own, operate or maintain, control or operate facilities or systems that are part of the Bulk Power System; (ii) a state public utility commission representative; or (iii) any other customer advocate. ~~Should the Board of Directors not include two (2) Customer Advisors, the Board of Directors may elect additional Customer Advisors to fill such vacancies.~~ The term of the Customer Advisor(s) shall be for a two (2) year period. The role of the Customer Advisor(s) is purely advisory and the Customer Advisor(s) shall have no authority whatsoever to bind the Corporation in any way.

The Board of Directors may, but shall not be required to, appoint one but no more than five Board Advisor(s) to serve the Corporation, the Board of Directors, the Executive Committee and the Officers of the Corporation. The Board Advisor(s) shall be either former Directors of the Corporation or former NERC Trustees. Appointments shall be made by the Board of Directors and those appointed shall serve for a term of one (1) year with no limits on eligibility for reappointment. The purpose of the Board Advisor(s) shall be to advise the Board of Directors, Executive Committee and Officers of the Corporation, as directed from time to time by the Board of Directors or the Executive Committee. The role of the Board Advisor(s) is purely advisory and the Board Advisor(s) shall have no authority whatsoever to bind the Corporation in any way.

The Chair of FERC and the chair or president of any State Utility Commission in a state in which electric service is provided by a Member Company of the Corporation shall be invited to designate an observer to attend meetings of the Board.

4.34.4 Regular Meetings of the Board. Unless otherwise determined by the Chair, a regular meeting of the Board of Directors shall be held without other notice than these Bylaws on the fourth Wednesday in the months of April and October in each year. Notwithstanding the foregoing, the Chair may elect to hold a regular semi-annual meeting of the Board of Directors on another date provided that the Board receives at least ten (10) days advance notice. If the day fixed for the meeting shall be a legal holiday in the State of North Carolina, the meeting shall be held on the next succeeding business day. The Board of Directors may designate any place as the place of meeting for any meeting. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without other notice than the resolution. Directors or any committee designated by the Board of Directors may participate in such Board or committee meetings by means of a telephone conference, webcast or any other communication by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at such meeting.

4.44.5 Special Meetings of the Board. Special meetings of the Board of Directors may be called at the request of the Chair, or by Directors holding twenty percent (20%) or more of the Individual Votes. The Chair may fix any place as the place for holding any special meeting of the Board.

4.54.6 Notice of Special Meetings. Notice of any special meeting of the Board of Directors shall be given at least two (2) days prior to the special meeting by written notice delivered personally, or sent by mail or electronic mail to each Director at the address as shown by the records of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage prepaid. If sent by electronic mail, such notice shall be deemed to be delivered when sent via electronic mail. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

4.64.7 Election of Board Officers and Executive Committee. Biennially, at the April meeting, the Board of Directors shall elect Board Officers from among the Directors for the positions of Chair, Vice Chair, and Secretary-Treasurer, each for a term of two (2) years beginning on July 1st after the election. No Director may serve in more than one (1) Board Officer position at the same time. The Chair shall conduct and preside at all meetings ~~and shall~~, be responsible for the preparation of the agenda, and carry out all

other duties assigned by the Board of Directors. In the Chair's absence, the Vice Chair shall serve as acting Chair and shall preside at all meetings, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors. In the event that a Board Officer cannot complete his or her term, the Board of Directors may hold a special election to elect a replacement Board Officer for the remainder of the unexpired term.

At the same time, the Board shall ~~also~~ approve representatives to the Executive Committee nominated by the Sectors to serve for a period of two (2) years beginning July 1st, after the approval. Each Sector may also elect alternates to the Executive Committee, and, if a Sector has more than one (1) representative on the Executive Committee, such Sector shall designate the priority of succession by such alternates.

4.74.8 Agenda. As far in advance of each regular and special meeting as practical, an agenda shall be distributed to ~~each Director and Customer Advisor.~~ Directors and other participants.

4.9 Compensation. Directors shall not receive any compensation from the Corporation for their services to the Corporation.

4.10 Duties. The Board of Directors shall have the exclusive responsibility to:

- (a) Authorize distributions;
- (b) Recommend to members or approve dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets;
- (c) Fill vacancies on any of the Board's committees;
- (d) Adopt, amend, or repeal the Articles of Incorporation or Bylaws;
- (e) Form or dissolve committees of the Board as it deems necessary to carry out the business of the Corporation; and
- (f) Resolve any disputes regarding the Member Companies and the Corporation, if those issues cannot be resolved by the standing committees or subcommittees of the Corporation and are not otherwise subject to NERC's dispute provisions for non-compliance with Reliability Standards.

