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ATTACHMENTS

- Attachment 1** CLEAN – Amended SERC Bylaws
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Independent Directors and transitioning to a hybrid Board will ensure stakeholder engagement, add independent balance, and keep the organization thoughtful of reputational risks.

- iii. **Third**, SERC is formalizing its Membership body by transitioning the existing full Board into a Members group that meets at least annually to advise the newly proposed Board on the Business Plan and Budget, elect Independent Directors, and approve Bylaw changes, as needed. This Membership body will include a representative from each Member company.
- iv. **Finally**, SERC is revamping its Board Committees. The Board Compliance Committee will transition into a Board Risk Committee. SERC Board Committees shall also include a Human Resources and Compensation Committee, a Nominating and Governance Committee, and a Finance and Audit Committee.

In evaluating these proposed bylaw amendments, SERC benchmarked governance best practices across the Electric Reliability Organization (“ERO”) Enterprise and industry to develop the model that best fit the unique SERC Region, consisting of a large number of vertically integrated utilities and markets (compared to Regional Entities with one or two organized markets) and also SERC’s unique peninsular structure with the recent addition of Florida to the region. Because of this unique structure, the SERC Board and management were focused on developing a governance structure that would allow for adequate participation from the diverse mix of stakeholders in the region while also ensuring the need for independent decision making and balance. The proposed bylaw amendments achieve these objectives while also resulting in a Board that is more strategic, policy-centered, and focused on the biggest risks to reliability in the SERC footprint.

SERC also made several administrative/ministerial changes, which are reflected in the attached redline version, while not addressed in detail herein.

NERC staff has determined that there are no reliability-related issues raised by the proposed attachments. As amended, the SERC Bylaws continue to satisfy the five governance criteria specified in Exhibit B to the Amended and Restated Delegation Agreement between SERC and NERC. Accordingly, the NERC Board of Trustees approved the proposed amendments to the SERC Bylaws at its November 5, 2019 meeting.

Attachments 1 and 2 to this Joint Petition are clean and redline versions, respectively, of the revised SERC Bylaws.

II. REQUEST FOR EXPEDITED COMMISSION ACTION

The Petitioners respectfully request that the Commission consider this Petition on an expedited basis, to allow the issuance of an order in this proceeding by July 1, 2020. The requested timeline will allow SERC to perform a search for qualified Independent Director candidates to fill the initial three seats and to conduct other transition activities to implement the governance changes described herein prior to the anticipated effective date of January 1, 2021. This effective date of January 1, 2021 also lines up with the anticipated effective date of the renewal of SERC's Regional Delegation Agreement with NERC.

III. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following:³

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IV. PROPOSED AMENDMENTS TO THE SERC BYLAWS

As detailed below, SERC proposes the following changes to its Bylaws to become effective January 1, 2021, in order to adopt best practices, increase efficiencies, and better align SERC's governance with SERC's mission to reduce risks to the reliability and security of the grid.

A. Revised Article II, "Purposes"

SERC proposes to restate the purpose of the Corporation to align with the ERO Enterprise common mission and vision, "to reduce risks to the reliability and security of the electric grid."⁴

B. Added Article III, "Powers"

SERC proposes to add a general "powers" article to the Bylaws as a best practice to establish the Corporation has the power to engage in any lawful nonprofit activity.⁵

³ Persons to be included in Commission's official service list. The Petitioners respectfully request a waiver of Rule 203 of the Commission's regulations, 18 C.F.R. § 385.203 (2019), to allow the inclusion of more than two persons on the service list in this proceeding.

⁴ Attachment A, Amended and Restated Bylaws of SERC Reliability Corporation, Art. II, Sec. 2.1 (approved Oct. 23, 2019).

⁵ *Id.*, Art. III, Sec. 3.1.

C. Revised Article IV, “Membership”

SERC proposes to clarify the membership application, admission, and termination processes for increased efficiencies.⁶ To ensure inclusion of all stakeholders, and recognizing the unique nature of the SERC region made up of both organized markets as well as vertically integrated utilities, SERC proposes to modify its ISO-RTO Sector to include organizations that are registered as Reliability Coordinators on the NERC Compliance Registry.⁷

To help achieve fair stakeholder representation and balanced decision-making, SERC proposes to assign the following rights and responsibilities to the Members: (a) to elect the Independent Directors; (b) to elect the Sector Directors; (c) to approve amendments to the Bylaws as recommended by the Board of Directors; (d) to approve the dissolution, merger or the sale, pledge or transfer of Corporation’s assets as recommended by the Board of Directors; and (e) to provide advice and recommendations to the Board on annual budgets, business plans, and other corporate matters.⁸ To increase efficiencies, SERC proposes that Members shall hold at least one annual meeting a year, but may hold other meetings as needed, and special meetings of the Members may be called by: (a) the Chair of the Board; (b) any six Directors of the Board; (c) the President and CEO; or (d) at least ten percent of the Members.⁹ SERC proposes that the Board Chair, or the Board Vice Chair in the Chair’s absence, shall conduct and preside at all Members meetings.¹⁰

SERC proposes to simplify the voting scheme for Members to (a) provide that each member is entitled to one vote; (b) require a simple majority to pass any action by the Members

⁶ *Id.*, Art. IV, Secs. 4.1–4.4.

⁷ *Id.*, Art. IV, Sec. 4.5(g).

⁸ *Id.*, Art. IV, Sec. 4.7.

⁹ *Id.*, Art. IV, Secs. 4.8 and 4.9.

¹⁰ *Id.*, Art. IV, Sec. 4.11.

plus (i) a member from at least three Sectors must vote affirmatively for any action to pass; and (ii) a member from at least two Sectors must vote negatively for any action to fail; and (c) clarify that abstentions do not count negatively or positively in tallying the vote, but the abstaining members' attendance at a meeting still counts toward the establishment of quorum.¹¹ Further, SERC proposes to require two-thirds approval by Members for Bylaws and Articles of Incorporation amendments.¹² To increase efficiencies, SERC proposes to eliminate alternates for Members, but to allow Members to designate a proxy.¹³ Last, SERC proposes that Members' meetings shall be publicly noticed on SERC's website and non-confidential meeting materials and meeting minutes shall be posted on SERC's website to increase transparency.¹⁴

D. Revised Article V, "Board of Directors"

SERC proposes to have a smaller Board comprised of at least eighteen Directors, of which fifteen shall be Sector Directors and at least three, but not more than five, shall be Independent Directors.¹⁵

The fifteen Sector Directors shall be allocated as follows: (i) Investor-Owned Utility Sector shall have four representatives; (ii) Federal/State Sector shall have two representatives; (iii) Cooperative Sector shall have three representatives; (iv) Municipal Sector shall have three representatives; (v) Marketer Sector shall have one representative; (vi) Merchant Electricity Generator Sector shall have one representative; and (vii) ISO-RTO/Reliability Coordinator Sector shall have one representative.¹⁶ SERC proposes the Sectors recommend their Sector Directors to the Nominating and Governance Committee for presentation to the Members for election to the

¹¹ *Id.*, Art. IV, Sec. 4.13.

¹² *Id.*, Art. IV, Sec. 4.14.

¹³ *Id.*, Art. IV, Sec. 4.17.

¹⁴ *Id.*, Art. IV, Secs. 4.18 and 4.19.

¹⁵ *Id.*, Art. V, Sec. 5.3.

¹⁶ *Id.*, Art. V, Sec. 5.3(b).

Board.¹⁷

SERC proposes to add at least three, but no more than five, Independent Directors to the Board.¹⁸ SERC proposes the Nominating and Governance Committee shall present Independent Directors to the Members for election to the Board.¹⁹

To increase efficiencies and promote best practices, SERC proposes to eliminate alternates and proxies from the Board of Directors.²⁰ SERC proposes the Board of Directors hold an annual meeting without notice immediately following the annual meeting of the Members, but may hold other meetings as the Board determines, and special meetings may be called by (i) the Chair of the Board; (ii) the President and CEO; or (iii) any three Directors.²¹ SERC proposes to modify the notice provisions to allow for as little as three days' notice to accommodate emergencies.²²

SERC proposes that the Nominating and Governance Committee recommend the approval of the Board Chair and Vice Chair, which shall serve two-year terms.²³ SERC proposes to specify that no Director may serve as both the Chair and Vice Chair at the same time.²⁴ SERC proposes to eliminate the Board Secretary-Treasurer position given that the Finance and Audit Committee has oversight over financial affairs of the Corporation.

SERC proposes that the Board Chair may be a Sector Director or an Independent Director. If the Chair is a Sector Director, then a Lead Independent Director shall be designated to consult regularly with the Chair. If the Chair and Vice Chair are both Independent Directors, then a Lead Sector Director shall be designated to consult regularly with the Chair.²⁵ These changes are

¹⁷ *Id.*, Art. V, Sec. 5.3(c).

¹⁸ *Id.*, Art. V, Sec. 5.3(d).

¹⁹ *Id.*, Art. V, Sec. 5.3(e).

²⁰ *Id.*, Art. V, Sec. 5.3(g).

²¹ *Id.*, Art. V, Sec. 5.4(a).

²² *Id.*, Art. V, Sec. 5.4(b).

²³ *Id.*, Art. V, Sec. 5.5(a).

²⁴ *Id.*

²⁵ *Id.*, Art. V, Sec. 5.5(b).

intended to ensure that there is always balanced perspective, from both an Independent Director and Sector Director, on matters of importance such as agenda setting.