4.11 Voting. The intent of Sections 4.12 and 4.14 is to ensure that no two Sectors should be able to control any decision and that a single Sector should not be able to veto any matter, respectively. In the event that either of the foregoing shall nevertheless occur, the Board shall promptly revise the provisions of these Bylaws so that no two Sectors shall be able to control any decision and no single Sector shall be able to veto any matter.

4.84.12 **Voting Definitions.**

- (a) "Adjusted Weighted Vote" shall mean the number of votes of each Director determined in the manner set forth in Section 4.94.13 hereof.
- (b) "Simple Majority" shall require the presence of a quorum and the (i) concurrence of Directors whose combined Individual Votes are greater than fifty percent (50%) of the total Individual Votes of all Directors present at the meeting and entitled to vote on the issue ~~(the "Individual Vote Test")~~, (ii) concurrence of Directors whose combined Adjusted Weighted Votes are greater than fifty percent (50%) of the total Adjusted Weighted Vote of all Directors at the meeting and entitled to vote on the issue ~~(the "Adjusted Weighted Vote Test")~~, and (iii) for at least one of the Individual Vote ~~Test~~test or the Adjusted Weighted Vote ~~Test~~test, on an individual Sector basis, the positive vote shall outweigh the negative vote for at least three Sectors.
- (c) "Supermajority" shall require the presence of a quorum and the (i) concurrence of ~~(i)~~ Directors whose combined Individual Votes equal or exceed two-thirds (2/3) of the total Individual Votes of all Directors present at the meeting and entitled to vote on the issue, ~~provided that a quorum is present, and~~ (ii) concurrence of Directors whose combined Adjusted Weighted Votes are greater than two-thirds (2/3) of the total Adjusted Weighted Vote of all Directors present at the meeting and entitled to vote on the issue, and (iii) for at least one of the Individual Vote test or the Adjusted Weighted Vote test, on an individual Sector basis, the positive vote shall outweigh the negative vote for at least three Sectors.
- (d) "Individual Vote" shall mean a single vote accorded to each Director.
- (e) "Given Year" shall mean the applicable fiscal year for which the Adjusted Weighted Votes are calculated.
- (f) "Reporting Year" shall mean the fiscal year immediately preceding the Given Year.
- (g) "Previous Year" shall mean the fiscal year immediately preceding the Reporting Year.

4.94.13 **Determination of Adjusted Weighted Vote.** The Directors' Adjusted Weighted Votes for a Given Year shall be determined by the following formula:

$$V = 10(1/N) + 30(B/C) + 30(D/E) + 30(F/G)$$

V = % of Adjusted Weighted Vote

N = total number of Member Companies

B = Member Company's Previous Year internal peak demand

C = total of factor B for all Member Companies

D = Member Company's owned generating capacity as of January 1 of the Reporting Year

E = total of factor D for all Member Companies

F = Member Company's sum of circuit miles of transmission times the respective operating voltage for facilities of 69 kV and above as of December 31 of the Previous Year

G = total of factor F for all Member Companies

4.104.14 Voting; Manner of Acting; Voting Rights; Quorum; Proxies.

- (a) Except as otherwise provided in these Bylaws, all actions by the Board of Directors require approval by a Simple Majority vote.
- (b) A motion which requires a vote shall be deemed to have passed by the requisite vote if it passes either:
 - (i) the Individual Vote ~~Test~~test; or
 - (ii) the Adjusted Weighted Vote ~~Test~~test;

and, for purposes of the failed test (any test that is not satisfied), on an individual Sector basis, the positive votes outweigh the negative votes in every Sector but one.