In order to prevent the entire Board from terming off of the Board at the same time, SERC proposes all Directors serve two-year staggered terms, with half of the Sector Directors and Independent Directors beginning terms in alternating years from the other half.²⁶ Additionally, SERC proposes Independent Directors have term limits of no more than four two-year terms,²⁷ helping to ensure independent perspectives on the Board are periodically refreshed.

SERC proposes that there will be no compensation for Sector Directors and their expenses are only reimbursable if specifically approved in advance by the Board. However, SERC proposes that Independent Directors shall receive compensation as indicated by Board policy and that their expenses be reimbursable, subject to Board policy.²⁸ SERC proposes eliminating Customer Advisors and Board Advisors in lieu of adding Independent Directors to the Board.

SERC proposes that in order to establish quorum a majority of Directors entitled to vote must be present and a majority of Independent Directors must also be present.²⁹ SERC proposes to simplify the Board of Directors voting scheme to (i) provide that each Director is entitled to one vote; (ii) require a simple majority vote to pass most actions plus (a) a Director from at least three Sectors must vote affirmatively for any action to pass and (b) a Director from at least two Sectors must vote negatively for any action to fail; and (iii) specify that Independent Directors constitute its own Sector for voting purposes.³⁰

²⁶ *Id.*, Art. V, Sec. 5.6.

²⁷ *Id.*, Art. V, Sec. 5.7.

²⁸ *Id.*, Art. V, Sec. 5.10.

²⁹ *Id.*, Art. V, Sec. 5.11.

³⁰ *Id.*, Art. V, Sec. 5.12.

E. Revised Article VII, “Board Committees”

SERC proposes to modify the Board Committees to include the following: (i) a new Board Risk Committee; (ii) Human Resources and Compensation Committee; (iii) Finance and Audit Committee; and (iv) Nominating and Governance Committee,³¹ with other committees established by the Board as needed.³² SERC proposes to require all Board Committees be comprised of Directors of the Board with the exception of the Finance and Audit Committee (discussed in further detail below).³³ SERC also proposes that all committees have a written charter approved by the Board.³⁴

SERC proposes the Board Risk Committee (“Risk Committee”) shall be responsible for overseeing the Corporation’s risk management framework, providing oversight over management and the Technical Committee’s assessments of external risks to the SERC region, and periodically reporting these risk oversight findings to the Board of Directors. SERC proposes the Risk Committee be comprised of up to five Directors, at least one of which shall be an Independent Director. SERC proposes that the Board Chair be ineligible to serve as the Chair of the Risk Committee.³⁵

SERC proposes the Human Resources and Compensation Committee shall (i) assist the Board in fulfilling its fiduciary duties as they pertain to determining appropriate compensation levels and ensuring that compensation methods are consistent with the Corporation’s mission, vision, and values; (ii) assist the Board in developing compensation strategies, policies, and plans that will enhance the Corporation’s ability to attract and retain skilled leadership; and (iii) assist

³¹ *Id.*, Art. VII, Sec. 7.2.

³² *Id.*, Art. VII, Sec. 7.1 and 7.8.

³³ *Id.*, Art. VII, Sec. 7.2.

³⁴ *Id.*, Art. VII, Sec. 7.7.

³⁵ *Id.*, Art. VII, Sec. 7.3.

the Board in developing and implementing compensation policies for Independent Directors. SERC proposes the Human Resources and Compensation Committee shall consist of up to seven members of the Board, at least two of which shall be Independent Directors.³⁶

SERC proposes the Finance and Audit Committee shall (i) assist the Board in its oversight of the financial affairs of the Corporation, including the financial condition, operating and capital budgeting, external audits, debt structure, debt financing and refinancing, investments, and other significant financial matters; and (ii) review all issues involving significant financial transactions prior to final consideration by the Board. SERC proposes the Finance and Audit Committee be comprised of not less than three and no more than five members of the Board, at least one of which shall be an Independent Director. SERC proposes the Finance and Audit Committee may include a non-Director as a member if the Committee determines that financial expertise is needed that is not available among the Directors on the Board. However, SERC proposes that the Finance and Audit Committee Chair be a Director of the Board.³⁷

SERC proposes the purpose of the Nominating and Governance Committee shall be to: (i) seek out nominations for Independent Directors for presentation to the Members for approval; (ii) coordinate with Sectors to select Sector Directors for approval by the Members; (iii) assist the Board in identifying and recommending appointments for Officers of the Board and for appointments of members of Board Committees and Board Committee chairs; (iv) assist the Board in fulfilling its fiduciary duties as they pertain to reviewing the Corporation's Bylaws and other governing policies and procedures and recommending changes as needed; and (v) ensure that annual fiduciary duty training is provided to the Board of Directors. SERC proposes that the Nominating and Governance Committee be composed of up to five members of the Board, at least

³⁶ *Id.*, Art. VII, Sec. 7.4.

³⁷ *Id.*, Art. VII, Sec. 7.5.

one of which shall be an Independent Director.³⁸

SERC proposes to more clearly define the Technical Committees of the Corporation, which shall be representative of the members of the Corporation and subject to the direction and control of the Board. SERC proposes that each Technical Committee is responsible for developing a charter that shall be approved by the Board.³⁹

F. Revised Article XIII, “Amendment of the Bylaws and Articles of Incorporation”

SERC proposes to clarify and specify the process for making proposals to amend the Bylaws and Articles of Incorporation. Any such amendment shall first be put before the Board of Directors to recommend such amendment to the Members.⁴⁰ However, SERC proposes reserving authority for the Board to make any necessary Bylaws amendments to comply with any newly passed federal electric reliability legislation and/or the adoption of any new rules or regulations by FERC, NERC, or other governmental entity with jurisdiction.⁴¹

V. SERC AND NERC APPROVALS OF THE PROPOSED AMENDMENTS

The proposed amendments were approved by the SERC Board of Directors on October 24, 2019. The NERC Board of Trustees approved the proposed amendments at its November 5, 2019 meeting.

VI. CONCLUSION

NERC and SERC respectively request that the Commission approve the proposed amendments to the SERC Bylaws, as shown in **Attachments 1 and 2** to this Petition.

³⁸ *Id.*, Art. VII, Sec. 7.6.

³⁹ *Id.*, Art. VII, Sec. 7.9.

⁴⁰ *Id.*, Art. XIII, Sec. 13.1.

⁴¹ *Id.*, Art. XIII, Sec. 13.2.

Attachment 1

Amended SERC Bylaws Clean

AMENDED AND RESTATED

BYLAWS

OF

SERC RELIABILITY CORPORATION

A North Carolina Nonprofit Corporation

Approved by the SERC Board of Directors on _____

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Approved by the SERC Board of Directors on _____
Approved the NERC Board of Trustees on _____
Approved by the Federal Energy Regulatory Commission on _____

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 (or “the Board”) 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 - PURPOSES

2.1 **General Purposes**. The purpose of the Corporation is to reduce risks to the reliability and security of the electric grid in the SERC Region, as defined in Section 2.2. 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.

2.2 **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 the North American Electric Reliability Corporation and SERC Reliability Corporation, as amended from time to time.

ARTICLE III - POWERS

3.1 **Powers.** The Corporation shall have the power to engage in any lawful act or activity for which corporations may be organized under the general nonprofit corporation law of the State of North Carolina, subject to any limitations provided in applicable federal or state law or in the Certificate of Incorporation or these Bylaws.

ARTICLE IV - MEMBERSHIP

4.1 **General.** The Corporation shall be a membership corporation. Entities that meet the eligibility requirements, apply for membership in the Corporation, and whose applications have been duly approved by the Board of Directors for admission as a member shall hereinafter be referred to individually as a "Member" or "Member Company" and collectively as "Members" or "Member Companies".

4.2 **Eligibility.** Membership in the Corporation is voluntary and is open to any entity in the SERC Region 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 4.2, qualifies for one or more of the Sectors

defined in Section 4.5, 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.

4.3 **Admission of Members.** New Members may join the Corporation upon the approval of a submitted application as provided in this Section 4.3. The application shall designate the Sector the prospective Member wishes to join. The Secretary of the Corporation shall review the membership application and may request additional demonstration by the applicant that it qualifies for membership in a particular Sector. The Board of Directors shall have the sole authority to approve applications for membership upon such criteria as it deems appropriate.

4.4 **Termination.** A Member Company may terminate its membership in the Corporation by giving the Board of Directors at least thirty (30) calendar days prior 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 effective, including, but not limited to, the obligation to pay a pro rata share of any Corporation expense. In addition, the Board of Directors may terminate the membership of a Member Company if, in the judgment of the Board of Directors, the Member Company has failed to meet its obligations and responsibilities to the Corporation. The termination of the membership, as well as the effective date and terms and conditions of such termination, of a Member Company by the Board of Directors shall require an affirmative vote of at least two-thirds (2/3) of the voting members of the Board of Directors.

4.5 **Sectors.** Each Member Company shall be classified by the Board of Directors in not more than 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

electricity for sale at wholesale to their members; 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.
- (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/Reliability Coordinator Sector – This Sector includes any entity that operates a FERC approved ISO or RTO or is an organization that is registered as a Reliability Coordinator on the NERC Compliance Registry.

The classification of a Member Company in a particular Sector may only be changed by the Board of Directors.

4.6 **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 Section 4.3 of these Amended and Restated Bylaws, and provided that the successor continues to meet the predecessor's obligations.

4.7 **Member Powers.** The Members shall have the following rights and obligations:

- (a) To elect the Independent Directors;
- (b) To elect the Sector Directors;
- (c) To approve amendments to the Bylaws as recommended by the Board of Directors in accordance with the provisions in Section 13.1 of these Bylaws;
- (d) To approve dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets as recommended by the Board of Directors; and
- (e) To provide advice and recommendations to the Board of Directors with respect to the development of annual budgets, business plans, and other matters pertinent to the purpose and operations of the Corporation.