- (c) Directors holding two-thirds (2/3) of the Individual Votes shall constitute a quorum for action by the Board. If Directors holding less than two-thirds (2/3) of the Individual Votes are present at the meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

~~(d) — The intent of Section 4.8(b)(iii) and Section 4.10(b) is to ensure that no two Sectors should be able to control any decision and that a single Sector should not be able~~

~~to veto any matter, respectively (other than amendments to these Bylaws). In the event that either of the foregoing shall nevertheless occur, the Member Companies shall promptly revise the provisions of these Bylaws so that no two Sectors shall be able to control any decision and no single Sector shall be able to veto any matter.~~

~~4.11 **Compensation.** Directors shall not receive any compensation from the Corporation for their services to the Corporation.~~

~~4.12 **Informal**~~ 4.15 **Action by Directors without a meeting.** Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if all of the Directors consent in writing to the action so taken. The action shall be evidenced by one or more written consents describing the action taken, signed by each Director, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last Director signs the consent unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote. A Director's consent to action taken without a meeting may be in electronic form and delivered by electronic means.

~~4.13 **Duties.** The Board of Directors shall have the exclusive responsibility to:~~

- ~~(a) Authorize distributions;~~
- ~~(b) Recommend to members or approve dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets;~~
- ~~(c) Fill vacancies on any of the Board's committees;~~
- ~~(d) Adopt, amend, or repeal the Articles of Incorporation or Bylaws;~~
- ~~(e) Form or dissolve committees of the Board as it deems necessary to carry out the business of the Corporation; and~~
- ~~(f) Resolve any disputes regarding the Member Companies and the Corporation, if those issues cannot be resolved by the standing committees or subcommittees of the Corporation and are not otherwise subject to NERC's dispute provisions for non-compliance with Reliability Standards.~~

ARTICLE V - CORPORATE OFFICERS

5.1 **Corporate Officers.** The Board of Directors shall appoint a President & Chief Executive Officer, one or more Vice ~~President,~~ Presidents, a Secretary, and a

Treasurer of the Corporation. Two (2) or more of such offices may be held by the same person, except for the offices of President & Chief Executive Officer and Secretary. The Board of Directors may appoint such other officers and assistant officers as it deems necessary. The Board Officers shall determine the compensation and benefits for all Corporate Officers.

5.2 **President & Chief Executive Officer.** The President shall be the Chief Executive Officer of the Corporation and shall manage the operations of the Corporation to the end that its purposes shall be accomplished. ~~The Board Officers shall determine the compensation and benefits for the President & Chief Executive Officer (President).~~ The President shall:

- (a) Promote the mission of the Corporation and implement the goals and objectives of the Corporation;
- (b) Report to the Board of Directors and carry out the policies and procedures set by the Board of Directors;
- (c) ~~(a) Attend all Board of Directors meetings of the Corporation and~~ Represent SERC at all NERC Stakeholder and Board of Trustees, meetings, as appropriate;
- (d) ~~(b) Assist and coordinate the preparation of testimony and reports;~~ Attend all Board of Directors meetings and serve as ex-officio non-voting member of (i) the Board of Directors, (ii) the Executive Committee, and (iii) all other Board committees;
- (e) ~~(e)~~ Coordinate subregional activities and interregional affairs, to include data collection;
- ~~(d)~~ ~~Install and maintain an adequate system of accounts and records;~~
- ~~(e)~~ ~~Arrange for meetings as directed;~~
- ~~(f)~~ ~~Assist the Corporation Committee Chairs as appropriate;~~
- (f) ~~(g) Manage~~ Oversee the business affairs of the Corporation, including the Corporation staff; ~~(h) Maintain minutes, and enact such policies and procedures for staff as are needed to implement the goals and objectives of all the Corporation-related meetings;~~ and
- (g) ~~(i)~~ Provide other assistance to the Corporation and NERC, as appropriate.

5.3 **Vice President.** The Corporation may have one or more Vice Presidents. A Vice President of the Corporation shall perform such duties and exercise such powers

as may be assigned to him or her from time to time by the Board of Directors, the Executive Committee, or the President. In the absence of the President, or in the case of the President's inability to act, ~~the~~ (because of death, resignation, removal, disqualification, or otherwise), a Vice President ~~shall~~ of the Corporation may be appointed to perform the duties and exercise the powers of the President, ~~but~~ subject to the control of the Board of Directors and the Executive Committee. ~~The Board Officers shall determine the compensation and benefits of the Vice President.~~

5.4 **Secretary.** The Secretary of the Corporation shall be custodian of ~~the records and~~ and shall maintain the corporate books, records and the minutes of the meetings of the Board of Directors and other Corporation-related meetings and shall assure that all required notices are duly given in accordance with these Bylaws, the Articles of Incorporation or as otherwise may be required by law. The Secretary of the Corporation shall also be the custodian of the seal of the Corporation ~~and. The Secretary of the Corporation shall,~~ in general ~~shall,~~ perform all duties incident to the office of Secretary of the Corporation and such other duties as may, from time to time, be assigned to him or her by the Board of Directors, the Executive Committee, or the President.

5.5 **Treasurer.** The Treasurer of the Corporation shall have charge and custody of, and be responsible for, all funds and securities of the Corporation and deposit all such funds in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws; ~~and,~~ The Treasurer of the Corporation shall, in general, perform all of the duties incident to the office of Treasurer of the Corporation and such other duties as from time to time may be assigned to him or her by the Board of Directors, the Executive Committee, or the President.

ARTICLE VI - EXECUTIVE COMMITTEE

6.1 **Executive Committee Representatives.** The Executive Committee shall be comprised of twelve (12) Sector representatives from the Board of Directors, consisting of:

- (a) The Investor-Owned Utility Sector shall have three (3) representatives;
- (b) The Federal/State Sector shall have two (2) representatives;
- (c) The Cooperative Sector shall have two (2) representatives;
- (d) The Municipal Sector shall have two (2) representatives;
- (e) The Marketer Sector shall have one (1) representative;

- (f) The Merchant Electricity Generator Sector shall have one (1) representative; and
- (g) The ISO-RTO Sector shall have one (1) representative.

It is the desire of the Board of Directors that the Cooperative and Municipal sectors have representation from both transmission dependent and transmission owning Members. Each Sector shall be responsible for nominating their representative(s) and alternates from among the Directors. The Chair of the Board shall serve as Chair of the Executive Committee and shall conduct all meetings and shall be responsible for the preparation of the agenda. In the event that a representative on the Executive Committee is unable to complete a term, the Sector's alternate shall replace such representative.

6.2 **Ex Officio Representatives.** The Chair, Vice Chair, and Secretary-Treasurer of the Board of Directors shall also be ex officio representatives on the Executive Committee, but shall not have voting rights unless such Board Officer is also elected by a Sector to the Executive Committee pursuant to Section 6.1 above.

6.3 **Authority of Executive Committee.** Except as limited by Section 55A-8-25 of the North Carolina Nonprofit Corporation Act and Section ~~4.13~~[4.10](#) of these Bylaws, the Executive Committee is empowered to make all such decisions and take such actions as are deemed to be necessary for the operation of the Corporation.

6.4 **Action.** Each voting representative on the Executive Committee shall have one vote. The presence of three-quarters (3/4) of the voting representatives on the Executive Committee shall constitute a quorum. The positive vote of two-thirds (2/3) of Executive Committee voting representatives present and voting is necessary to pass a particular action.

ARTICLE VII - OTHER COMMITTEES

7.1 **Designation by Board.** The Board of Directors, by resolution adopted by a Simple Majority vote, may designate Board committees and standing committees, as shall be necessary to address the purposes of the Corporation. Each Board committee shall have at least two Directors among its members.

7.2 **Rules for Governance.** Each committee shall adopt rules for its own governance that are not inconsistent with these Bylaws, rules adopted by the Board of Directors, applicable NERC or FERC rules or regulations, or applicable state or federal laws. Each committee shall maintain its rules for governance in a written scope document that is approved by the Board of Directors.

7.3 **Ad-Hoc Support Committees.** The Board or its committees may, from time to time, appoint ad-hoc committees to research and/or advise it on compliance or technical issues or matters, among other things. Such ad-hoc committees may be formed on an as-needed basis and may vary in makeup depending on the needs of the Board or its committees.

ARTICLE VIII - MISCELLANEOUS

8.1 **Conflicts of Interest.** All Directors, Alternate Directors, Customer Advisors, [Board Advisors](#), and Board committee representatives shall comply with the Corporation's Standards of Conduct policy that prohibits conflicts of interest, as such conflicts could cast doubt on the ability of such persons to act with total objectivity with regard to the overall interests of the Corporation.

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

8.3 **Checks, Drafts, etc.** All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by an authorized officer or agent of the Corporation and in such manner as shall from time to time be determined by resolution of the Executive Committee. In the absence of such determination by the Executive Committee, such instruments shall be signed by the Board's Secretary-Treasurer, the Corporation's President, or the Corporation's Finance Director, as stipulated by the Executive Committee. The Corporation's Finance Director may arrange audits of financial records, sign appropriate documents, and perform such duties normally performed by the Board's Secretary-Treasurer, except duties assigned to the Corporation's President.