Except as expressly set forth in these Amended and Restated Bylaws, the Members shall have no other authority, rights, privileges, or preferences.

4.8 **Annual Meeting of Members.** The Members shall hold at least one Annual Meeting of the Members each year to elect the Independent Directors, elect Sector Directors, and to conduct other such business as may come before the meeting. By resolution adopted at any Annual Meeting of the Members, the Members may provide for additional regular meetings that may be held without further notice to the Members.

At the Annual Meeting of Members: (i) Independent Directors and Sector Directors shall be elected; (ii) the President and Corporate Treasurer shall report on the activities and financial condition of the Corporation; and (iii) the Members shall consider and act upon such other matters as are consistent with the notice of the Annual Meeting of the Members. The failure to hold an annual meeting in accordance with these Bylaws shall not affect the validity of a corporate action.

4.9 **Special Meetings of Members.** Special Meetings of the Members may be called by:

- (a) The Chair of the Board of Directors;
- (b) Any six (6) Directors on the Board of Directors;
- (c) The President/Chief Executive Officer; or

- (d) Members if at least ten percent (10%) of the Members request such a meeting in written form to the Chair of the Board of Directors or the President of the Corporation describing the purpose for which the Special Meeting is to be held.

Not less than seven (7) days prior to the date of the meeting, the Secretary of the Corporation shall provide notice to all Members of the Special Meeting. Notice of the meeting and the costs of the meeting shall be at the expense of the Corporation. The business transacted at a Special Meeting is limited to the purposes stated within the notice of the meeting. Business transacted at a Special Meeting that is not included in those stated purposes is voidable by or on behalf of the Corporation, unless a majority of the Members entitled to vote were present at such meeting or have waived notice of the meeting under Section 4.12.

4.10 **Location of Meetings of Members.** Meetings of Members shall be held at the principal office of the Corporation, or such other place within the Region as determined by the Board Chair or the President/Chief Executive Officer.

4.11 **Conduct of Meetings of Members.** The Board Chair shall conduct and preside at all Meetings of the Members, 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 Board Vice Chair shall serve as acting Chair and shall preside at all Meetings of the Members, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors.

4.12 **Notice of Meetings.**

- (a) **Notice Requirements.** Notice of all Meetings of the Members must be given at least seven (7) days before the date of a meeting and not more than sixty (60) days before the date of a meeting. The notice must contain the date, time and place of the meeting, instructions for electronic attendance or voting, if applicable, and an agenda of the matters upon which action may be taken at the meeting. A matter may be added to the agenda of a meeting at the meeting upon the affirmative vote of a majority of the votes cast on a motion to amend the agenda. If the meeting is an adjourned meeting and the date, time and place of the meeting were announced at the time of the adjournment, notice is not required unless a new record date for the adjourned meeting is or must be fixed. Notice shall be deemed given by the Corporation to the Members when (a) posted on the Corporation's public website in a reasonably prominent location, and (b) sent by mail, facsimile or reputable overnight delivery service or by electronic transmission pursuant to Section 8.8.

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

4.13 **Right to Vote; Act of Members.** Each Member shall be entitled to one vote on all matters submitted to a vote of the Members. If a quorum for a meeting of the Members is present, a majority of the votes cast on the matter shall be the act of the Members, except with respect to any matter described in Section 4.14, and is subject to the following additional requirements:

- (a) An affirmative vote from a Member from at least three Sectors is required for any action to pass.
- (b) A negative vote from a Member from at least two Sectors is required for any action to fail.

Abstentions shall not count negatively or positively in tallying the vote; however, the abstaining members' attendance at a meeting shall still count toward the establishment of quorum.

4.14 **Special Voting Requirements.** Notwithstanding any other provision of these Bylaws, and except as set forth in the Articles of Incorporation, two-thirds (2/3) of the votes cast shall be required to amend the Bylaws or the Articles of Incorporation, as provided in Section 13.1 of these Bylaws. The substance of the proposed amendment(s) must be posted in accordance with the provisions of Section 13.1.

4.15 **Quorum.** A quorum for a meeting of Members is necessary for the transaction of business at a meeting of Members. A quorum is established by a majority of the Members. If a quorum for a meeting of the Members is not present, a meeting may be adjourned for that reason by the Members then represented or present.

4.16 **Action by Electronic Communication.** Unless otherwise restricted by the Articles of Incorporation, these Amended and Restated Bylaws, or by applicable law, the Members may participate in a meeting of the Members by means of a conference telephone or similar communication equipment whereby all persons participating in the meeting can hear each other and participate in such manner and shall constitute presence in person at such meeting. Meetings held by electronic communication are subject to the Notice requirements in Section 4.12, as well as Quorum requirements in Section 4.15.

4.17 **Voting Member; Proxies.**

- (a) **Designation of Voting Member; Proxies.** Each year prior to the annual meeting of Members, each Member shall designate the individual authorized to vote on Corporation matters on behalf of the Member to the Secretary in writing. A Member may change such designation at any time by providing at least twenty-four (24) hour written notice to the Secretary of the Corporation. Such notice may be provided by electronic transmission. Each Member may only give a proxy to a person who is a member, officer, executive-level employee, or agent of the Member. Alternatively, a Member may give a proxy to a representative of a Member registered in the same Sector.
- (b) **Effective Period.** An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for the next regular or specially scheduled meeting or ballot by electronic transmission. However, a proxy is not valid for more than sixty (60) days from its date of execution.
- (c) **Revocation.** An appointment of a proxy is revocable by a Member. Appointment of a proxy is revoked by the person appointing the proxy either by expiration of the sixty (60) day period, by open declaration at a meeting, or by signing and delivering a revocation in writing or by electronic transmission to the Secretary or other officer or agent authorized to tabulate proxy votes. This may be done either in a statement that the appointment of the proxy is revoked or by a subsequent appointment that shall serve to cancel all prior proxies.

4.18 **Public Notice of Member Meetings.** Notice to the public of the dates, times and places of meetings of the Members, and all nonconfidential material provided to the Members, shall be posted on the Corporation's website at approximately the same time that notice is given to the Members.

4.19 **Posting of Minutes.** Minutes of meetings of Members shall be posted on the Corporation's website once approved.

4.20 **Reimbursement of Member Expenses.** The Corporation will be under no obligation to reimburse Members for expenses associated with their attendance at Annual, regular or Special Meetings of the Members.

ARTICLE V - BOARD OF DIRECTORS

5.1 **General Powers.** The business and affairs of the Corporation shall be managed under the direction of the Board of Directors except as otherwise provided by the Articles of Incorporation or these Amended and Restated Bylaws.

5.2 **Duties.** The Board of Directors shall have all powers accorded to it under law not expressly reserved in whole or in part to the Members under the Articles of Incorporation or these Amended and Restated Bylaws, which shall include by way of example and not by way of limitation of powers, the responsibility to:

- (a) Govern the corporation and oversee its activities;
- (b) Approve Reliability Standards and their modifications utilizing a fair, open, balanced and inclusive process;
- (c) Ensure that the Compliance Monitoring and Enforcement Process is applied consistently;
- (d) Establish and approve an annual budget for submission to NERC;
- (e) Hire the Corporation's president and, upon the recommendation of a majority of the Independent Directors, approve his or her salary;
- (f) Recommend to Members to approve the dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets;
- (g) Form or dissolve Board committees as appropriate;
- (h) Fill vacancies on any of the Board's committees;
- (i) Recommend amendments to the Articles of Incorporation to the Members;
- (j) Recommend amendments to the Bylaws to the Members or approve such amendments as allowed under Section 13.2; and
- (k) 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.

5.3 **Composition and Eligibility.**

- (a) The Board of Directors shall be comprised of at least eighteen (18) Directors in addition to the President/Chief Executive Officer who shall serve as ex-officio non-voting member of the Board in accordance with Section 6.2(d).
- (b) Fifteen (15) of the Directors, which shall be referred to as Sector Directors, shall be allocated as follows:
 - (i) The Investor-Owned Utility Sector shall have four (4) representatives;
 - (ii) The Federal/State Sector shall have two (2) representatives;
 - (iii) The Cooperative Sector shall have three (3) representatives;
 - (iv) The Municipal Sector shall have three (3) representatives;
 - (v) The Marketer Sector shall have one (1) representative;
 - (vi) The Merchant Electricity Generator Sector shall have one (1) representative; and
 - (vii) The ISO-RTO/Reliability Coordinator Sector shall have one (1) representative.
- (c) Sectors shall recommend their respective Sector Director(s) to the Nominating and Governance Committee from among individuals holding senior management positions in Member organizations, which shall be presented by the Nominating and Governance Committee to the Members for election to the Board of Directors. No two Directors may be employees of a single Member or any affiliate or related party of a Member or any affiliate. In the event of a vacancy, the replacement Director shall be nominated as provided in this Section 5.3(c) and elected by the Members at the next Annual, regular or Special Meeting of the Members.
- (d) At least three (3) but no more than five (5) Directors shall be Independent Directors elected by the Members. An Independent Director is a person (i) who is not an officer or employee of the Corporation; an officer, director, or employee of a Member; or an officer, director or employee of any entity that would reasonably be perceived as having a direct financial interest in the outcome the Board of Director's decisions; and (ii) who does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board of Directors may adopt additional standards for director independence not inconsistent herewith.

- (e) The Independent Directors shall be nominated by the Nominating and Governance Committee, and approved by the Members at the Annual Meeting of the Members, or at such other time as specified by the Board of Directors.
- (f) Any Director which the Board of Directors has determined has a conflict of interest on any matter brought before the Board shall not vote on such matter and shall recuse himself or herself from all Board deliberations concerning such matter.
- (g) There will be no alternates or proxies for Directors.

5.4 **Meetings of the Board of Directors, Notice, Waiver**

- (a) **Meetings.** An annual meeting of the Board of Directors shall be held without notice immediately following the Annual Meeting of the Members. In addition, regular meetings may be held at such time or times as fixed by the Board of Directors. Special meetings of the Board of Directors may be called by the Chair of the Board, the President/Chief Executive Officer, or by any three Directors and shall be held at the principal office of the Corporation, or such other place within the Region as determined by the Chair or the President/Chief Executive Officer.
- (b) **Notice.** Notice of the dates, times, and places of all regular and special meetings of the Board of Directors shall be published by the Secretary and provided to all Directors and Members not less than three (3) days prior to the date of the meeting. Notice shall be deemed given by the Corporation to Directors and Members when: 1) posted on the Corporation's public website in a reasonably prominent location, and 2) sent by mail or electronic transmission to each Director and Member included on the rosters maintained by the Secretary of the Corporation.
- (c) **Waiver.** Any person entitled to notice of a regular or special meeting of the Board of Directors may waive notice thereof. A waiver of notice by a person entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing or by attendance. Attendance by a director at a meeting of the Board is a waiver of notice of that meeting, unless the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

5.5 **Election of Board Officers.**

- (a) Biennially, the Board of Directors, upon recommendation of the Nominating and Governance Committee shall elect Board Officers from among the Directors for the positions of Chair and Vice Chair, 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.
- (b) The Chair may be a Sector Director or an Independent Director. If the Chair is a Sector Director, the Independent Directors shall designate a lead Independent Director that the Chair shall consult regularly on agendas and other matters of importance. If the Chair and the Vice Chair are Independent Directors, the Sector Directors shall designate a lead Sector Director that the Chair shall consult regularly on agendas and other matters of importance.
- (c) 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.

5.6 **Terms of Sector Directors.** The Sector Directors shall be divided into two groups, Group 1 and Group 2, with the number of Sector Directors in each group divided as nearly equal as possible. Each group shall serve for two (2) year terms beginning on July 1, with the start of the term for Group 1 beginning in alternating years from the start of the term for Group 2. Terms of Sector Directors may be extended beyond a two (2) year term or be less than a two (2) year term as deemed necessary by the Members.

5.7 **Terms of Independent Directors.** The Independent Directors shall be divided into two groups, Group 1 and Group 2, with the number of Independent Directors in each group divided as nearly equal as possible. Each group shall serve for two (2) year terms beginning on July 1, with the start of the term for Group 1 beginning in alternating years from the start of the term for Group 2. Terms of Independent Directors may be extended beyond a two (2) year term or be less than a two (2) year term as deemed necessary by the Members. No Independent Director shall serve more than four (4) terms.

5.8 **Vacancies and Removal.** If a Director resigns, dies, changes corporate affiliation or is removed during the term of office for which elected, the position shall thereupon be vacant and shall be filled as soon as practicable and in accordance with the same procedures that the position had previously been filled. The successor Director shall hold office for the unexpired portion of the term of the director replaced. An Independent Director or Sector Director may be removed by the affirmative vote of two-thirds (2/3) of the remaining Directors. Any Director may be removed by the Board of Directors for non-attendance at three or more consecutive Board meetings. Any Independent or Sector Director removed by the Board of Directors under this Section 5.8 may not be reelected to the Board.

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

5.10 **Compensation and Reimbursement.** Sector Directors shall not receive any compensation from the Corporation for their services to the Corporation as Directors on the Board. Independent Directors shall be entitled to such compensation as indicated by a Board policy, if any. Independent Directors shall have the right to reimbursement by the Corporation of their actual reasonable travel expenses to Board of Directors meetings or when specifically selected to represent the Corporation at a business meeting, subject to Board policy as adopted from time to time, if any. Sector Directors shall not be reimbursed by the Corporation for any expenses, unless specifically approved in advance by resolution of the Board of Directors.

5.11 **Quorum.** A quorum is necessary for the transaction of business at a meeting of the Board of Directors. A quorum is established by the presence of a majority of the Directors entitled to vote at a meeting, provided that a majority of the Independent Directors must also be present to constitute a quorum. Electronic participation is acceptable if authorized by the Board Chair at that meeting. If a quorum for a meeting of the Board of Directors is not established, a meeting may be adjourned for that reason by the Directors then represented or present.

5.12 **Voting.** Each voting Director on the Board of Directors shall have one vote with respect to decisions of the Board of Directors. The President of the Corporation shall be an ex-officio member of the Board without vote and shall not be counted for quorum purposes. The positive vote of a majority of the voting directors is necessary to pass a particular action, except with respect to any matter described in Sections 4.4, 4.13, 11.1, and 13.1, and is subject to the following additional requirements:

- (a) An affirmative vote from a Director from at least three Sectors is required for any action to pass.
- (b) A negative vote from a Director from at least two Sectors is required for any action to fail.

For voting purposes, the Independent Directors shall constitute its own Sector.

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Approved the NERC Board of Trustees on _____
Approved by the Federal Energy Regulatory Commission on _____

5.13 **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 or by a Board Committee, may be taken without a meeting if all members of the Board or Board Committee consent thereto in writing or by electronic transmission, and the writing(s) or electronic transmission(s) are 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 consents unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote.

5.14 **Action by Electronic Communication**. Unless otherwise restricted by the Articles of Incorporation, these Amended and Restated Bylaws, or by applicable law, the Members may participate in a meeting of Directors by means of a conference telephone or similar communication equipment whereby all persons participating in the meeting can hear each other and participate in such manner and shall constitute presence in person at such meeting. Meetings held by electronic communication are subject to the Notice requirements in Section 5.4, as well as Quorum requirements in Section 5.11.

ARTICLE VI - CORPORATE OFFICERS

6.1 **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.

6.2 **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, and (ii) all 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.

6.3 **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 or the President/Chief Executive Officer. In the absence of the President/Chief Executive Officer, or in the case of the President/Chief Executive Officer'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/Chief Executive Officer, subject to the control of the Board of Directors.

6.4 **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 or the President/Chief Executive Officer.

6.5 **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 or the President/Chief Executive Officer.

ARTICLE VII - BOARD COMMITTEES

7.1 **Designation by Board.** The Board of Directors may designate Board Committees as shall be necessary to address the purposes of the Corporation.

7.2 **Authority.** The powers and duties of Board Committees shall be subject to general policies and procedures established by the Board and shall be at all times subject to the control and direction of the Board. Board Committees shall include a Board Risk Committee, a Human Resources and Compensation Committee, a Finance and Audit Committee, a Nominating and Governance Committee, and such other Board Committees as the Board may authorize from time to time. All Board Committees and the chairs thereof, unless the appointment of the chair is otherwise designated by these Bylaws or the Board committee's charters, shall be nominated by the Nominating and Governance Committee and approved by the Board. The Board may act by and through the Board Committees as may be specified in resolutions adopted by the Board. With the exception of the Finance and Audit Committee as specified in Section 7.5 and in that committee's charter, Committee members must be Directors of the Board.

7.3 **Board Risk Committee.** The Board Risk Committee shall consist of up to five (5) members of the Board, at least one (1) of which shall be an Independent Director. The Board Chair shall be ineligible to serve as Chair of the Board Risk Committee. The Board Risk Committee shall be responsible for overseeing the Corporation's risk management framework; providing oversight over management and the Technical Committee's assessments of external risks to the SERC Region; and periodically reporting these risks oversight findings to the Board of Directors.

7.4 **Human Resources and Compensation Committee.** The Human Resources and Compensation Committee shall consist of up to seven (7) members of the Board, at least two (2) of which shall be Independent Directors. The purpose of the Human Resources and Compensation Committee is to assist the Board in fulfilling its fiduciary duties as they pertain to determining appropriate compensation levels and ensuring that compensation methods are consistent with the Corporation's mission, vision, and values. The Human Resources and Compensation Committee shall assist the Board in developing and implementing compensation strategies, policies and plans that will enhance the Corporation's ability to attract and retain skilled top-level leadership. The Human Resources and Compensation Committee shall assist the Board in developing and implementing compensation policies for Independent Directors.

In achieving these objectives, it shall be the responsibility of the Human Resources and Compensation Committee to establish a rebuttable presumption of reasonableness under the Intermediate Sanctions rules for the compensation of all employees who are deemed to be Disqualified Persons as defined under the Internal Revenue Code and any implementing regulations.

7.5 Finance and Audit Committee. The Finance and Audit Committee shall be composed of not less than three (3) and no more than five (5) members of the Board, at least one (1) of which shall be an Independent Director. The Finance and Audit Committee may include a non-Director as a member if the Committee so determines that financial expertise is needed that is not available among the Directors of the Board. The Finance and Audit Committee must be chaired by a Director of the Board. The Finance and Audit Committee's purpose is to assist the Board in its oversight of the financial affairs of the Corporation, including the financial condition, operating and capital budgeting, external audits, debt structure, debt financing and refinancing, investments, and other significant financial matters. The Finance and Audit Committee shall review all issues involving significant financial transactions prior to final consideration by the Board.