8.4 **Deposits.** All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Corporation's President may select.

8.5 **Books and Records.** The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board of Directors and committees having any of the authority of the Board of Directors, and shall keep at its registered or principal office a record giving the names and addresses of the Directors. All books and records of the Corporation may be inspected by any Director, or agent or attorney representing any Director, for any proper purpose at any reasonable time.

8.6 **Seal.** The corporate seal shall be in circular form and shall have inscribed thereon the name of the Corporation, the words "Corporate Seal", and such other word or words, if any, as may be determined by the Board of Directors to be inscribed thereon.

8.7 **Fiscal Year.** The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

ARTICLE IX - EXPENSES

9.1 **Allocation of Specific Expenses.** The expenses of Directors and Board Officers shall be borne by that person's regular employer.

9.2 **Statutory Functions.** The Corporation anticipates that as a general rule all of its expenses shall be incurred in the furtherance of statutory activities pursuant to Section 215 of the Federal Power Act, and that all such expenses shall be funded by NERC, subject to FERC approval.

9.3 **Non-Statutory Functions.** Notwithstanding Section 9.2, the Board of Directors may from time to time authorize the Corporation to participate in non-statutory activities (i.e., activities not described in Section 215 of the Federal Power Act). In the event that the Corporation proposes to engage in non-statutory activities, such activities shall be identified in the Corporation's annual business plan that is submitted to NERC and, if approved by NERC, shall be submitted to FERC for approval in advance of engaging in such non-statutory activities. The expenses incurred by the Corporation for any such approved non-statutory activities shall be allocated by the Board of Directors to the beneficiaries of such activities on a basis proposed in the business plan submitted for NERC and FERC approval.

ARTICLE X - DISPUTE RESOLUTION PROCESS

10.1 **Dispute Resolution.** All disputes regarding non-compliance with Reliability Standards shall be handled in accordance with the NERC Rules of Procedure. The organizational units of the Corporation shall deal with all other disputes within the framework of their respective organizations. For such other disputes, Member Companies of the Corporation are encouraged to utilize the appropriate Dispute Resolution Process within the Corporation prior to seeking resolution at NERC, FERC, or with legal counsel.

ARTICLE XI - DISSOLUTION

11.1 **Dissolution**. The Corporation may be voluntarily dissolved upon unanimous consent of ~~its Member Companies~~ the Board of Directors, and in accordance with Section 55A-14-02 of the North Carolina Nonprofit Corporation Act, as amended from time to time.

11.2 **Distribution of Assets**. Upon dissolution of the Corporation as provided in Section 11.1, the residual assets, after payment of all just obligations, shall be distributed exclusively to organizations which are exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws, as the Board of Directors shall determine.

ARTICLE XII - WAIVER OF NOTICE

12.1 **Waiver**. Whenever any notice is required to be given under the provisions of the North Carolina Nonprofit Corporation Act or under the provisions of the articles of incorporation or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIII - INDEMNIFICATION

13.1 **Indemnification of Directors, Alternate Directors, Customer Advisors, Board Advisors, Committee Members, Officers, Employees and Agents**. Every person who is, or has served as, a Director, Alternate Director, Customer Advisor, Board Advisor, committee member, Officer, employee, or agent of the Corporation shall be indemnified by the Corporation in the manner and to the extent authorized by the North Carolina Nonprofit Corporation Act. The foregoing rights of indemnification shall be without prejudice to any other rights to which any such Director, Alternate Director, Customer Advisor, Board Advisor, committee member, Officer, employee, or agent may be entitled as a matter of law.

ARTICLE XIV - AMENDMENT OF THE BYLAWS AND ARTICLES OF INCORPORATION

14.1 **Amendment of the Bylaws and Articles of Incorporation.** After a request by twenty percent (20%) of the Board of Directors or an affirmative vote of the Executive Committee, a proposal to amend the Bylaws or the Articles of Incorporation shall be put before the Board of Directors at any regular or special meeting for a vote. Copies of the proposed amendments shall be distributed to the Board of Directors at least thirty (30) days before the meeting at which they are to be considered. An amendment to the Bylaws or the Articles of Incorporation shall be adopted after being approved by a Supermajority vote of the Board of Directors, provided that a quorum is present.