7.6 Nominating and Governance Committee. The Nominating and Governance Committee shall consist of up to five (5) members of the Board, at least one (1) of which shall be an Independent Director. The purpose of the Nominating and Governance Committee is to identify and recommend qualified individuals for appointment as Directors as well as assist the Board by reviewing governance documents and recommending modifications as needed.

- (a) Independent Director Nominations. The Nominating and Governance Committee shall seek out for nomination Independent Directors from diverse backgrounds, who will contribute to the effective functioning of the Board of Directors and the Corporation by bringing a broad range of industry expertise, viewpoints, experiences, skill sets, and knowledge. If an incumbent Independent Director is not re-nominated, the Nominating and Governance Committee will use reasonable efforts to ensure that diverse candidates are in the pool of potential nominees for the open Independent Director position and may retain an independent consultant to identify individuals qualified and willing to serve as an Independent Director. Independent Director nominations will be recommended to the Members for approval
- (b) Sector Director Nominations. The Nominating and Governance Committee shall coordinate with the Sector Members to collect appropriate candidates for the Sector Directors to be recommended to the Members for approval.
- (c) Officer and Committee Nominations. The Nominating and Governance Committee shall assist the Board by identifying and recommending appointments for Officers of the Board and for appointments of Board Committees and Board Committee chairs.
- (d) Governance Document Review. The Nominating and Governance Committee shall assist the Board in fulfilling its fiduciary duties as they pertain to reviewing the organization's Bylaws and governing policies and procedures and recommending changes as needed.

(e) Fiduciary Duty Training. The Nominating and Governance Committee shall ensure that annual fiduciary duty training is provided to the Board of Directors.

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

7.8 **Ad-Hoc Committees.** The Board or its Board 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 Board Committees. Committee members of ad-hoc committees need not be Directors unless otherwise stated in the Board resolution creating such committee.

7.9 **Support Committees of the Corporation.** In addition to Board Committees and ad-hoc committees of the Board, the Board may by resolution create Technical Committees of the Corporation as the Board deems necessary to carry out the purposes of the Corporation. Such Technical Committees shall be representative of members of the Corporation. They shall provide for balanced decision making, and include persons with outstanding technical knowledge and experience. The membership of the Technical Committees shall be determined based upon experience, expertise and the needs of the Board, the Board Committees, or the Corporation. All Technical Committees formed under this Section 7.9 shall be subject to the direction and control of the Board. Each Technical Committee shall adopt rules for its own governance that are not inconsistent with these Bylaws, rules adopted by the Board, applicable NERC or FERC rules or regulations, or applicable state or federal laws. Each Technical Committee shall maintain its rules for governance in a written charter that is approved by the Board.

The Board shall conduct a review of all Committees of the Corporation on an annual basis to ensure that the business of the Corporation is conducted in an efficient, cost-effective manner.

ARTICLE VIII - MISCELLANEOUS

8.1 **Conflicts of Interest.** All Directors and Board committee representatives shall comply with the Corporation's policies that prohibit 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

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Approved by the Federal Energy Regulatory Commission on _____

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, or Orders.** All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by an authorized officer or agent of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

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/Chief Executive Officer 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 Members, 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 and Members. 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.

8.8 **Notice.** With respect to any notice requirements contained in these Bylaws, notice shall be delivered or given either personally, by mail (including U.S. postal service, electronic mail, and any nationally recognized delivery service), or by facsimile. Any notice sent by United States mail shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid addressed to the notice recipient at the recipient's address as it appears on the records of the Corporation. If notice is provided in person, by electronic mail, or by facsimile, such notice shall be deemed to be delivered when transmitted for delivery to the recipient.

8.9 **Waiver of Notice.** 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.

8.10 **Policies and Procedures.** The Directors shall execute and abide by the conflicts of interest policy as may be adopted and amended from time to time by the Board

of Directors. The officers of the Corporation and Directors shall abide by such other policies and procedures as may be adopted from time to time by the Board of Directors.

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 except for expenses of Independent Directors related to their duties associated with the Board of Directors. Expenses of Independent Directors shall be reimbursable subject to these Amended and Restated Bylaws and the Board's policy as may be amended from time to time, if any.

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 to recommend dissolution followed by approval by the Members of the Board's recommendation, 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 - INDEMNIFICATION

12.1 **Indemnification of Directors, Committee Members, Officers, Employees and Agents**. Every person who is, or has served as, a Director, 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, committee member, Officer, employee, or agent may be entitled as a matter of law.

ARTICLE XIII - AMENDMENT OF THE BYLAWS AND ARTICLES OF INCORPORATION

13.1 **Amendment Process**. Any proposal to amend the Articles of Incorporation or Bylaws (an "Amendment") shall first be put before the Board of Directors at any regular or special meeting for a vote to recommend such Amendment to the Members. Copies of the proposed Amendment shall be distributed to the Board of Directors at least thirty (30) calendar days before the meeting at which they are to be considered. A recommendation that the Members approve the Amendment shall be approved by at least two-thirds (2/3) of the Board of Directors, provided that a quorum is present. Upon approval of the recommendation by the Board, the Members may approve the recommended Amendment at any regular or special meeting. Copies of the proposed Amendment shall be distributed to the Members at least thirty (30) calendar days before the Meeting of the Members at which they are to be considered. An Amendment

Approved by the SERC Board of Directors on _____
Approved by the NERC Board of Trustees on _____
Approved by the Federal Energy Regulatory Commission on _____

recommended by the Board of Directors shall be adopted and proposed to the NERC Board of Trustees for approval after being approved by at least two-thirds (2/3) of the Members, provided that a quorum of the Members is present.

13.2 **Board Amendment of Bylaws.** Notwithstanding the Members reserved power in Section 4.7 or the amendment process outlined in Section 13.1, upon the passage of any federal electric reliability legislation, and/or the adoption of any rules or regulations of FERC, NERC or other governmental entity with jurisdiction, the Board shall have authority to amend these Bylaws as necessary and appropriate to comply with such law, legislation, rules and regulations.

Approved by the SERC Board of Directors on _____
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Approved by the Federal Energy Regulatory Commission on _____

Attachment 2

Amended SERC Bylaws Redline

AMENDED AND RESTATED

BYLAWS

OF

SERC RELIABILITY CORPORATION

A North Carolina Nonprofit Corporation

Approved by the SERC Board of Directors on ~~October 24, 2018~~ _____

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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 (or “the Board”) 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 - PURPOSES

2.1 **General Purposes.** The purpose of the Corporation is to reduce risks to the reliability and security of the electric grid in the SERC Region, as defined in Section 2.2. 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.

2.2 **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 the North American Electric Reliability Corporation and SERC Reliability Corporation, as amended from time to time.

ARTICLE III - POWERS

3.1 **Powers.** The Corporation shall have the power to engage in any lawful act or activity for which corporations may be organized under the general nonprofit corporation law of the State of North Carolina, subject to any limitations provided in applicable federal or state law or in the Certificate of Incorporation or these Bylaws.

ARTICLE ~~III~~ IV - MEMBERSHIP

24.1 **General.** The Corporation shall be a membership corporation. Entities that meet the eligibility requirements ~~and~~, apply for membership in the Corporation, ~~and whose applications have been duly approved by the Board of Directors for admission as a member~~ shall hereinafter be referred to individually as a "Member" ~~or "Member Company"~~ and collectively as "~~Members~~" ~~or "Member Companies"~~.

24.2 **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 24.2, qualifies for one or more of the Sectors ~~identified~~defined in Section ~~2.4.5~~, and is subject to the

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~~Approved by the Federal Energy Regulatory Commission on April 30, 2019~~

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.

24.3 Admission of Members. New Members may join the Corporation upon the approval of a submitted application as provided in this Section 4.3. The application shall designate the Sector the prospective Member wishes to join. The Secretary of the Corporation shall review the membership application and may request additional demonstration by the applicant that it qualifies for membership in a particular Sector. The Board of Directors shall have the sole authority to approve applications for membership upon such criteria as it deems appropriate.

4.4 Termination. A Member Company may terminate its membership in the Corporation by giving the Board of Directors at least thirty (30) calendar days prior written notice of its intent to terminate such membership ~~(such. 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 effective, 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, the Member Company has violated failed to meet its obligations and responsibilities to the Corporation. The The termination of the membership, as well as the effective date and terms and conditions of such termination of the membership, of a Member Company by the Board of Directors shall require a Supermajority an affirmative vote, as defined in these Bylaws. of at least two-thirds (2/3) of the voting members of the Board of Directors.~~

2-4.5 Sectors. Each Member Company shall be classified by the ~~Executive Committee in~~ Board of Directors in not more than 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

electricity for sale at wholesale to their members; 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) ~~(g)~~—ISO-RTO/Reliability Coordinator Sector – This Sector includes any entity that operates a FERC approved ISO or RTO ~~– or is an organization that is registered as a Reliability Coordinator on the NERC Compliance Registry.~~

The ~~Executive Committee's~~ classification of a Member Company in a particular Sector may only be changed by the ~~Executive Committee~~Board of Directors.

2.54.6 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~~Section 4.3 of these Amended and Restated

Bylaws, and provided that the successor continues to meet ~~its~~the predecessor's obligations.

~~2.6~~ 4.7 **Member Powers.** The Members shall have the following rights and obligations:

- (a) To elect the Independent Directors;
- (b) To elect the Sector Directors;
- (c) To approve amendments to the Bylaws as recommended by the Board of Directors in accordance with the provisions in Section 13.1 of these Bylaws;
- (d) To approve dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets as recommended by the Board of Directors; and
- (e) To provide advice and recommendations to the Board of Directors with respect to the development of annual budgets, business plans, and other matters pertinent to the purpose and operations of the Corporation.

Except as expressly set forth in these Amended and Restated Bylaws, the Members shall have no other authority, rights, privileges, or preferences.

4.8 **Annual Meeting of Members.** The Members shall hold at least one Annual Meeting of the Members each year to elect the Independent Directors, elect Sector Directors, and to conduct other such business as may come before the meeting. By resolution adopted at any Annual Meeting of the Members, the Members may provide for additional regular meetings that may be held without further notice to the Members.

At the Annual Meeting of Members: (i) Independent Directors and Sector Directors shall be elected; (ii) the President and Corporate Treasurer shall report on the activities and financial condition of the Corporation; and (iii) the Members shall consider and act upon such other matters as are consistent with the notice of the Annual Meeting of the Members. The failure to hold an annual meeting in accordance with these Bylaws shall not affect the validity of a corporate action.

4.9 **Special Meetings of Members.** Special Meetings of the Members may be called by:

- (a) ~~The Chair of~~ the Board of Directors;
- (b) Any six (6) Directors on the Board of Directors;

- (c) The President/Chief Executive Officer; or
- (d) Members if at least ten percent (10%) of the Members request such a meeting in written form to the Chair of the Board of Directors or the President of the Corporation describing the purpose for which the Special Meeting is to be held.

Not less than seven (7) days prior to the date of the meeting, the Secretary of the Corporation shall provide notice to all Members of the Special Meeting. Notice of the meeting and the costs of the meeting shall be at the expense of the Corporation. The business transacted at a Special Meeting is limited to the purposes stated within the notice of the meeting. Business transacted at a Special Meeting that is not included in those stated purposes is voidable by or on behalf of the Corporation, unless a majority of the Members entitled to vote were present at such meeting or have waived notice of the meeting under Section 4.12.

4.10 Location of Meetings of Members. Meetings of Members shall be held at the principal office of the Corporation, or such other place within the Region as determined by the Board Chair or the President/Chief Executive Officer.

4.11 Conduct of Meetings of Members. The Board Chair shall conduct and preside at all Meetings of the Members, 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 Board Vice Chair shall serve as acting Chair and shall preside at all Meetings of the Members, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors.

4.12 Notice of Meetings.

- (a) **Notice Requirements.** Notice of all Meetings of the Members must be given at least seven (7) days before the date of a meeting and not more than sixty (60) days before the date of a meeting. The notice must contain the date, time and place of the meeting, instructions for electronic attendance or voting, if applicable, and an agenda of the matters upon which action may be taken at the meeting. A matter may be added to the agenda of a meeting at the meeting upon the affirmative vote of a majority of the votes cast on a motion to amend the agenda. If the meeting is an adjourned meeting and the date, time and place of the meeting were announced at the time of the adjournment, notice is not required unless a new record date for the adjourned meeting is or must be fixed. Notice shall be deemed given by the Corporation to the Members when (a) posted on the Corporation's public website in a reasonably prominent location, and (b) sent by mail, facsimile or reputable overnight delivery service or by electronic transmission pursuant to Section 8.8.

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

4.13 **Right to Vote; Act of Members.** Each Member shall be entitled to one vote on all matters submitted to a vote of the Members. If a quorum for a meeting of the Members is present, a majority of the votes cast on the matter shall be the act of the Members, except with respect to any matter described in Section 4.14, and is subject to the following additional requirements:

- (a) An affirmative vote from a Member from at least three Sectors is required for any action to pass.
- (b) A negative vote from a Member from at least two Sectors is required for any action to fail.

Abstentions shall not count negatively or positively in tallying the vote; however, the abstaining members' attendance at a meeting shall still count toward the establishment of quorum.

4.14 **Special Voting Requirements.** Notwithstanding any other provisions provision of these Bylaws, and except for as set forth in the appointment Articles of Directors Incorporation, two-thirds (2/3) of the votes cast shall be required to amend the Bylaws or the Articles of Incorporation, 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 13.1 of these Bylaws. The substance of the proposed amendment(s) must be posted in accordance with the provisions of Section 13.1.

~~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.~~

~~4.15 **Quorum.** A quorum for a meeting of Members is necessary for the transaction of business at a meeting of Members. A quorum is established by a majority~~

of the Members. If a quorum for a meeting of the Members is not present, a meeting may be adjourned for that reason by the Members then represented or present.

4.16 **Action by Electronic Communication.** Unless otherwise restricted by the Articles of Incorporation, these Amended and Restated Bylaws, or by applicable law, the Members may participate in a meeting of the Members by means of a conference telephone or similar communication equipment whereby all persons participating in the meeting can hear each other and participate in such manner and shall constitute presence in person at such meeting. Meetings held by electronic communication are subject to the Notice requirements in Section 4.12, as well as Quorum requirements in Section 4.15.

4.17 **Voting Member; Proxies.**

- (a) **Designation of Voting Member; Proxies.** Each year prior to the annual meeting of Members, each Member shall designate the individual authorized to vote on Corporation matters on behalf of the Member to the Secretary in writing. A Member may change such designation at any time by providing at least twenty-four (24) hour written notice to the Secretary of the Corporation. Such notice may be provided by electronic transmission. Each Member may only give a proxy to a person who is a member, officer, executive-level employee, or agent of the Member. Alternatively, a Member may give a proxy to a representative of a Member registered in the same Sector.
- (b) **Effective Period.** An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for the next regular or specially scheduled meeting or ballot by electronic transmission. However, a proxy is not valid for more than sixty (60) days from its date of execution.
- (c) **Revocation.** An appointment of a proxy is revocable by a Member. Appointment of a proxy is revoked by the person appointing the proxy either by expiration of the sixty (60) day period, by open declaration at a meeting, or by signing and delivering a revocation in writing or by electronic transmission to the Secretary or other officer or agent authorized to tabulate proxy votes. This may be done either in a statement that the appointment of the proxy is revoked or by a subsequent appointment that shall serve to cancel all prior proxies.

4.18 **Public Notice of Member Meetings.** Notice to the public of the dates, times and places of meetings of the Members, and all nonconfidential material provided to the Members, shall be posted on the Corporation's website at approximately the same time that notice is given to the Members.

4.19 Posting of Minutes. Minutes of meetings of Members shall be posted on the Corporation's website once approved.

4.20 Reimbursement of Member Expenses. The Corporation will be under no obligation to reimburse Members for expenses associated with their attendance at Annual, regular or Special Meetings of the Members.

ARTICLE ~~IV~~V - BOARD OF DIRECTORS

45.1 General Powers. The business and affairs of the Corporation shall be managed ~~by its~~under the direction of the Board of Directors except as otherwise provided ~~in~~by the Articles of Incorporation or these Amended and Restated Bylaws.

5.2 Duties. The Board of Directors shall have all powers accorded to it under law not expressly reserved in whole or in part to the Members under the Articles of Incorporation or these Amended and Restated Bylaws, which shall include by way of example and not by way of limitation of powers, the responsibility to:

- (a) Govern the corporation and oversee its activities;
- (b) Approve Reliability Standards and their modifications utilizing a fair, open, balanced and inclusive process;
- (c) Ensure that the Compliance Monitoring and Enforcement Process is applied consistently;
- (d) Establish and approve an annual budget for submission to NERC;
- (e) Hire the Corporation's president and, upon the recommendation of a majority of the Independent Directors, approve his or her salary;
- (f) ~~Recommend~~ to Members to approve the dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets;
- (g) Form or dissolve Board committees as appropriate;
- (h) ~~Fill vacancies on any of the Board's committees;~~
- (i) Recommend amendments to the Articles of Incorporation to the Members;

- (j) Recommend amendments to the Bylaws to the Members or approve such amendments as allowed under Section 13.2; and
- (k) 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.

4.25.3 Composition and Eligibility.

- (a) The Board of Directors shall be comprised of at least eighteen (18) Directors in addition to the President/Chief Executive Officer who shall serve as ex-officio non-voting member of the Board in accordance with Section 6.2(d).
- (b) Fifteen (15) of the Directors, which shall be referred to as Sector Directors, shall be allocated as follows:
 - (i) The Investor-Owned Utility Sector shall have four (4) representatives;
 - (ii) The Federal/State Sector shall have two (2) representatives;
 - (iii) The Cooperative Sector shall have three (3) representatives;
 - (iv) The Municipal Sector shall have three (3) representatives;
 - (v) The Marketer Sector shall have one (1) representative;
 - (vi) The Merchant Electricity Generator Sector shall have one (1) representative; and no fewer than
 - (vii) The ISO-RTO/Reliability Coordinator Sector shall have one (1) representative.
- (c) Sectors shall recommend their respective Sector Director(s) to the Nominating and Governance Committee from among individuals holding senior management positions in Member organizations, which shall be presented by the Nominating and Governance Committee to the Members for election to the Board of Directors. No two Directors may be employees of a single Member or any affiliate or related party of a Member or any affiliate. In the event of a vacancy, the replacement Director shall be nominated as provided in this Section 5.3(c) and elected by the Members at the next Annual, regular or Special Meeting of the Members.
- (a)(d) At least three (3) Directors but no more than five (5) Directors shall be Independent Directors elected by the Members. An Independent Director is a person (i) who is not an officer or employee of the Corporation; an officer, director, or employee of a Member; or an

officer, director or employee of any entity that would reasonably be perceived as having a direct financial interest in the outcome the Board of Director's decisions; and (ii) who does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board of Directors may adopt additional standards for director independence not inconsistent herewith.

~~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.~~

~~Approved by the SERC Board of Directors on October 24, 2018~~

~~Approved the NERC Board of Trustees on February 7, 2019~~

~~Approved by the Federal Energy Regulatory Commission on April 30, 2019~~

- (e) The Independent Directors shall be nominated by the Nominating and Governance Committee, and approved by the Members at the Annual Meeting of the Members, or at such other time as specified by the Board of Directors.
- (f) Any Director which the Board of Directors has determined has a conflict of interest on any matter brought before the Board shall not vote on such matter and shall recuse himself or herself from all Board deliberations concerning such matter.
- (g) There will be no alternates or proxies for Directors.

5.4 Meetings of the Board of Directors, Notice, Waiver

- (a) **Meetings.** An annual meeting of the Board of Directors shall be held without notice immediately following the Annual Meeting of the Members. In addition, regular meetings may be held at such time or times as fixed by the Board of Directors. Special meetings of the Board of Directors may be called by the Chair of the Board, the President/Chief Executive Officer, or by any three Directors and shall be held at the principal office of the Corporation, or such other place within the Region as determined by the Chair or the President/Chief Executive Officer.
- (b) **Notice.** Notice of the dates, times, and places of all regular and special meetings of the Board of Directors shall be published by the Secretary and provided to all Directors and Members not less than three (3) days prior to the date of the meeting. Notice shall be deemed given by the Corporation to Directors and Members when: 1) posted on the Corporation's public website in a reasonably prominent location, and 2) sent by mail or electronic transmission to each Director and Member included on the rosters maintained by the Secretary of the Corporation.
- (c) **Waiver.** Any person entitled to notice of a regular or special meeting of the Board of Directors may waive notice thereof. A waiver of notice by a person entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing or by attendance. Attendance by a director at a meeting of the Board is a waiver of notice of that meeting, unless the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

5.5

~~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.**~~

- ~~(a) Biennially, at the April meeting, the Board of Directors, upon recommendation of the Nominating and Governance Committee shall elect Board Officers from among the Directors for the positions of Chair, and 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.

(b) The Chair may be a Sector Director or an Independent Director. If the Chair is a Sector Director, the Independent Directors shall designate a lead Independent Director that the Chair shall consult regularly on agendas and other matters of importance. If the Chair and the Vice Chair are Independent Directors, the Sector Directors shall designate a lead Sector Director that the Chair shall consult regularly on agendas and other matters of importance.

(a)(c) 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.

~~Initially, at the first April Board meeting following the integration of FRCC into SERC, the Board shall approve two groups (Group 1 and Group 2) of representatives to the Executive Committee which shall be nominated by the Sectors. Group 1 shall serve an initial three (3) year term and then for two (2) year terms thereafter, with terms beginning on July 1 after the approval; Group 2 shall serve an initial two (2) year term and then for two (2) year terms thereafter, with terms beginning on July 1 after the approval in alternating years from Group 1 terms. The initial allocation of Executive Committee representatives to Group 1 and Group 2 shall be recommended by the Nominating Committee and approved by the Chair, or in the absence of the Chair, by the Vice Chair. Each Sector may also elect alternates to the Executive Committee, which shall be elected on the same schedule as their representatives 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—5.6 Terms of Sector Directors. The Sector Directors shall be divided into two groups, Group 1 and Group 2, with the number of Sector Directors in each group divided as nearly equal as possible. Each group shall serve for two (2) year terms beginning on July 1, with the start of the term for Group 1 beginning in alternating years from the start of the term for Group 2. Terms of Sector Directors may be extended beyond a two (2) year term or be less than a two (2) year term as deemed necessary by the Members.

5.7 Terms of Independent Directors. The Independent Directors shall be divided into two groups, Group 1 and Group 2, with the number of Independent Directors in each group divided as nearly equal as possible. Each group shall serve for two (2) year terms beginning on July 1, with the start of the term for Group 1 beginning in alternating years from the start of the term for Group 2. Terms of Independent Directors may be extended beyond a two (2) year term or be less than a two (2) year term as deemed necessary by the Members. No Independent Director shall serve more than four (4) terms.

5.8 Vacancies and Removal. If a Director resigns, dies, changes corporate affiliation or is removed during the term of office for which elected, the position shall thereupon be vacant and shall be filled as soon as practicable and in accordance with the same procedures that the position had previously been filled. The successor Director shall hold office for the unexpired portion of the term of the director replaced. An Independent Director or Sector Director may be removed by the affirmative vote of two-thirds (2/3) of the remaining Directors. Any Director may be removed by the Board of Directors for non-attendance at three or more consecutive Board meetings. Any Independent or Sector Director removed by the Board of Directors under this Section 5.8 may not be reelected to the Board.

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

4.95.10 Compensation and Reimbursement. Sector Directors shall not receive any compensation from the Corporation for their services to the Corporation.

~~4.10 Duties.~~ The ~~as~~ Directors on the Board of Independent Directors shall be entitled to such compensation as indicated by a Board policy, if any. Independent Directors shall have the ~~exclusive responsibility to:~~

- right
- ~~(a) Authorize distributions;~~
 - ~~(b) Recommend to members reimbursement by the Corporation of their actual reasonable travel expenses to Board of Directors meetings or approve dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets;~~
 - ~~(a) Fill vacancies on any of the Board's committees;~~
 - ~~(b) Adopt, amend, or repeal the Articles of Incorporation or Bylaws;~~

~~Form or dissolve committees when specifically selected to represent the Corporation at a business meeting, subject to Board policy as adopted from time to time, if any. Sector Directors shall not be reimbursed by the Corporation for any expenses, unless specifically approved in advance by resolution of the Board as it deems necessary to carry out the business of the Corporation; and of Directors.~~

~~(c)(a) 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~~

5.11 Quorum. A quorum is necessary for the transaction of business at a meeting of the Board of Directors. A quorum is established by the presence of a majority of the Directors entitled to vote at a meeting, provided that a majority of the Independent Directors must also be present to constitute a quorum. Electronic participation is acceptable if authorized by the Board Chair at that meeting. If a quorum for a meeting of the Board of Directors is not established, a meeting may be adjourned for that reason by the Directors then represented or present.

5.12 Voting. Each voting Director on the Board of Directors shall have one vote with respect to decisions of the Board of Directors. The President of the Corporation shall be an ex-officio member of the Board without vote and shall not be counted for quorum purposes. The positive vote of a majority of the voting directors is necessary to pass a particular action, except with respect to any matter described in Sections 4.4, 4.13, 11.1, and 13.1, and is subject to the following additional requirements:

- (a) An affirmative vote from a Director from at least three Sectors is required for any action to pass.
- (b) A negative vote from a Director from at least two Sectors is required for any action to fail.

For voting purposes, the Independent Directors shall constitute its own Sector.

5.13 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 or by a Board Committee, may be taken without a meeting if all members of the Directors Board or Board Committee consent thereto in writing to the action so taken. ~~The action shall be evidenced by one or more written consents describing the action taken, signed or by each Director electronic transmission, and the writing(s) or electronic transmission(s) are~~ 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.~~

5.14 Action by Electronic Communication. Unless otherwise restricted by the Articles of Incorporation, these Amended and Restated Bylaws, or by applicable law, the Members may participate in a meeting of Directors by means of a conference telephone or similar communication equipment whereby all persons participating in the meeting can hear each other and participate in such manner and shall constitute presence in person at such meeting. Meetings held by electronic communication are subject to the Notice requirements in Section 5.4, as well as Quorum requirements in Section 5.11.

ARTICLE ~~VVI~~ - CORPORATE OFFICERS

56.1 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.~~

56.2 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.

56.3 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/~~Chief Executive Officer~~. In the absence of the President/~~Chief Executive Officer~~, or in the case of the ~~President's~~President/Chief Executive Officer'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/~~Chief Executive Officer~~, subject to the control of the Board of Directors ~~and the Executive Committee~~.

56.4 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/~~Chief Executive Officer~~.

56.5 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/~~Chief Executive Officer~~.

ARTICLE VI - EXECUTIVE COMMITTEE

~~6.1 **Executive Committee Representatives.** The Executive Committee shall be comprised of fifteen (15) Sector representatives from the Board of Directors, consisting of:~~

~~(a) The Investor-Owned Utility Sector shall have four (4) representatives;~~

~~(ii) (b) The Federal/State Sector shall have two (2) representatives;~~

~~Approved by the SERC Board of Directors on October 24, 2018~~

~~Approved by the NERC Board of Trustees on February 7, 2019~~

~~Approved by the Federal Energy Regulatory Commission on April 30, 2019~~

~~(iii)(ii) (c) The Cooperative Sector shall have three (3) representatives;~~

~~(iv)(ii) (d) The Municipal Sector shall have three (3) representatives;~~

~~(e) The Marketer Sector shall have one (1) representative;~~

~~(f) The Merchant Electricity Generator Sector shall have one (1) representative; and~~

~~(h) 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 - OTHERBOARD COMMITTEES

~~7.7.1 **Designation by Board.** The Board of Directors, by resolution adopted by a Simple Majority vote, may designate Board committees and standing~~

~~Approved by the SERC Board of Directors on October 24, 2018~~

~~Approved the NERC Board of Trustees on February 7, 2019~~

~~Approved by the Federal Energy Regulatory Commission on April 30, 2019~~

~~committees, Committees~~ as shall be necessary to address the purposes of the Corporation. ~~Each~~

7.2 Authority. The powers and duties of Board Committees shall be subject to general policies and procedures established by the Board and shall be at all times subject to the control and direction of the Board. Board Committees shall include a Board Risk Committee, a Human Resources and Compensation Committee, a Finance and Audit Committee, a Nominating and Governance Committee, and such other Board committee shall have Committees as the Board may authorize from time to time. All Board Committees and the chairs thereof, unless the appointment of the chair is otherwise designated by these Bylaws or the Board committee's charters, shall be nominated by the Nominating and Governance Committee and approved by the Board. The Board may act by and through the Board Committees as may be specified in resolutions adopted by the Board. With the exception of the Finance and Audit Committee as specified in Section 7.5 and in that committee's charter, Committee members must be Directors of the Board.

7.3 Board Risk Committee. The Board Risk Committee shall consist of up to five (5) members of the Board, at least two Directors among one (1) of which shall be an Independent Director. The Board Chair shall be ineligible to serve as Chair of the Board Risk Committee. The Board Risk Committee shall be responsible for overseeing the Corporation's risk management framework; providing oversight over management and the Technical Committee's assessments of external risks to the SERC Region; and periodically reporting these risks oversight findings to the Board of Directors.

7.4 Human Resources and Compensation Committee. The Human Resources and Compensation Committee shall consist of up to seven (7) members of the Board, at least two (2) of which shall be Independent Directors. The purpose of the Human Resources and Compensation Committee is to assist the Board in fulfilling its members fiduciary duties as they pertain to determining appropriate compensation levels and ensuring that compensation methods are consistent with the Corporation's mission, vision, and values. The Human Resources and Compensation Committee shall assist the Board in developing and implementing compensation strategies, policies and plans that will enhance the Corporation's ability to attract and retain skilled top-level leadership. The Human Resources and Compensation Committee shall assist the Board in developing and implementing compensation policies for Independent Directors.

7.2 In achieving these objectives, it shall be the responsibility of the Human Resources and Compensation Committee to establish a rebuttable presumption of reasonableness under the Intermediate Sanctions rules for the compensation of all employees who are deemed to be Disqualified Persons as defined under the Internal Revenue Code and any implementing regulations.

7.5 Finance and Audit Committee. The Finance and Audit Committee shall be composed of not less than three (3) and no more than five (5) members of the Board, at least one (1) of which shall be an Independent Director. The Finance and Audit Committee may include a non-Director as a member if the Committee so determines that

financial expertise is needed that is not available among the Directors of the Board. The Finance and Audit Committee must be chaired by a Director of the Board. The Finance and Audit Committee's purpose is to assist the Board in its oversight of the financial affairs of the Corporation, including the financial condition, operating and capital budgeting, external audits, debt structure, debt financing and refinancing, investments, and other significant financial matters. The Finance and Audit Committee shall review all issues involving significant financial transactions prior to final consideration by the Board.

7.6 **Nominating and Governance Committee.** The Nominating and Governance Committee shall consist of up to five (5) members of the Board, at least one (1) of which shall be an Independent Director. The purpose of the Nominating and Governance Committee is to identify and recommend qualified individuals for appointment as Directors as well as assist the Board by reviewing governance documents and recommending modifications as needed.

(a) Independent Director Nominations. The Nominating and Governance Committee shall seek out for nomination Independent Directors from diverse backgrounds, who will contribute to the effective functioning of the Board of Directors and the Corporation by bringing a broad range of industry expertise, viewpoints, experiences, skill sets, and knowledge. If an incumbent Independent Director is not re-nominated, the Nominating and Governance Committee will use reasonable efforts to ensure that diverse candidates are in the pool of potential nominees for the open Independent Director position and may retain an independent consultant to identify individuals qualified and willing to serve as an Independent Director. Independent Director nominations will be recommended to the Members for approval

(b) Sector Director Nominations. The Nominating and Governance Committee shall coordinate with the Sector Members to collect appropriate candidates for the Sector Directors to be recommended to the Members for approval.

(c) Officer and Committee Nominations. The Nominating and Governance Committee shall assist the Board by identifying and recommending appointments for Officers of the Board and for appointments of Board Committees and Board Committee chairs.

(d) Governance Document Review. The Nominating and Governance Committee shall assist the Board in fulfilling its fiduciary duties as they pertain to reviewing the organization's Bylaws and governing policies and procedures and recommending changes as needed.

(e) Fiduciary Duty Training. The Nominating and Governance Committee shall ensure that annual fiduciary duty training is provided to the Board of Directors.

7.7 **Rules for Governance.** Each ~~committee~~ Board 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~~Board Committee shall maintain its rules for governance in a written ~~scope document~~charter that is approved by the Board ~~of Directors~~.

7.38 ~~Ad-Hoc Support Committees~~. The Board or its ~~committees~~Board 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~~Board Committees. Committee members of ad-hoc committees need not be Directors unless otherwise stated in the Board resolution creating such committee.

7.9 ~~Support Committees of the Corporation~~. In addition to ~~Board Committees and ad-hoc committees of the Board~~, the Board may by resolution create ~~Technical Committees of the Corporation as the Board deems necessary to carry out the purposes of the Corporation. Such Technical Committees shall be representative of members of the Corporation. They shall provide for balanced decision making, and include persons with outstanding technical knowledge and experience. The membership of the Technical Committees shall be determined based upon experience, expertise and the needs of the Board, the Board Committees, or the Corporation. All Technical Committees formed under this Section 7.9 shall be subject to the direction and control of the Board. Each Technical Committee shall adopt rules for its own governance that are not inconsistent with these Bylaws, rules adopted by the Board, applicable NERC or FERC rules or regulations, or applicable state or federal laws. Each Technical Committee shall maintain its rules for governance in a written charter that is approved by the Board.~~

The Board shall conduct a review of all Committees of the Corporation on an annual basis to ensure that the business of the Corporation is conducted in an efficient, cost-effective manner.

ARTICLE VIII - MISCELLANEOUS

8.1 **Conflicts of Interest**. All Directors, ~~Alternate Directors, Customer Advisers, Board Advisers~~, and Board committee representatives shall comply with the Corporation's ~~Standards of Conduct policy~~policies that ~~prohibits~~prohibit 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.

~~Approved by the SERC Board of Directors on October 24, 2018~~

~~Approved by the NERC Board of Trustees on February 7, 2019~~

~~Approved by the Federal Energy Regulatory Commission on April 30, 2019~~

8.3 **Checks, Drafts, eteor Orders**. All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by 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.~~Board of Directors.

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/Chief Executive Officer 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 ~~Members, 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- and Members. 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.

8.8 **Notice**. With respect to any notice requirements contained in these Bylaws, notice shall be delivered or given either personally, by mail (including U.S. postal service, electronic mail, and any nationally recognized delivery service), or by facsimile. Any notice sent by United States mail shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid addressed to the notice recipient at the recipient's address as it appears on the records of the Corporation. If notice is provided in person, by electronic mail, or by facsimile, such notice shall be deemed to be delivered when transmitted for delivery to the recipient.

8.9 **Waiver of Notice**. 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.

8.10 **Policies and Procedures.** The Directors shall execute and abide by the conflicts of interest policy as may be adopted and amended from time to time by the Board of Directors. The officers of the Corporation and Directors shall abide by such other policies and procedures as may be adopted from time to time by the Board of Directors.

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.— except for expenses of Independent Directors related to their duties associated with the Board of Directors. Expenses of Independent Directors shall be reimbursable subject to these Amended and Restated Bylaws and the Board's policy as may be amended from time to time, if any.

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.

~~Approved by the SERC Board of Directors on October 24, 2018~~

~~Approved the NERC Board of Trustees on February 7, 2019~~

~~Approved by the Federal Energy Regulatory Commission on April 30, 2019~~

ARTICLE XI - DISSOLUTION

11.1 **Dissolution**. The Corporation may be voluntarily dissolved upon unanimous consent of the Board of Directors to recommend dissolution followed by approval by the Members of the Board's recommendation, 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~~

~~13.1.1 **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~~XIII - AMENDMENT OF THE BYLAWS AND ARTICLES OF INCORPORATION

~~44~~13.1 **Amendment of Process.** Any proposal to amend the **Bylaws and** Articles of Incorporation. ~~After a request by twenty percent (20%) of the Board of Directors or Bylaws (an affirmative vote of the Executive Committee, a proposal to amend the Bylaws or the Articles of Incorporation shall~~ "Amendment") shall first be put before the Board of Directors at any regular or special meeting for a vote. to recommend such Amendment to the Members. Copies of the proposed ~~amendments~~ Amendment shall be distributed to the Board of Directors at least thirty (30) calendar days before the meeting at which they are to be considered. ~~An amendment to~~ A recommendation that the **Bylaws or Members approve** the **Articles of Incorporation** Amendment shall be ~~adopted after being~~ approved by ~~a Supermajority vote~~ at least two-thirds (2/3) of the Board of Directors, provided that a quorum is present. ~~Upon approval of the recommendation by the Board, the Members may approve the recommended Amendment at any regular or special meeting. Copies of the proposed Amendment shall be distributed to the Members at least thirty (30) calendar days before the Meeting of the Members at which they are to be considered. An Amendment recommended by the Board of Directors shall be adopted and proposed to the NERC Board of Trustees for approval after being approved by at least two-thirds (2/3) of the Members, provided that a quorum of the Members is present.~~

13.2 Board Amendment of Bylaws. Notwithstanding the Members reserved power in Section 4.7 or the amendment process outlined in Section 13.1, upon the passage of any federal electric reliability legislation, and/or the adoption of any rules or regulations of FERC, NERC or other governmental entity with jurisdiction, the Board shall have authority to amend these Bylaws as necessary and appropriate to comply with such law, legislation, rules and regulations.